

FINAL MACRA RULE ISSUED: IT'S TIME FOR PROVIDERS TO PICK THEIR PACE

Today, the Centers for Medicare & Medicaid Services ("CMS") published the much-anticipated Final Rule for the new Merit-Based Incentive Payment System ("MIPS") and Advanced Alternative Payment Models ("AAPMs") pathways to payment pursuant to the Medicare Access and CHIP Reauthorization Act of 2015 ("MACRA"). A copy of the Final Rule can be found [here](#), and more information can be found on the CMS "Quality Payment Program" [website](#). Referred to as the Quality Payment Program ("QPP"), CMS has finalized its MACRA program for significant reimbursement, compliance and operating changes for providers participating under the Medicare Physician Fee Schedule, which will commence January 1, 2017.

As background, MACRA permanently repealed the much-derided sustainable growth rate formula for calculating physician fee schedule payments and, in its place, implemented two performance-based incentive payment pathways. The two pathways are: (1) participation in MIPS and receive a positive or negative physician fee schedule adjustment associated with MIPS performance; or (2) participation in an AAPM and, if certain criteria are satisfied, earn separate incentive payments (and be excluded from participating in MIPS).

A "MIPS eligible clinician" under the QPP is a provider who has in excess of \$30,000 in allowed Part B charges per year or provides care for more than 100 Part B enrolled beneficiaries per year and is: (1) a physician; (2) a physician assistant; (3) a nurse practitioner; (4) a clinical nurse specialist; or (5) a certified registered nurse anesthetist. If 2017 is the first year a provider is participating in Medicare Part B, the provider may be exempt.

The Final Rule includes program-specific details on how CMS will implement payment reform through MIPS and AAPMs by laying the groundwork for the continuing shift from volume- to value-based payment. Importantly, CMS acknowledges in the Final Rule the significant administrative burden associated with transitioning to MIPS and AAPMs and has provided substantial flexibility through various transition year participation options starting in 2017. This article summarizes key provisions of the Final Rule, and also notes specific QPP participation options for MIPS eligible clinicians in 2017. Future articles will address specific and more detailed aspects of the Final Rule and will provide further analysis of the practical effect for the health care industry.

MERIT-BASED INCENTIVE PAYMENT SYSTEM

MIPS consolidates the components of three existing CMS physician quality programs: the Physician Quality Reporting System; the Physician Value-Based Payment Modifier; and the Medicare EHR Incentive Program. Under MIPS, CMS will either positively or negatively adjust a MIPS eligible clinician's Medicare Part B reimbursement based on his/her performance in four performance categories: 1) quality; 2) cost; 3) advancing care information; and 4) improvement activities. These payment adjustments will begin in 2019 and are based upon a MIPS eligible clinician's 2017 performance data.

2017 TRANSITION YEAR PARTICIPATION OPTIONS UNDER MIPS

With the start date quickly approaching, and QPP's broad impact, MIPS eligible clinicians should determine which 2017 transition year "Option" below best aligns with their strategic focus. Last month, CMS published a blog post that summarized four participation options for providers in 2017 to prepare for the transition. The Final Rule revises and updates these participation options for the 2017 transition year, which are outlined in the following Options. A key variable between these Options is the number of measures and activities submitted to CMS and the number of days for which data must be reported for 2017.

Option 1: Voluntary Exclusion (No Participation)

QPP is not mandatory, and MIPS eligible clinicians may voluntarily elect to not participate in MIPS for 2017. Selecting this Option will result in a four percent negative payment adjustment in 2019 to the MIPS eligible clinician's Medicare Part B reimbursement.

Option 2: Test Data Submission

This Option allows a MIPS eligible clinician to submit a minimum amount of 2017 data in order to avoid the four percent negative payment adjustment in 2019. The MIPS eligible clinician can elect to report 2017 data on one measure from the quality performance category, one activity in the improvement activities performance category or the required measures for the "base score" in the advancing care information

performance category. Unlike Option 3 below, this submission does not require data to be reported for a minimum number of days during 2017.

Option 3: Partial Data Submission

MIPS eligible clinicians can submit a minimum amount of 2017 data to CMS to avoid a negative payment adjustment in 2019 and could possibly receive a positive MIPS payment adjustment. Under this Option, a MIPS eligible clinician needs to submit data, for at least a full 90 consecutive day period, for more than one quality measure, more than one improvement activity or more than the required measures for the "base score" in the advancing care information performance category. This Option is different than Option 2 because it requires a MIPS eligible clinician to submit data on more than just one measure and also requires the clinician to submit data covering at least a 90 consecutive day period during 2017. The increased reporting requirements provide additional benefit because MIPS eligible clinicians under this Option, in addition to avoiding a negative payment adjustment, could potentially receive a positive payment adjustment. However, the positive payment adjustment will likely be less than the full four percent adjustment available in Option 4 below.

Option 4: Full Data Submission

To maximize the prospects of obtaining a higher positive adjustment in 2019, a MIPS eligible clinician may elect to fully participate in MIPS for 2017. For full participation, a MIPS eligible clinician needs only to submit data on each of the required MIPS performance categories for a minimum period of 90 consecutive days during 2017. A MIPS eligible clinician may elect to report data for periods longer than 90 consecutive days for 2017, but, generally, data submission for all 12 months of 2017 is not required. Under this Option, whether a MIPS eligible clinician receives a positive, negative or neutral payment adjustment in 2019 will depend on the clinician's performance from scores received in three of the four MIPS performance categories: (1) quality; (2) improvement activities; and (3) advancing care information. During 2017, the fourth performance category on cost will be weighted to zero.

For full MIPS participation, a MIPS eligible clinician must submit data for a 90 consecutive day period on the following performance categories, which are assigned different scoring weights for purposes of computing a MIPS eligible clinician's MIPS score.

1. **Quality.** For 2017, the quality performance category will be weighted to comprise 60 percent of a MIPS eligible clinician's MIPS score. A MIPS eligible clinician must report at least six quality measures (which must include at least one outcome measure).
2. **Improvement Activities.** The Final Rule reduces the number of activities required to achieve full credit in the improvement activity performance category, which comprises 15 percent of a MIPS eligible clinician's final score. A MIPS eligible clinician can engage in either two high-weighted or four medium-weighted activities. Small practices, rural practices or practices located in geographic health professional shortage areas, and non-patient facing MIPS eligible clinicians, will only be required to report on one high-weighted or two medium-weighted activities.
3. **Advancing Care Information.** The advancing care information performance category will comprise 25 percent of a MIPS eligible clinician's MIPS score.

2017 TRANSITION YEAR PARTICIPATION OPTIONS FOR AAPMS

As an alternative to the MIPS payment pathway, a MIPS eligible clinician may elect to participate in an AAPM. It is possible for MIPS eligible clinicians participating in an AAPM to be determined by CMS to be "Qualifying Participants."

Prior to January 1, 2017, CMS will publish a list of programs that qualify as AAPMs. The following are likely to be included on the list.

- Comprehensive ESRD ("CEC") Model (LDO arrangement);
- Comprehensive ESRD Care ("CEC") Model (non-LDO two-sided risk arrangement);
- Comprehensive Primary Care Plus ("CPC+") Model;
- Medicare Shared Savings Program Track 2;
- Medicare Shared Savings Program Track 3;
- Next Generation ACO Model; and

- Oncology Care Model (two-sided risk arrangement).

For MIPS eligible clinicians participating in an APM for 2017, a lump sum payment (equal to five percent of the clinician's 2018 Part B payments) will be awarded in 2019 if the clinician meets the requirements to be designated by CMS as a Qualifying Participant by achieving: 1) the specific measures and objectives of the APM; and 2) the necessary thresholds for the number of patient encounters and/or Medicare payment volume through the APM.

PRACTICAL TAKEAWAYS

Because it is quickly approaching, MIPS eligible clinicians should focus on "picking their pace" for the 2017 performance year. At a bare minimum, individual MIPS eligible clinicians and their practice groups should identify the required measures that need to be reported in 2017. Failing to report any measures will trigger a four percent negative Medicare Physician Fee Schedule adjustment in 2019.

Now is also the time to focus on developing and implementing strategies that will accelerate the transition from volume to value. To get started, health care organizations should review their reporting capabilities and performance related to reportable QPP quality measures and activities. Further, health care organizations should also stay up to date with CMS's announcements and interpretations regarding the Final Rule.

Over the coming weeks, Hall Render will continue to publish guidance on QPP and provide additional tools to help Eligible Clinicians and Qualifying Participants prepare for the new challenges.

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