Assessing payment adequacy and updating payments: Physician and other health professional services; and Moving beyond the Merit-based Incentive Payment System (MIPS)

Kate Bloniarz, Ariel Winter, and David Glass

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MEDPAC

Background: Physician and other health professional services in Medicare

- $69.9 billion in 2016, 15 percent of FFS spending
- 952,000 clinicians billed Medicare: 589,000 physicians, 203,000 advanced practice nurses and physician assistants, 160,000 therapists and other providers
- Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) established new payment updates in law
  - Update: 0.5% in 2016-2019, 0% in 2020-2025
  - 5% incentive payment each year from 2019-2024 for certain participants in Advanced Alternative Payment Models (A-APMs)
  - Merit-based Incentive Payment System (MIPS) for non-A-APM clinicians, starting 2019

Results are preliminary and subject to change.

Payments for physician and other health professional services appear adequate

- Access indicators are stable
  - Most beneficiaries are able to obtain care when needed, small share face problems
  - Provider participation and assigned claims remained steady
  - No change in the number of clinicians billing Medicare per beneficiary
- Ratio of Medicare payment rates to private PPO rates declined from 78% to 75%
- Quality indeterminate
- Volume of services increased by 1.6% in 2016

Merit-based Incentive Payment System (MIPS) recap

- Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)
  - Repealed sustainable growth rate (SGR)
  - Established statutory payment update rates
  - Created an incentive for advanced alternative payment model (A-APM) participation
  - **Created MIPS—a value-based purchasing program for clinicians remaining in traditional FFS**
- MIPS is an individual clinician-level payment adjustment based on quality, cost, advancing care information, and clinical practice improvement activities
- MIPS repurposes the physician quality reporting system, the physician value-based payment modifier, meaningful use of electronic health records

MIPS cannot succeed

- Replicates flaws of prior value-based purchasing programs
- Burdensome and complex
- Much of the reported information is not meaningful
- Scores not comparable across clinicians
- MIPS payment adjustments will be minimal in first two years, large and arbitrary in later years
- MIPS will not succeed in helping beneficiaries choose clinicians, helping clinicians change practice patterns to improve value, or helping the Medicare program to reward clinicians based on value

Voluntary value program (VVP)

- Motivation for new program
  - Maintain value component in traditional FFS aligned with other value-based purchasing programs in Medicare
  - On-ramp to prepare clinicians to participate in A-APMs
  - Smaller financial incentives than those available in A-APMs
- Design
  - A withhold is applied to all fee schedule payments
  - Then, clinicians can:
    - Elect to join a voluntary group and have their performance assessed at the voluntary group level;
    - Join an A-APM (and receive their withhold back); or
    - Make no election (and lose their withhold).
  - Voluntary group performance will be assessed using uniform population-based measures in the categories of clinical quality, patient experience, and value