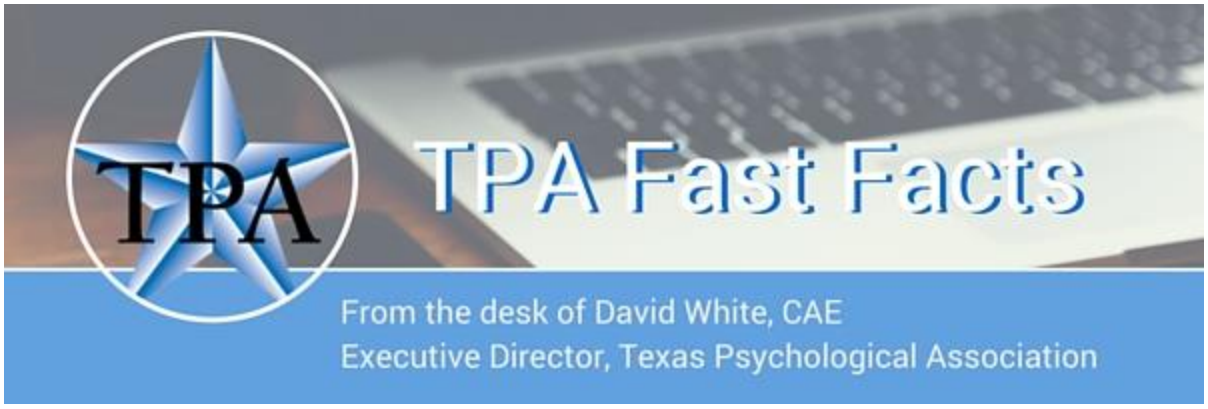


Medicare's Proposed Merit-Based Incentive Payment System

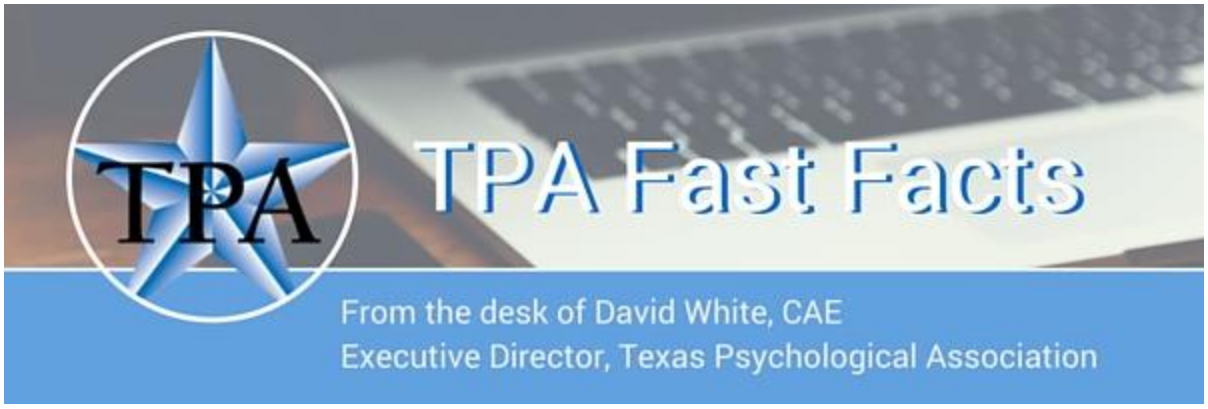
APAPO recently released an update on a newly proposed Medicare payment model. This was one of the most informative Medicare articles I've read in a long time, so I'm sharing it for this month's *Fast Facts*. While Medicare and Medicaid issues often can feel insurmountable, it is imperative that individual, local-level psychologists stay informed on what is happening in this realm.

Please share this update with your leaders and members, particularly paying attention to the section ***Impact on Psychology***.

Additionally, if you or your members are looking for more information about practice issues, TPA's Business of Practice Committee is one of our most active listservs with frequent and extensive discussion on practice issues among your colleagues. Contact us about joining.

On April 27, the Centers for Medicare and Medicaid Services (CMS) released a proposed rule on a new Medicare payment model: the Merit-Based Incentive Payment System (MIPS). Created under the Medicare Access and CHIP Reauthorization Act (MACRA), the 2015 law that repealed the Sustainable Growth Rate cut, MIPS is designed to change the current payment structure in Medicare so that the focus is on value rather than volume as the program continues to move away from a traditional fee-for-service (FFS) model. Last year the U.S. Department of Health and Human Services announced a goal of tying 30 percent of FFS Medicare payments to value by the end of 2016, rising to 50 percent of payments by the end of 2018.

MIPS is a new program that combines key facets of three current programs in Medicare: the Physician Quality Reporting System (PQRS), the Value-Based Payment Modifier (VM), which compares quality of care to cost, and the Electronic Health Record (EHR) incentives, often referred to as "meaningful use." Psychologists have been eligible to participate in PQRS since its inception in 2007 but are not subject to the VM or meaningful use.



MIPS will impact Medicare payments by assessing clinicians on four categories and then assigning a composite score. The composite score will be compared to a threshold score. Those falling below the threshold score will incur a payment penalty while those scoring above the threshold will receive a bonus. MIPS is designed to be budget neutral and many clinicians will see no adjustment, positive or negative, to their payments.

The four performance categories under MIPS and their percentages of the composite score for the first year are:

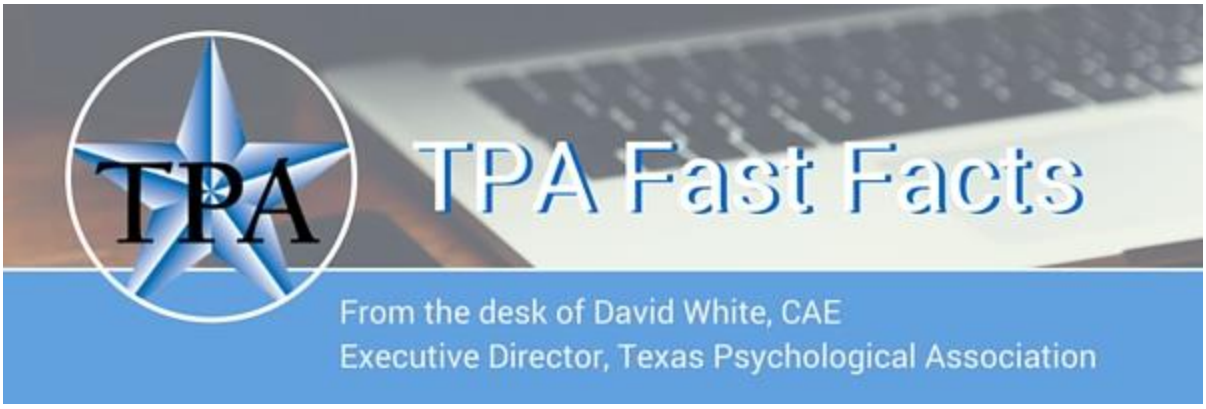
Quality – much of this category includes measures from the current PQRS program. Clinicians will have to choose six measures, including one outcome measure and, if they treat patients face-to-face, a cross-cutting measure. Quality counts towards 50% of the composite score.

Advancing Care Information – These are customizable measures that focus on demonstrating the use of certified EHR technology. Requirements are designed to be more flexible than those applied to meaningful use. This category is 25% of the composite score.

Clinical Practice Improvement Activities – Focused areas such as care coordination, beneficiary engagement, and patient safety, CPIAs emphasize activities that have a proven association with improved health outcomes. CPIAs will carry a different number of points; for example, medium level activities will be worth 10 points and high level activities 20 points. CMS is proposing that clinicians acquire 60 points in CPIAs, with special consideration given to clinicians in small practices (15 or fewer) or those in rural areas and geographic health professional shortage areas.

To collect points clinicians select from a list of over 90 options, including a subcategory on integration of primary care and behavioral health. This subcategory will include measuring such practices as co-location of behavioral health and primary care services; shared/integrated behavioral health and primary care records; or cross-training of MIPS eligible clinicians or groups participating in integrated care. This subcategory also includes integrating behavioral health with primary care to address substance use disorders or other behavioral health conditions. The CPIA category makes up 15% of the composite score.

Cost / Resource Use – Information will be taken from claims, eliminating the need for clinicians to do any reporting in this category. In measuring resource use, CMS will use per patient total allowed charges for all services under Medicare, as well as other measures of allowed charges and measures of utilization of items and services. Clinicians would be assessed based only on resource use for their Medicare patients. Cost would represent 10% of the composite score.



The percentages for each category may change and CMS can vary the weights for specialties that lack applicable measures in a given category.

As part of the transition to MIPS, Medicare's current quality reporting program, PQRS, ends on December 31, 2016. In the rule's preamble CMS envisions a future where clinicians use certified health information technology to manage patients. CMS also foresees clinicians working with a Qualified Clinical Data Registry to obtain and report quality measures to both CMS and commercial payers as well as to track patients for quality improvement.

Also in the proposed rule incentives are provided for Alternate Payment Models (APMs) where physicians and other clinicians furnish comprehensive health care. APMs represent another payment model option and providers who meet the APM requirements are exempt from MIPS. Clinicians in their first year as Medicare providers are exempt from MIPS.

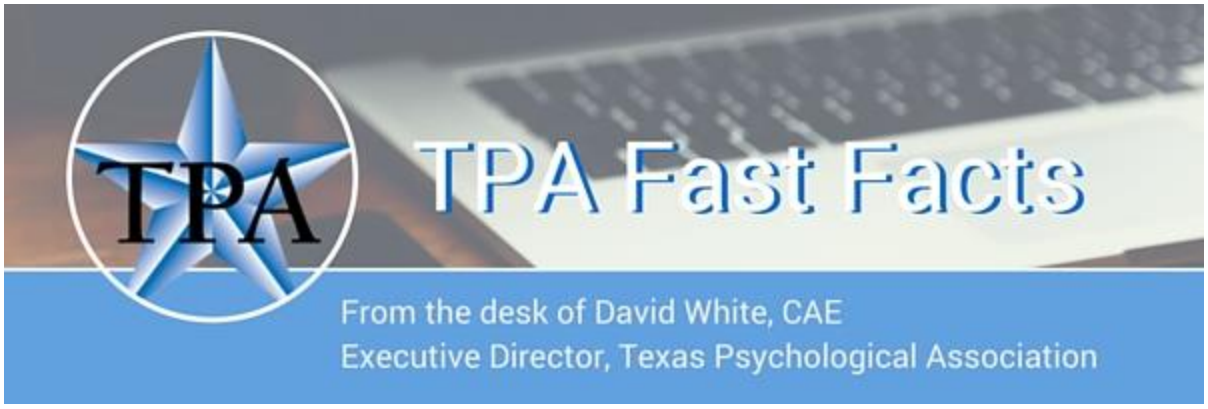
CMS is proposing a low volume threshold to exempt clinicians with $10,000 or less in Medicare claims and 100 or fewer Medicare patients. If this threshold is adopted many psychologists will be exempt from MIPS. While exempted clinicians are protected from losses under MIPS, they will also be ineligible to receive positive payment adjustments because they cannot show value.

IMPACT ON PSYCHOLOGY

So what does all this mean for psychologists in Medicare? Psychologists and certain other non-physicians are expected to begin MIPS reporting in 2019, and therefore they will not be required to report quality measures in 2017-2018 and will not have MIPS adjustments applied to their Medicare payments until 2021. Psychologists should understand that if they do not report any measures under MIPS once they become eligible they will end up with a very low composite score and should expect to see significant reductions in their Medicare payments.

Recognizing that clinicians such as psychologists may find it challenging to resume reporting in 2019 after not reporting for two years, CMS will allow the specialties currently excluded from MIPS to voluntarily continue reporting quality measures and gain experience with the new program. This reporting can be done through claims, registries, and EHRs. Psychologists who choose to continue reporting quality measures will not see any MIPS payment adjustments, regardless of their performance.

Psychologists are urged to consider reporting quality measures in 2017-2018 to gain experience using the new model. Once added to MIPS psychologists will need a composite score above the threshold to earn a bonus. Anything below the threshold will trigger a reduction in payment. Bonuses under MIPS will be 4% in 2019, 5% in 2020, 7% in 2021, and 9% in 2022 and beyond, along with the opportunity to



receive additional rewards for exceptional performance. Negative adjustments will be at these same levels.

Psychologists should know that even though PQRS sunsets this year the PQRS penalties are based on data reported two years before. Psychologists will see a 2% penalty applied to their payments in 2017 if they failed to successfully report measures in 2015. Psychologists are reminded that now is the time to report PQRS measures to avoid a 2% penalty in 2018. The APA Practice Organization's registry, APAPO PQRS**PRO**, is available for those psychologists wishing to report quality measures under MIPS in 2017 and 2018. To access the registry go to: http://apapo.pqrspro.com/

FOR MORE INFORMATION

To learn more about how the APA Practice Organization has been advocating for changes in Medicare reimbursement see:

Letters sent to the Chairmen of the House Ways and Means Committee on April 11, 2013 (http://www.apapracticecentral.org/update/2013/04-25/sgr-letter.pdf) and November 12, 2013 (http://www.apapracticecentral.org/update/2013/11-21/sgr-formula-letter.pdf).

Comments on MIPS and its potential impact on psychologists in a November 13, 2015 letter to CMS (http://www.apapracticecentral.org/update/2015/11-19/comment-letter.pdf).

A discussion of MACRA, highlighting the creation of MIPS and APMs as new payment models (http://www.apapracticecentral.org/advocacy/medical/medicare-sgr-formula.aspx).

Doug Walter, J.D., Associate Executive Director for Government Relations,
American Psychological Association Practice Organization