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

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Welcome

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- 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

- **Fall 2016**: Final MACRA Rule
- **27 April 2016**: Proposed MACRA published
- **Dec 31, 2018**: PQRS, VBM, EHRMU adjustments sunset

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>0.5% Physician Fee Schedule Update</td>
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<tr>
<td>2017</td>
<td>PQRS, VBM, EHRMU Adjustments</td>
</tr>
<tr>
<td>2018</td>
<td>PQRS, VBM, EHRMU Adjustments</td>
</tr>
<tr>
<td>2019</td>
<td>MIPS adjustment, APM incentive paid</td>
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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:

- MIPS
- APMs
MACRA Concerns

• Game changing Medicare payment reform
• Mandatory participation
  o Default to MIPS unless advanced APM qualifying participant
• Short lead time for implementation
  o 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)
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

<table>
<thead>
<tr>
<th>Category</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>50% Quality (PQRS)</strong></td>
<td>• Eight measures continued through 2016 and proposed for 2017 but all measures are subject to change from CMS rulings.</td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td><strong>10% Resource Use</strong></td>
<td></td>
</tr>
<tr>
<td><strong>25% Advancing Care Information (formerly Meaningful Use)</strong></td>
<td>• 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.</td>
</tr>
<tr>
<td><strong>15% Clinical Practice Improvement Activities</strong></td>
<td>• CAP has suggested activities that pathologists could successfully report.</td>
</tr>
</tbody>
</table>
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.

- 4%
- 5%
- 7%
+ 9%

Adjusted Medicare Part B payment to clinician

The potential maximum adjustment % will increase each year from 2019 to 2022.
MIPS Timeline: 2016-2019

- **November 2016**: CMS publishes final MACRA rule and MIPS measures
- **Jan 2018 - Dec 2018**: CMS analysis and scoring
- **Jan 2019 - Dec 2019**: MIPS adjustment

- **2016**: Reporting on MIPS quality measures for 2019 adjustment
- **2017**:
- **2018**:
- **2019**:
- **2020**
# Framing the MIPS Impact on Pathology Medicare Payments

<table>
<thead>
<tr>
<th>Year</th>
<th>Program</th>
<th>Possible Penalty</th>
<th>Lower Bound: Full Penalty (millions)</th>
<th>Projected Total: No Adjustments (millions)*</th>
<th>Upper Bound: Full Bonus (millions)</th>
<th>Possible Bonus</th>
<th>Difference: Full Bonus – Full Penalty (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>MIPS</td>
<td>-4%</td>
<td>$2,169</td>
<td>$2,224</td>
<td>$2,279</td>
<td>4%</td>
<td>$110</td>
</tr>
<tr>
<td>2020</td>
<td>MIPS</td>
<td>-5%</td>
<td>$2,180</td>
<td>$2,251</td>
<td>$2,321</td>
<td>5%</td>
<td>$141</td>
</tr>
<tr>
<td>2021</td>
<td>MIPS</td>
<td>-7%</td>
<td>$2,176</td>
<td>$2,277</td>
<td>$2,378</td>
<td>7%</td>
<td>$202</td>
</tr>
<tr>
<td>2022</td>
<td>MIPS</td>
<td>-9%</td>
<td>$2,171</td>
<td>$2,304</td>
<td>$2,437</td>
<td>9%</td>
<td>$266</td>
</tr>
<tr>
<td>2023</td>
<td>MIPS</td>
<td>-9%</td>
<td>$2,195</td>
<td>$2,331</td>
<td>$2,467</td>
<td>9%</td>
<td>$272</td>
</tr>
<tr>
<td>2024</td>
<td>MIPS</td>
<td>-9%</td>
<td>$2,218</td>
<td>$2,358</td>
<td>$2,497</td>
<td>9%</td>
<td>$278</td>
</tr>
<tr>
<td>2025</td>
<td>MIPS</td>
<td>-9%</td>
<td>$2,242</td>
<td>$2,384</td>
<td>$2,526</td>
<td>9%</td>
<td>$284</td>
</tr>
</tbody>
</table>

**Total Difference between Upper and Lower Bounds for Pathology Specialty 2019-2025**

~$1,553

*Projections based on ten previous years of Medicare spending*
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

- Advanced Alternative Payment Model
- Physician Focused Payment Model
APMs Timeline: 2016-2019

November 2016
CMS releases final provisions or requirements for PFPMs

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

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

Jan 2019 - Dec 2019
5% APM incentive paid
The APM Pathway

MACRA’s 2 types of APMs

- Defined APM + additional criteria below
  - Advanced APM entity criteria
  - Qualifying Participant (QP) Thresholds

- Physician-Focused Payment Models (PFPMs)
  - Defined in MACRA proposed rule
  - Criteria includes specialist physician models
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

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

% 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?