Performance in 2017 will determine Medicare payment adjustments in 2019.
The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) passed by an overwhelming bipartisan majority in Congress and was signed into law by President Barack Obama on April 16, 2015.

MACRA permanently repealed the flawed sustainable growth rate (SGR) formula, preventing a 21% cut to Medicare reimbursement rates. It also extended the Children’s Health Insurance Program (CHIP) for two years and it set up a new, two-track Medicare physician payment system that emphasizes value-based payment models.

**MACRA Payment Tracks**

MACRA establishes that 2017 will be the first performance period physicians will be scored on to determine payment adjustments for 2019.

Physicians will choose between two payment tracks: the Merit-based Incentive Payment System (MIPS) or an Advanced Alternative Payment Model (AAPM).

Most family physicians will initially participate in MIPS. Many aspects of existing quality programs you may already be participating in get rolled into four performance categories under MIPS.
MIPS Combines Quality Programs

Beginning with the 2017 performance period, the Merit-based Incentive Payment System (MIPS) will consolidate three existing quality reporting programs and add one new performance category. Performance in these categories will generate a final score (0-100) based on quality, cost, advancing care information (ACI), and improvement activities.

Under MIPS, your final score is based on performance in each of the four performance categories, which determines future Medicare Part B payment adjustments. Weighting of the categories will change and progress from year to year. The first three years under MIPS will be weighted as indicated below.

Performance Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Quality</th>
<th>Advancing Care Information</th>
<th>Cost</th>
<th>Improvement Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>25%</td>
<td>60%</td>
<td>15%</td>
<td>0%</td>
</tr>
<tr>
<td>2018</td>
<td>25%</td>
<td>50%</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>2019</td>
<td>25%</td>
<td>50%</td>
<td>15%</td>
<td>30%</td>
</tr>
</tbody>
</table>

MACRA states that if a physician is part of a “certified” patient-centered medical home (PCMH), you will receive full credit for the improvement activities category.

MIPS scores will be compared to a “performance threshold,” which will be set annually based on the mean or median of the previous year’s MIPS scores. Adjustments to Medicare Part B payments will be positive, negative, or neutral, depending on how your final score compares with the threshold.

Beginning in 2026, MIPS participants receive a 0.25% annual update to their Medicare physician fee schedule.

*Potential additional adjustments for exceptional performance to ensure budget neutrality.

The years on the timeline represent the payment year. Payment is based on performance two years prior.
AAPMs: More Security, Less Risk

Beginning in 2019 and continuing through 2024, qualifying participants (QPs) who participate in an Advanced Alternative Payment Model (AAPM) and meet certain qualification and eligibility requirements will receive an annual 5% bonus payment.

If your practice participates in an AAPM, you must have an increasing percentage of payments or patients coming through the AAPM.

Eligible clinicians not meeting volume thresholds are considered “partial qualifying” AAPM participants. Beginning in 2026, AAPM participants will receive a 0.75% annual update to their Medicare physician fee schedule.

MACRA allocates $20 million annually (from 2017 to 2020) for technical assistance to practices with fewer than 15 eligible clinicians, as well as those in rural or health professional shortage areas to help transition those practices to an APM or improve their MIPS score. Rules for how this assistance is distributed are still being developed.

HIGHLIGHTS

• MACRA repeals the SGR formula, extends CHIP, and sets up two payment tracks for Medicare reimbursement: MIPS and AAPMs.
• MIPS consolidates three existing quality reporting programs: PQRS, VBPM, and MU, plus adds a new performance category, improvement activities, to form a final score (0-100).
• Under MIPS, physicians who are part of a “certified” PCMH automatically receive full credit for the improvement activities category.
• The first payment year for MIPS is 2019. Performance in 2017 will determine payment for the first year of MIPS.
• Qualifying AAPM participants receive an annual lump-sum bonus of 5% upon meeting certain eligibility requirements.
• Beginning in 2026, AAPM participants will receive a 0.75% annual update to their Medicare Part B physician fee schedule.