Modifying the A-APM incentive payment

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Outline

- Background and current incentive payment structure for clinicians participating in Advanced Alternative Payment Models (A-APMs)
- Policy option for changing the A-APM incentive payment (described in the June 2017 Report to the Congress)
- Interest in moving to a draft recommendation in December?

Background

- Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)
  - Eliminated SGR
  - Created two paths for clinicians
    - Merit-based Incentive Payment System (MIPS)
    - Advanced Alternative Payment Models (A-APMs)
  - MedPAC supports the goals of moving the Medicare program towards comprehensive, patient-centered care delivery models
- A-APMs are a set of CMS models that:
  - Require entities to assume more than nominal risk
  - Require EHR technology
  - Use quality measures comparable to MIPS
- 9 models currently qualify as A-APMs
  - 4 ACO models, 1 ACO specialty model, 2 bundling models, 1 medical home model, and 1 other

5 percent A-APM incentive payment

- Clinicians (or entities) can qualify for an incentive payment if they meet a certain threshold of A-APM participation
- Threshold of revenue through A-APM rises over time
  - 25% of revenue in 2019 and 2020
  - 50% of revenue in 2021 and 2022
  - 75% of revenue in 2023 and 2024
- If the clinician/entity qualifies, an incentive payment of 5 percent of the clinician's Medicare FFS revenue is paid in a lump sum
- Also exempts the clinician/entity from MIPS

Details of CMS's A-APM assessment

- CMS will assess clinician eligibility for the A-APM incentive payment using a number of methods
  - Entity-level versus individual-level assessment
  - Revenue versus patient count
  - Period of time (eligibility reviewed at three points during the year)
  - Medicare A-APM participation versus other-payer A-APM participation (starting in 2021)
- If clinician (or entity) qualifies via any one of these combinations, they receive the incentive payment and the exclusion from MIPS

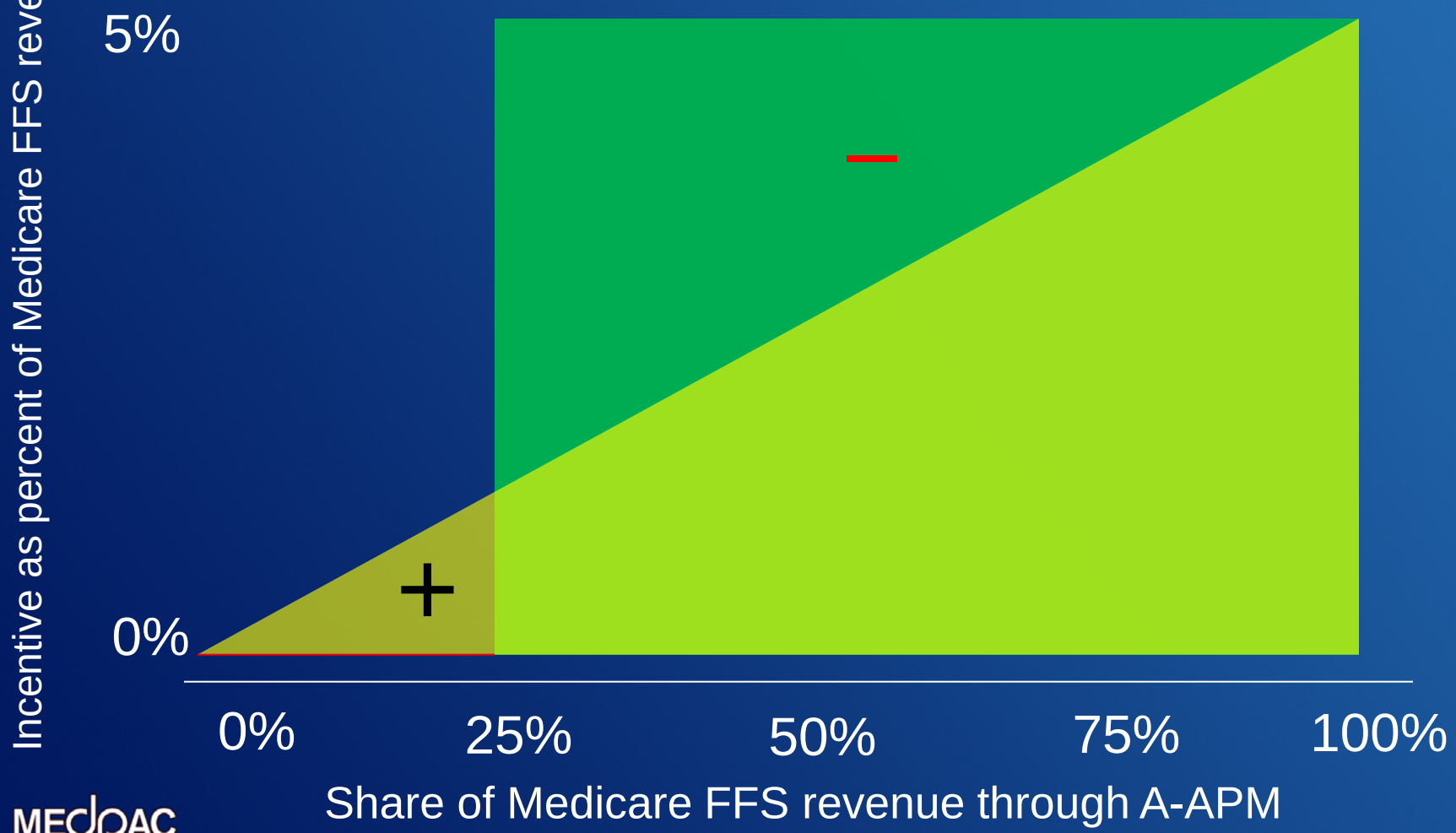
Summary of concerns

- Administrative complexity
- All-or-nothing incentive
  - Inequitable: Clinician just under the threshold gets nothing, one just over gets reward on *all* revenue
  - No incentive to increase A-APM participation once threshold is met
  - Amount of incentive sized to total FFS revenue (not A-APM participation)
- As thresholds increase over time, uncertainty for clinicians about qualifying will increase

Policy option

- Eliminate threshold and provide 5 percent incentive on the clinician's Medicare FFS revenue coming through an A-APM
- Incentive would be proportional to share of Medicare FFS revenue coming through A-APM, not all or nothing
  - More equitable
  - Less complex to administer
  - Continuous incentive to increase share of revenue through A-APM

Effect of policy option at 25 percent threshold (2019 and 2020)



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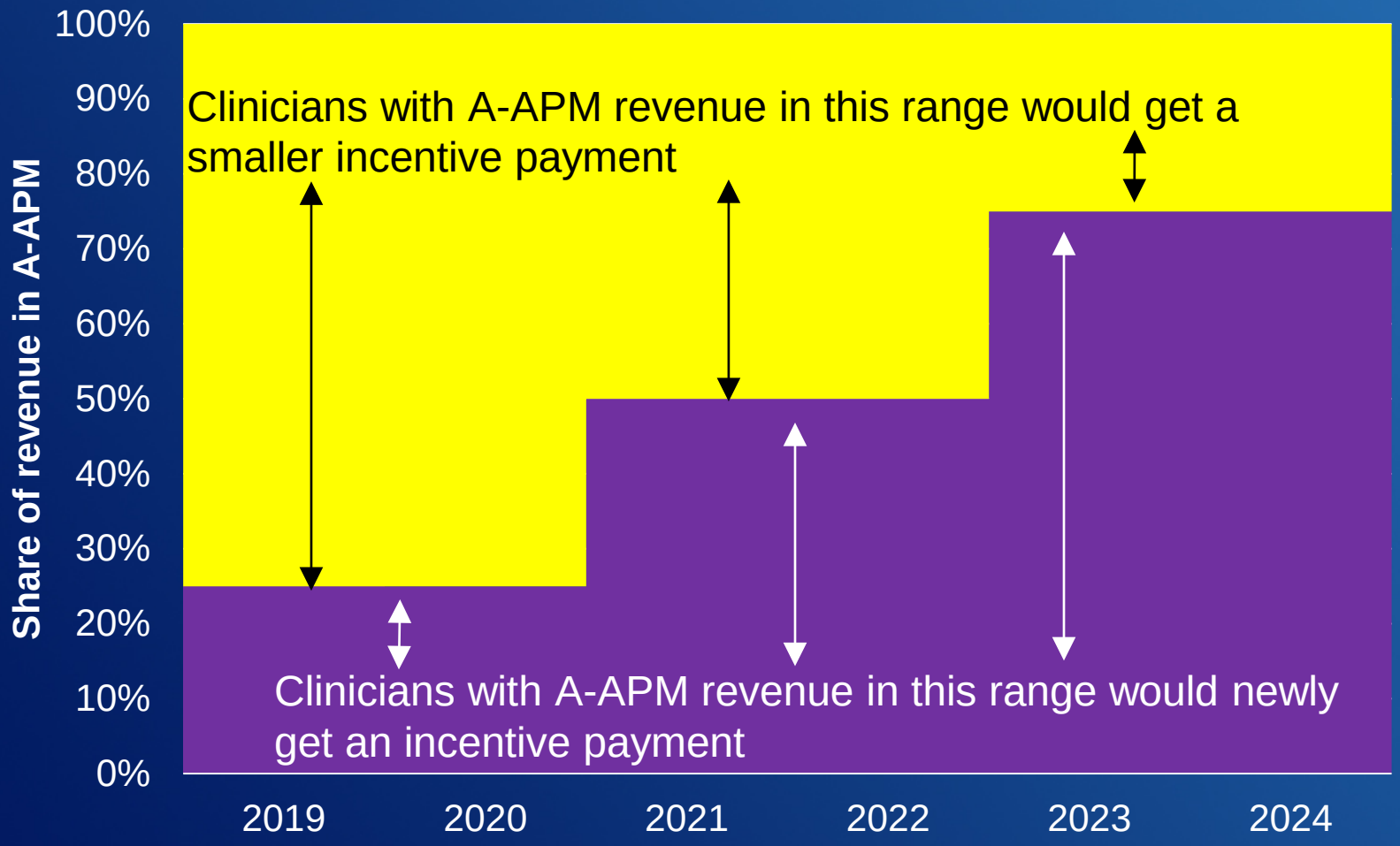
Potential impact of policy option



Impact of policy option, by year

Measurement year	2019	2020	2021	2022	2023	2024
Revenue threshold	*25%*	*25%*	*50%*	*50%*	*75%*	*75%*
Number of clinicians qualifying (relative to current law)	Small increase	Small increase	Moderate increase	Moderate increase	Large increase	Large increase
Average payment (relative to current law)	*Moderate reduction from current law in all years*					

Discussion

- Policy option: Modify the A-APM incentive payment so the 5 percent incentive applies to Medicare FFS clinician revenue coming through an A-APM
- Consideration of policy option as a draft recommendation for December/January