



COLLEGE of AMERICAN
PATHOLOGISTS

How Medicare's New Physician Payment Systems Under MACRA Will Affect Pathologists

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Welcome

Jonathan L. Myles, MD, FCAP

- **Chair, CAP Economic Affairs Committee**
- **Pathology Advisor to the AMA-RUC**



Welcome

Diana M. Cardona, MD, FCAP

- **EAC Measures & Performance Assessment Subcommittee Chair**



Welcome

**W. Stephen Black-Schaffer, MD,
FCAP**

- **Vice Chair, CAP Economic
Affairs Committee**



Agenda

- **Medicare Access and CHIP Reauthorization Act (MACRA) background**
- **Merit-based Incentive Payment System (MIPS)**
- **Alternative Payment Models (APMs)**
- **What's Next?**
- **Questions**

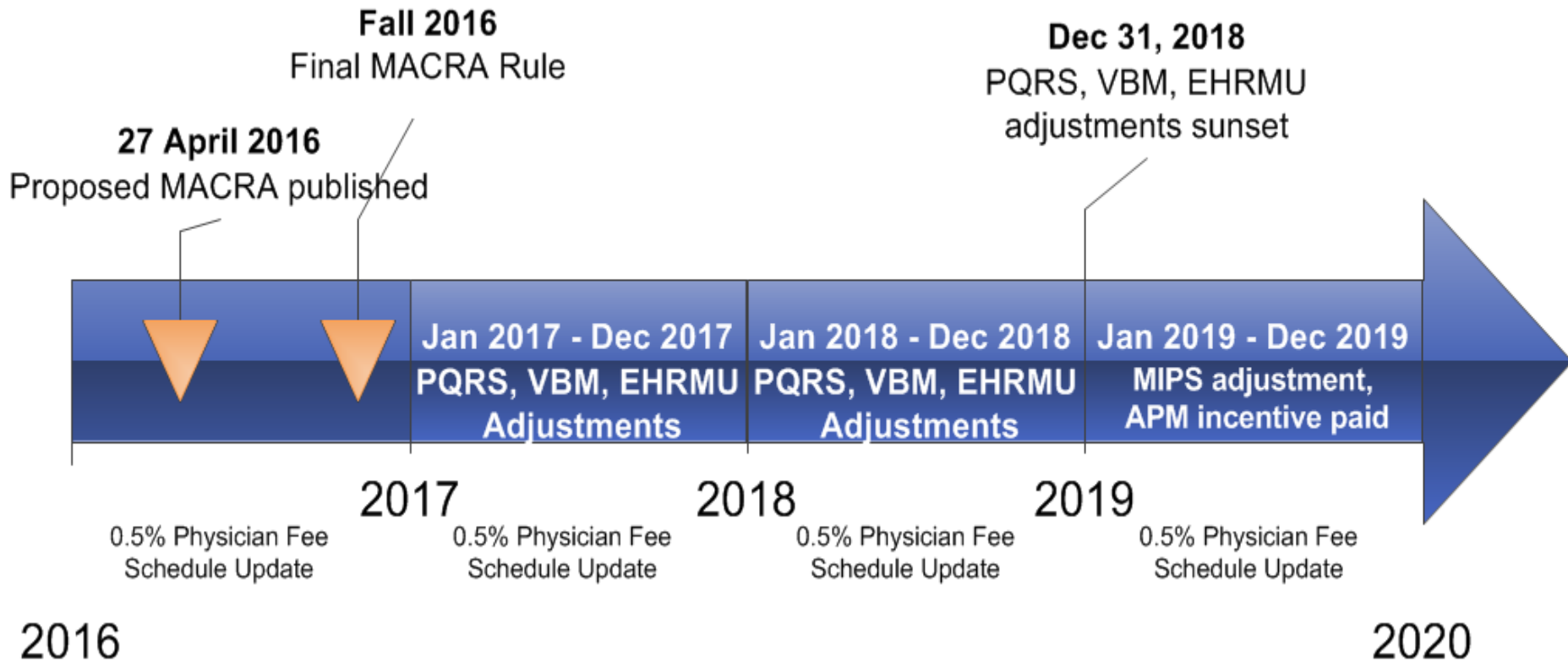
MACRA Background



Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)

- **Ended the broken Sustainable Growth Rate (SGR) formula**
- **Established a new framework for rewarding health care providers for giving better care not more just more care**
- **Combined existing Medicare quality reporting programs into one new system (Medicare Incentive-based Payment System, or MIPS)**

Medicare Regulatory and Payment Update Timeline

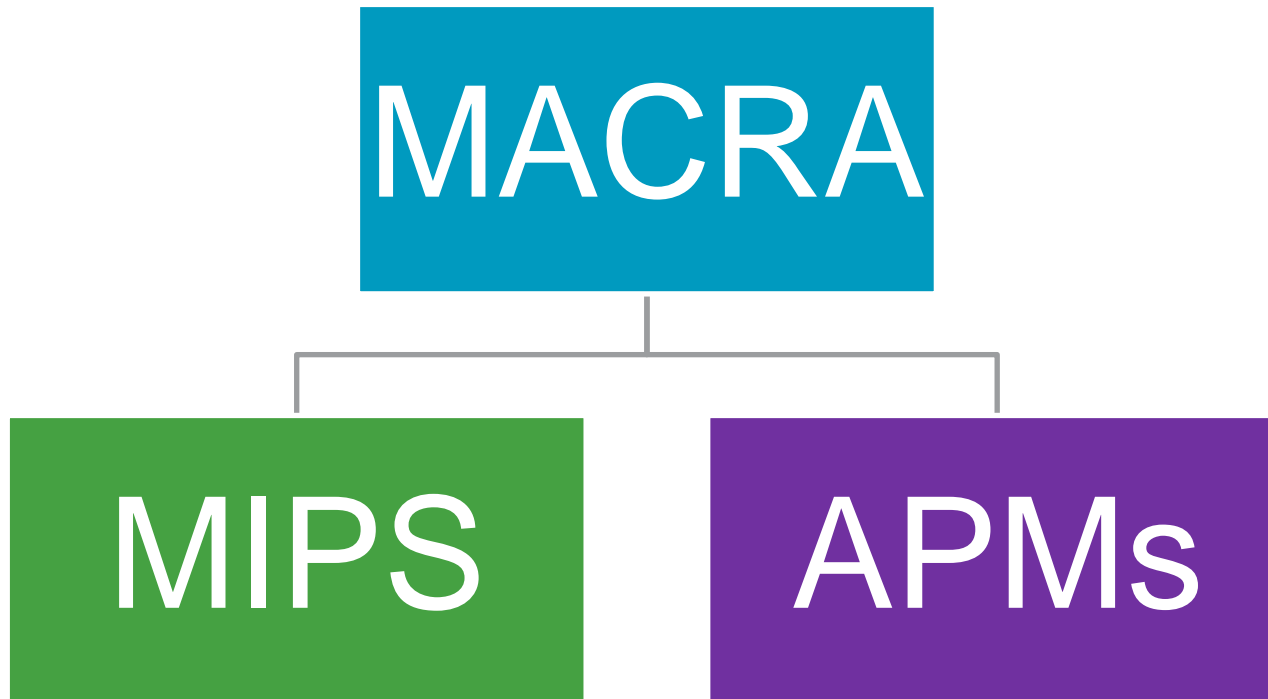


MACRA Goals

- **Offer multiple pathways of varying levels of risk/reward**
 - Tie more provider payments to value rather than volume
- **Expand opportunities for a range of providers to participate in alternative payment models (APMs)**
- **Promote understanding of each physician's status with MIPS and/or APMs, and minimize the reporting burdens**
- **Support multi-payer initiatives and the development of APMs**

Pathways Under MACRA

Two pathways/tracks are offered under MACRA:



MACRA Concerns

- **Game changing Medicare payment reform**
- **Mandatory participation**
 - **Default to MIPS unless advanced APM qualifying participant**
- **Short lead time for implementation**
 - **MIPS measurement period begins in 2017**

MACRA Concerns, continued

- **Major provisions were not known until the proposed rule including definition and the criteria for physician-focused payment models (PFPMs)**
- **Administrative burden/cost**
- **Potential opportunity for some, but not without significant risk**
- **One size will not fit all physicians**

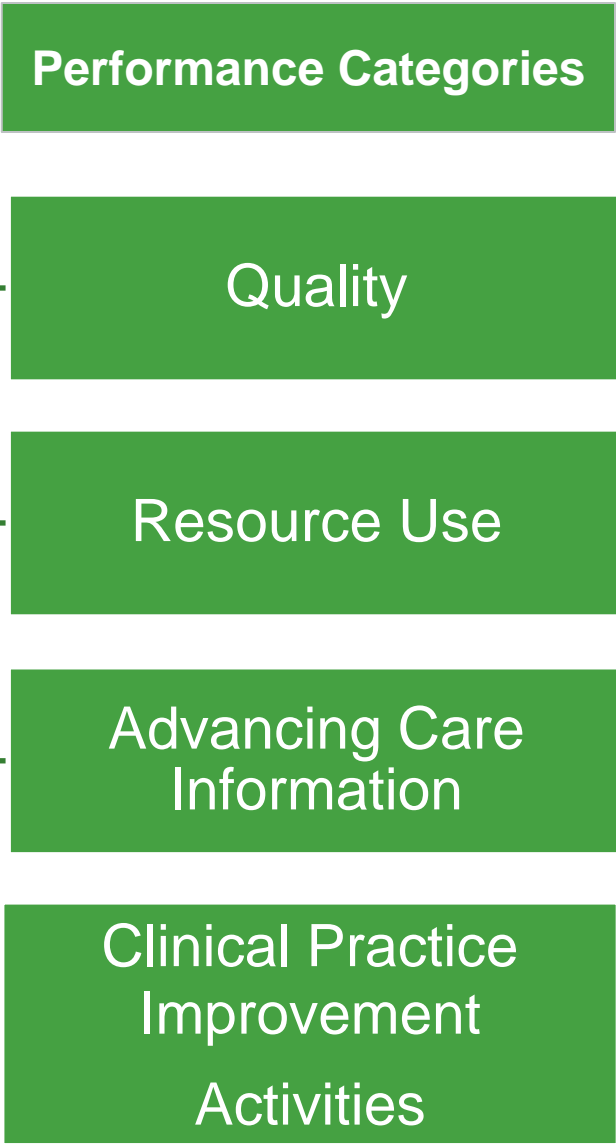
CAP's Comments on Proposed MACRA Regulation

- **CAP advocated in its formal comments to the CMS on June 27:**
 - **Several significant changes to the proposal**
 - **Must ensure the new models capture value pathologists have on patient care**
 - **Must ensure pathologists can participate in new payment models**

Merit-based Incentive Payment System (MIPS)



MIPS



Quality Performance Category

- **Includes the CAP's quality reporting measures:**
 - **Breast Cancer Resection Pathology Reporting**
 - **Colorectal Cancer Resection Pathology Reporting**
 - **Barrett's Esophagus Pathology Reporting**
 - **Radical Prostatectomy Pathology Reporting**
 - **Evaluation of HER2 for Breast Cancer Patients**
 - **Lung Cancer Reporting (biopsy/cytology specimens)**
 - **Lung Cancer Reporting (resection specimens)**
 - **Melanoma Reporting**

Resource Use Performance Category

- **This is the current value-based modifier (VBM) program targeted at primary care specialties**
 - CMS calculation is based on claims, so no reporting requirements for clinicians
 - Generally, VBM does not measure value pathologists provide to patients
 - Pathologists contribute to team-based care, but the value is not accounted for in the VBM

Advancing Care Information Performance Category

- **Currently, this is the Electronic Health Record Meaningful Use program**
 - Pathologists will not be scored in this category due to a lack of applicable measures
 - Scoring is based on key measures of health IT interoperability and information exchange
 - CAP has secured exemptions from meaningful use penalties through 2016

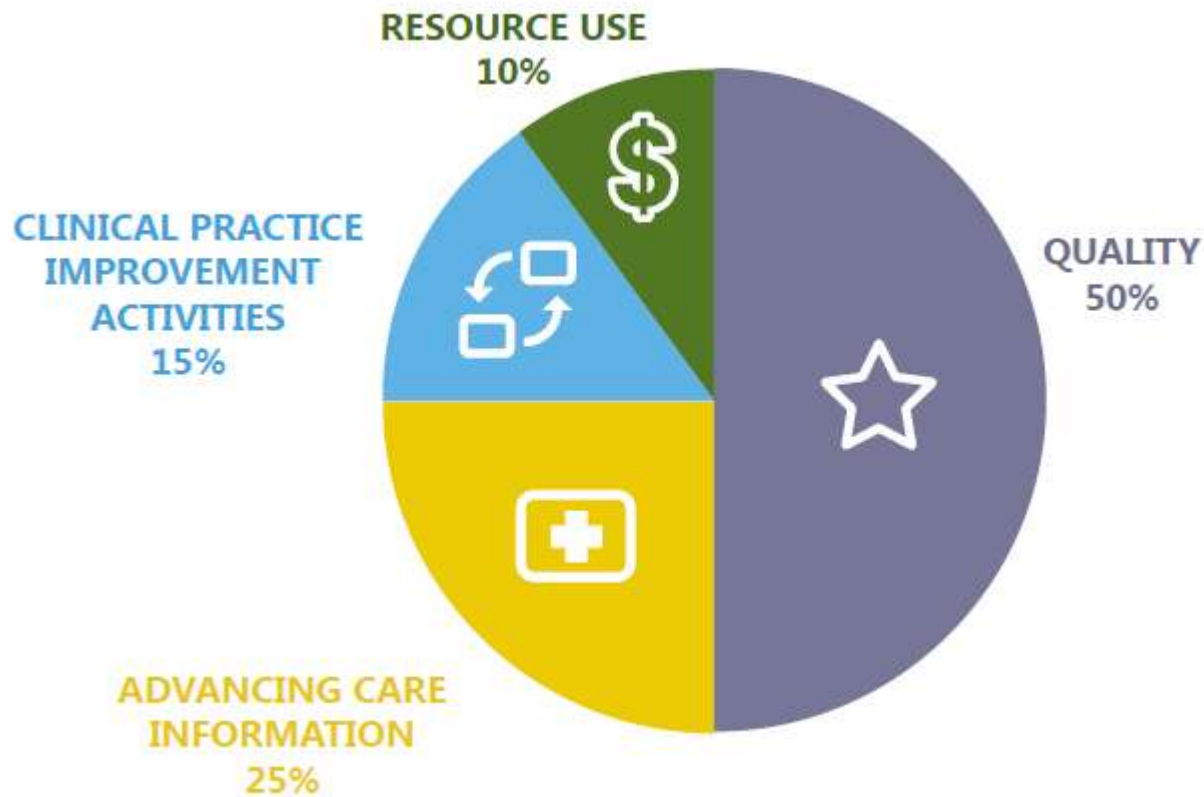
Clinical Practice Improvement Activities Performance Category

- **Eligible clinicians are rewarded for activities such as care coordination, patient engagement and safety**
- **Just a few of the activities in the proposed rule apply to pathologists**
- **CAP recommended additional activities for:**
 - **Population management (lab services utilization management workgroup)**
 - **Patient safety and practice assessment (proficiency testing, practice level assessment, patient safety checklist, CLIA inspection)**
 - **Hospital antimicrobial susceptibility report**
 - **and, more**

MIPS Performance Categories and Scores

- **Eligible clinicians will receive single MIPS composite performance score**
- **The score is based on the four weighted performance categories**
- **Scores range on a scale from 0-100**

Proposed Performance Category Weights for MIPS



MIPS: Pathologists Face Big Hurdles

MIPS Category Challenges

50%	Quality (PQRS)	<ul style="list-style-type: none">• Eight measures continued through 2016 and proposed for 2017 but all measures are subject to change from CMS rulings.• The current Value-Based Modifier (VBM) program is not designed for non-primary care specialties and generally does not measure the value that pathologists provide to their patients. Those eligible clinicians, including non-patient facing clinicians, that can't be measured will be reweighted to zero and the weight will be re-distributed to other categories.
10%	Resource Use	
25%	Advancing Care Information (formerly Meaningful Use)	<ul style="list-style-type: none">• CAP has secured relief from Meaningful Use (MU) penalties through 2016. CMS has proposed to reweight this category to zero for pathologists and to re-distribute the weight to other categories.
15%	Clinical Practice Improvement Activities	<ul style="list-style-type: none">• CAP has suggested activities that pathologists could successfully report.

CAP Advocacy on MIPS

Reweighting Performance Categories

- **CMS proposed to reweight to 0 the Resource Use and Advance Care Information categories for non-patient-facing clinicians**
- **CAP advocated that non-patient-facing clinicians instead receive a median score**
- **CAP does not believe that scores that are weighted differently can be fairly compared across specialties**

CAP Advocacy on MIPS

Non-Patient-Facing Clinicians

- **CMS proposed to define non-patient-facing clinicians as those who bill less than 25 patient-facing encounters a year**
- **CAP advocated that pathologists be automatically identified as non-patient-facing clinicians based on their Medicare enrollment code**

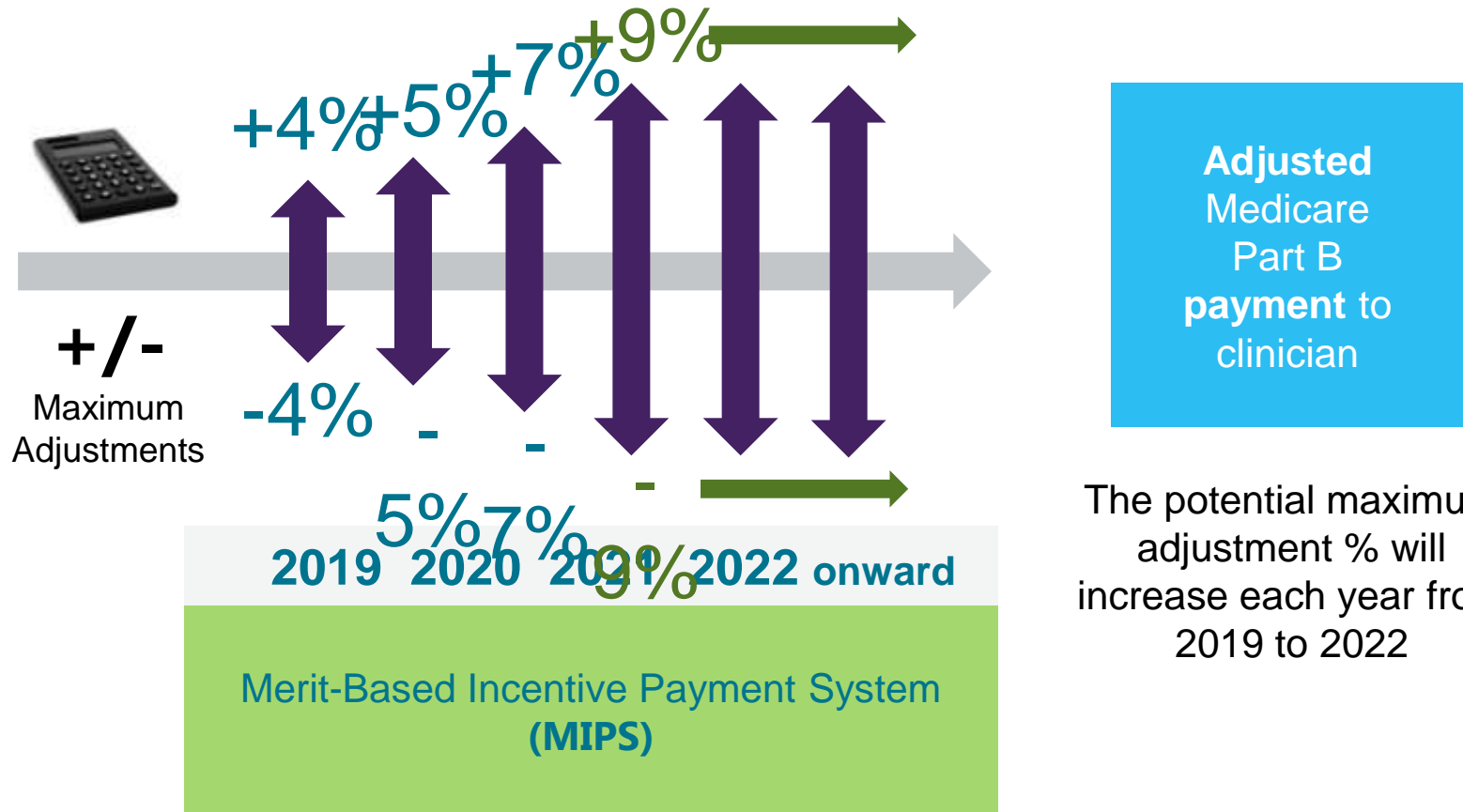
Who is Eligible for MIPS Adjusted Payments?

- **Most physicians will be “MIPS eligible clinicians”**
- **If you are not in an advanced alternative payment model, you will automatically be subject to MIPS**
- **Based on MIPS composite score, clinicians receive positive or negative adjustments beginning in 2019**
 - **In 2019, adjustment is +/- 4%**
 - **Adjustment increase to +/- 9% in 2022**
 - **Exceptional scorers receive additional bonus from a \$500 million annual fund through 2024**

How much can MIPS adjust payments?

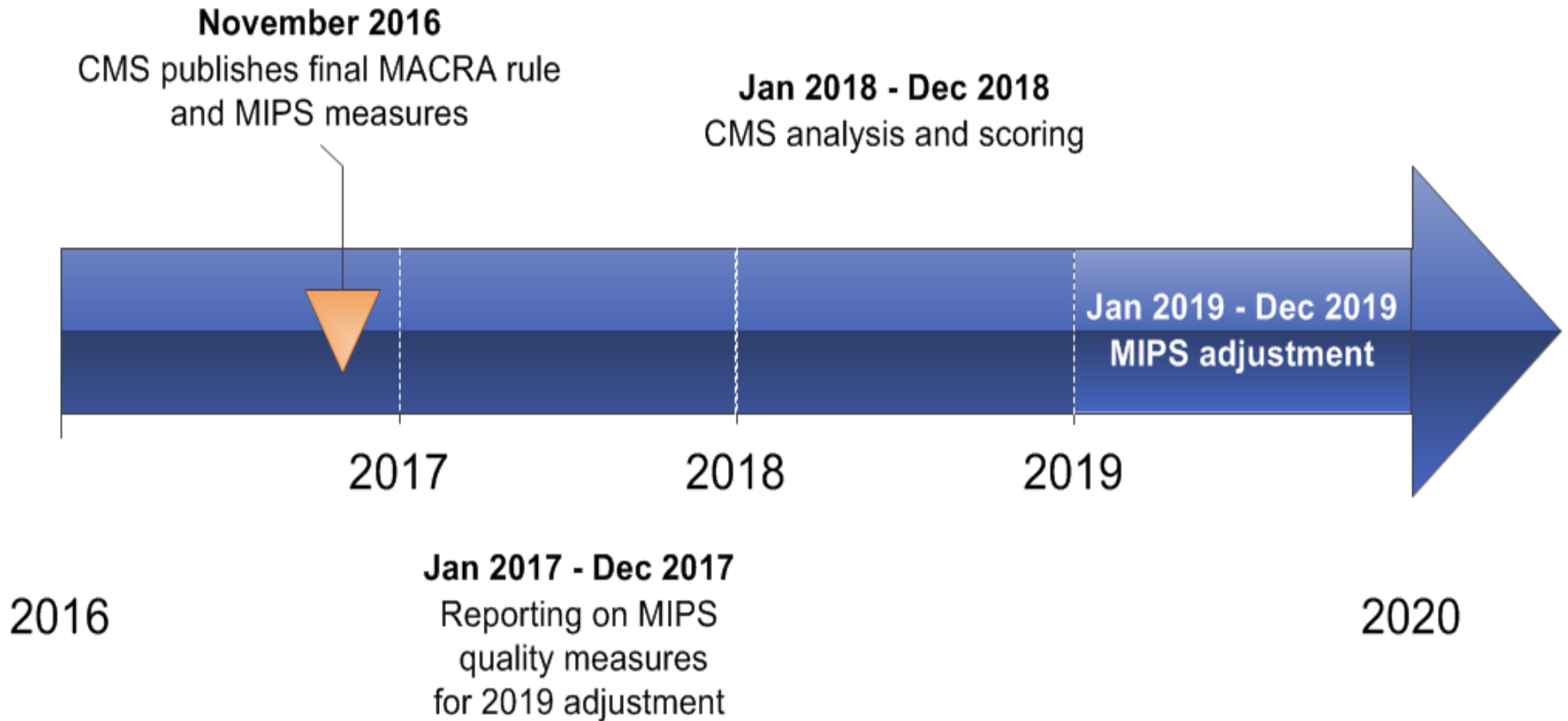
Based on a MIPS

Composite Performance Score, clinicians will receive +/- or neutral adjustments up to the percentages below.



The potential maximum adjustment % will increase each year from 2019 to 2022

MIPS Timeline: 2016-2019



Framing the MIPS Impact on Pathology Medicare Payments

Year	Program	Possible Penalty	Lower Bound: Full Penalty (millions)	Projected Total: No Adjustments (millions)*	Upper Bound: Full Bonus (millions)	Possible Bonus	Difference: Full Bonus – Full Penalty (millions)
2019	MIPS	-4%	\$ 2,169	\$ 2,224	\$ 2,279	4%	\$110
2020	MIPS	-5%	\$ 2,180	\$ 2,251	\$ 2,321	5%	\$141
2021	MIPS	-7%	\$ 2,176	\$ 2,277	\$ 2,378	7%	\$ 202
2022	MIPS	-9%	\$ 2,171	\$ 2,304	\$ 2,437	9%	\$ 266
2023	MIPS	-9%	\$ 2,195	\$ 2,331	\$ 2,467	9%	\$ 272
2024	MIPS	-9%	\$ 2,218	\$ 2,358	\$ 2,497	9%	\$ 278
2025	MIPS	-9%	\$ 2,242	\$ 2,384	\$ 2,526	9%	\$ 284
Total Difference between Upper and Lower Bounds for Pathology Specialty 2019-2025							~\$1,553



Summary of CAP's MIPS Advocacy

CAP comments on MIPS:

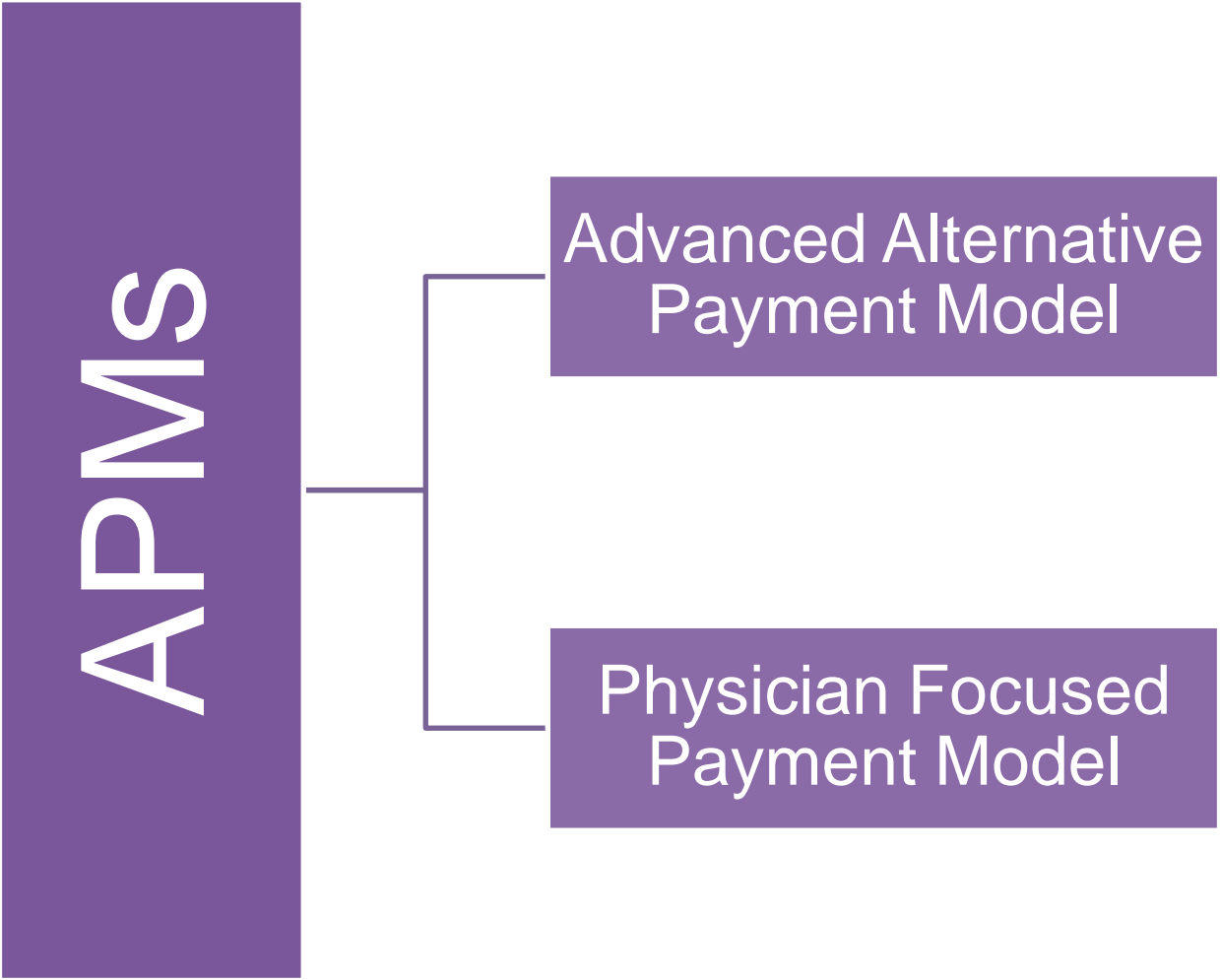
- **Maintain current quality reporting options in MIPS**
- **Make performance criteria simple for MIPS categories**
- **Do not set minimum number of measures to report**
- **Ensure specialty and sub-specialty physicians can participate**

Summary of CAP's MIPS Advocacy

- **Advocate for neutral (median) scoring for inapplicable categories**
- **Ensure pathologists exclusion from outcome measure requirements**
- **Continue hardship exemption for pathologists until an appropriate alternative for meaningful use is available**
- **Change methodology for determining whether a clinician is non-patient facing to ensure that pathologists are considered as such**

Alternative Payment Models (APMs)





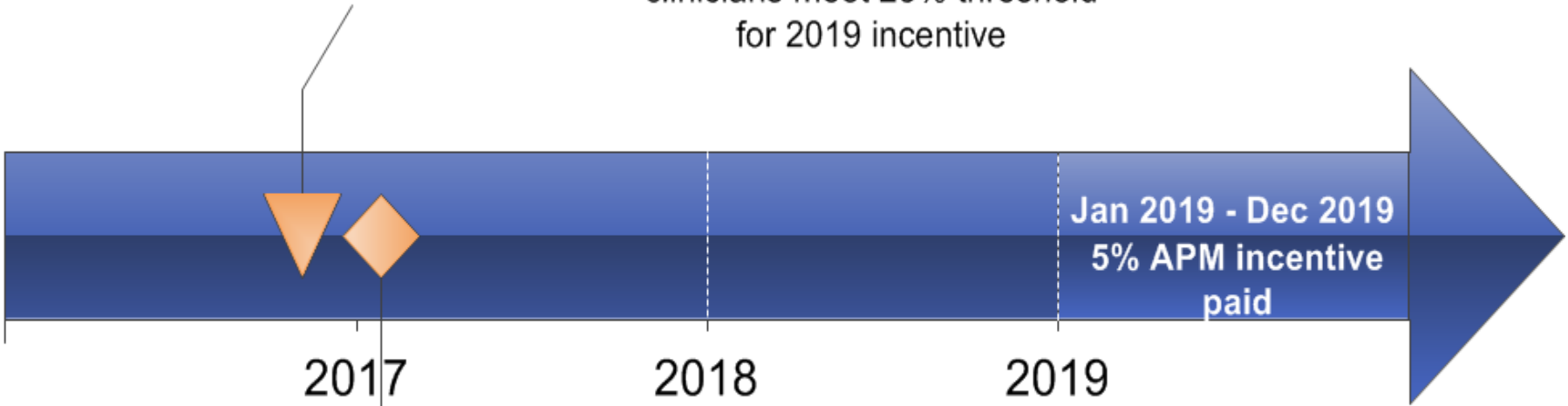
APMs Timeline: 2016-2019

November 2016
CMS releases final provisions
or requirements for PFPMs

Jan 2018 - Dec 2018
Assessment of whether
clinicians meet 25% threshold
for 2019 incentive

Jan 2019 - Dec 2019
5% APM incentive
paid

January 2017
PFPM entities form and apply
(accepted/certified)



2016

2017

2018

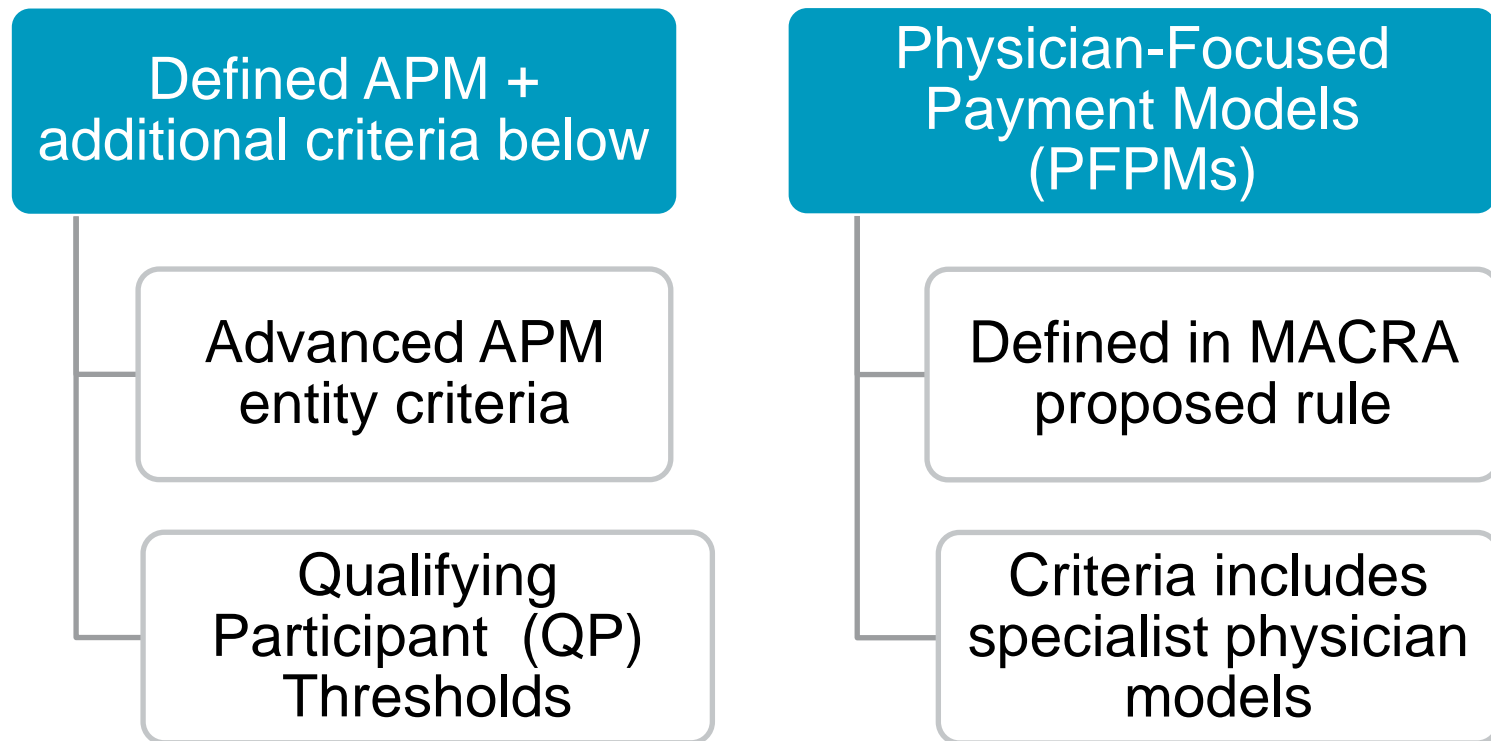
2019

2020



The APM Pathway

MACRA's 2 types of APMs



Criteria for APM to Qualify as “Advanced”

- **Base payments on quality measures comparable to MIPS**
- **Require use of certified EHR technology**
- **Bear substantial financial risk for failing to meet CMS benchmarks**

Advanced APMs

- Qualifying participants in advanced APMs excluded from MIPS payment adjustments
- Receive annual bonus of 5% in 2019 – 2024
- Starting in 2026 a higher fee schedule update of 0.75% applies
- Thresholds based on percentage of revenue or number of patients

	<u>Medicare Only Option</u> % of Payments in an Advanced APM	<u>All Payers Option</u> % of Payments in an Advanced APM
2019-2020	25%	Not available
2021–2022	50%	25% Medicare/50% all other payers
2023–2024	75%	25% Medicare/50% all other payers
2025 +	75%	25% Medicare/50% all other payers

% of revenue example provided



Physician Focused Payment Models (PFPMs) Defined

- **Broad definition – must:**
 - Include Medicare, may also cover other payers
 - Target quality and cost of physician services
 - Close an existing payment policy gap
- **Criteria: 3 categories with numerous subcategories**
- **Information: CMS factors in model evaluation amount to full business case study**
- **CAP Assessment: Bar much higher than anticipated if rigid adherence required**

APMs and Pathology Challenges

- **Based on the proposed rule, advanced APMs not likely to be available for participation by a broad number of physicians**
- **The five models that qualify as advanced APMs:**
 - **Oncology care model (2 sided risk) which starts in 2018**
 - **Next generation ACO**
 - **MSSP tracks 2 and 3**
 - **Comprehensive Primary Care Plus model**
 - **Comprehensive ESRD Care Model (Large Dialysis Organizations)**

APMs and Pathology Challenges

- **Pathology not as likely to lend to PFPM development as other more episodic specialties with attributed patients**
- **Influence on a large percentage of spending, but not control and cannot be held responsible for total cost of care in an APM**
- **Potential opportunity, but with much uncertainty and potential risk**
- **Total reimbursement (5% bonus + incentive/penalty from APM) not known**

APM Models and the CAP

- **CAP is evaluating the APM opportunities presented in the proposed MACRA rule**
- **Assess feasibility of PFPM option for pathologists**
- **Educate member about implementation of the APM provisions/pathways under MACRA**

What's next



Key Points

- **Beginning in 2019, pathologists' Medicare payment will be influenced by MIPS and APMs**
- **Implementation of these programs is happening now**
 - **American Medical Association, others calling for delays**
- **The CAP continues to engage with the CMS and stakeholders to address pathologists' concerns**

What's Next

- **Register and learn more about how to prepare for MACRA changes during a course at CAP '16**
 - **Monday, September 26, 8 AM-10 AM**
 - **Course # S1620**
- **Final MACRA rule expected in November**
- **CAP will keep members informed with the latest information on MACRA implementation**

Questions?





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