"Doc Fix" to Change How Physicians Are Paid

Meaningful Use Continues to Play an Essential Role

By John Netti

As the sea change of government initiatives transforming healthcare continues, another high-impact piece of legislation became law this spring. President Obama signed the Merit-based Incentive Payment System (MIPS) which introduces an entirely new method of paying for health care services. The "Doc Fix", as it's referred to, starts in 2019, but the path forward really begins in 2015.

The new Medicare reimbursement system is based on the quality of clinical outcomes. It establishes a 0.5% reimbursement increase beginning in 2015 through 2019. Value-based payments also begin in 2019. The new program will combine three existing quality incentive programs, reshuffling them into four performance categories that will determine provider payments.

The Physician Quality Reporting System (PQRS), Value Based Modifier (VM) program and Meaningful Use will be modified in their current form. The four new performance categories that will be established are Quality, Resource Use, Meaningful Use and Clinical Practice Improvement. The individual incentive/penalty aspects of PQRS, VBM and the Meaningful Use programs will be retired in 2018.

The Quality category that will be established will address five domains; clinical care, safety, care coordination, patient and caregiver experience, and population health and prevention. Measures will be published annually by CMS in a "final list" and providers will choose the measures they will report on. The Resource Use category is intended to maintain a focus on cost containment and will use algorithms to determine the cost of episodes-of-care. It will also adjust for risk to ensure professionals are not penalized for treating sicker patients.

Performance in the new Meaningful Use category will based be on meeting Stage 3 measures. CMS recently announced the Stage 3 rules, which are currently in a public commentary phase. It has similarly proposed changes to the Meaningful Use program in 2015 through 2017. These newly proposed changes are intended to align Stages 1 and 2 of Meaningful Use with Stage 3. If passed, they will

significantly ease the burden of the current Stage 2 requirements for 2015, before ratcheting up the level of difficulty in future years. The changes for 2015 include a much talked about reduction of the reporting period from a full year to any ninety days within the calendar year.

The EHR incentive program requires ALL participants to meet Stage 3 requirements in 2018. This information will be used in calculating a provider's overall performance score for 2019, impacting MIPS payment that year. To meet Stage 3 it will be necessary to utilize a new version of certified technology, which is referred to as 2015 CEHRT. The final category, Practice Improvement, is completely new and will provide credit to providers for improving their overall performance from one year to the next.

Eligible professional performance will be based on a "composite score" from 0 -100 which will reflect the four categories. A threshold will be established based on composite scores of all participants (using the mean or median). Those providers well above the threshold will get significant rewards and those on the lowest end of the quality spectrum will receive significant cuts in reimbursements. Negative adjustments will be capped at 4% in 2019, 5% in 2020, 7% in 2021 and 9% in 2022.

Positive adjustments will be up to **three times** the cap for negative adjustments. The highest performers (top 25%) will receive a bonus based on a pools of $500 million allocated annually. There will also be a bonus for participation in Alternate Payment Models (APM) such as accountable care organizations (ACOs) and patient centered medical homes.

Although 2019, the year MIPS begins, seems far away from today, there are steps that can be taken in 2015 to begin preparing for the new reimbursement system. Understanding the new 2015 changes to the Meaningful Use measures, which will be formally announced this summer, is a good place to start. These announcements will provide a roadmap to Stage 3, which will significantly influence a provider's composite score and ultimately their Medicare payments.

Other steps that can be taken to position a practice for MIPS success include participation in alternate payment models such as ACO's, patient centered medical homes, etc. Additionally, attaining a good understanding of a specialty's quality measures and the associated workflow required to maintain high performance, could begin sooner than later. Finally, be on the lookout for programs offered under CMS that will help practices align with the new value based environment.

John Netti is President of the EHR Advisory Group, LLC, which provides an array of EHR, HIPAA and PQRS services to medical organizations. For more information go to www.ehradvisorygroup.com or call 315 437-4377.