What Should I Know about MACRA Alternative Payment Models?

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The implementation of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) legislative proposal includes significant changes to the way providers will attest to quality improvements and technology use, but also includes a heavy emphasis on value-based reimbursements, alternative frameworks for payments, and patient-centered care.

What’s the difference between MIPS and APMs?
There are two paths for participation in the quality improvement programs included in the MACRA legislation for Eligible Clinicians (EC): the Merit-based Incentive Payment System (MIPS) and the Alternative Payment Models (APMs).

Clinicians will need to begin attestation under one of these two models in 2017 and will receive their first payments under the new framework in 2019. Both MIPS and APMs are value-based payment models that incentivize providers on quality, outcomes, and cost containment.

MIPS is a program that streamlines parts of the Physician Quality Reporting System, the Value-based Payment Modifier and the Medicare Electronic Health Record (EHR) Incentive Program into one single program called the Quality Payment Program. Under MIPS, ECs will be measured on quality, cost, clinical practice improvement, and use of certified EHR technology.

Under MACRA, 50% of the MIPS score would be based on quality, 25% of the score would be based on care information. The cost category would make up 10% of the score. This category would involve Medicare claims and would use 40 episode-specific measures to account for differences among specialties. Clinical Practice Improvement category makes up the remaining 15%.

Clinicians who are in their first year of Medicare participation and those who successfully participate in the APM track are exempt from attesting to the MIPS program – if they qualify for bonus payments.

The APM program, on the other hand, includes the Medicare Shared Savings Program (MSSP) ACOs, all CMS Innovation Center initiatives except Health Care Innovation awards, and certain demonstration programs. Only certain APMs will be categorized as an “eligible APM,” under the MACRA proposal.

MACRA requires that payments under an APM be based on quality measures that are comparable to those used in the MIPS program. To qualify for payments, the APMs must also use certified EHR technology, report on certain quality measures, and bear more than nominal financial risk. Overall, APMs offer greater potential financial risks and rewards than MIPS.

It is important to note that not all providers who participate in an APM will qualify for an exemption to MIPS attestation, though they will receive favorable scoring under MIPS for undertaking an APM agreement. Only those providers participating in Advanced APM structures will have the potential to escape MIPS attestation.

What are Advanced APMs?
Advanced APMs are very similar to APMs. They just have a few additional requirements. According to MACRA, there are actually two types of advanced APMs: Advanced APMs and Other Payer Advanced APMs.

Advanced APMs must:
- Require participants to use Certified EHR Technology
- Provide payments based on quality measures comparable to those used in MIPS
- Require participants to adopt a Medical Home Model or accept more than a nominal amount of financial risk

To qualify as an Other Payer Advanced APM, a commercial or Medicaid APM must:
- Require participants to use Certified EHR Technology
- Provide payments based on quality measures comparable to those used in MIPS
- Require participants to adopt a Medicaid Medical Home Model or bear financial risk for more than a nominal amount

The Medical Home Model requirement is what sets the Advanced APM apart from regular APMs. Success under the Advanced APM umbrella may allow participants to become qualifying APM participants (QPs), which can produce additional financial incentives.

What are the financial implications of MIPS, APMs, and Advanced APMs?
Under MIPS, providers’ base rate of Medicare Part B payment would be adjusted based on a composite performance score. Providers would receive positive, negative, or neutral adjustments. In 2019, the maximum negative payment adjustment is -4%, but a positive payment adjustment could be as much as +12% when the bonus potential is accounted for. The baseline then incrementally increases to +/-9% in 2022 and onward.

Each of the four MIPS performance categories are weighted to help determine performance. For 2019 to 2024, CMS will give an additional payment adjustment to the highest MIPS performers for exceptional performance.

QPs in one or more eligible APMs will be exempt from MIPS, receive a 5% bonus on Medicare Part B services, and receive higher annual increases in their payments.

According to the Healthcare Financial Management Association, MACRA identified specific eligible APMs that will qualify for bonus payments and exemption from MIPS reporting. These include:
- Next Generation ACO
- Comprehensive Primary Care Plus (CPC+)
- Medicare Shared Savings Program (MSSP) Tracks 2 and 3
- Oncology Care Model with two-sided risk
- Comprehensive ESRD Care (for large dialysis organizations)
- An additional proposed ruling has been submitted to qualify Bundled Payment Models as an Advanced Payment Model

However, 95% of MSSP ACOs are participating in Track 1 of the program, which would not qualify them for an exemption from MIPS. These providers, who do not currently accept downside risk from Medicare, would have to attest to the MIPS program instead.

Additionally, under MACRA, a bonus payment would be made to providers who operate under the most advanced APMs. Advanced APMs would still be able to get APM specific rewards. However, clinicians would also be subject to a quality performance score that could lead to reductions or increases in their Medicare reimbursement.

Who can receive financial incentives under the eligible APM framework?
An Advanced APM that expands the Medical Home Model or requires participants to accept a significant amount of downside financial risk is considered to be an “eligible APM,” according to MACRA law. Eligible APMs are able to gain even more financial benefits compared to MIPS and regular APMs. Eligible APM participants can get specific rewards as well as a 5% lump sum bonus.

How do ECs become a Qualifying APM Participant (QP)?
Clinicians that participate in the most advanced APMs may be able to become QPs. QPs are exempt from MIPS. They will receive 5% lump sum bonus payments for years 2019-2024. They will also receive a higher level of reimbursement during fee schedule updates for 2026 and going forward.

QPs are providers who receive 25% of their payments through an eligible APM. Starting in 2019, the threshold percent may be reached during fee schedule updates for 2026 and going forward.

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Websites referenced for this article: MGMA.com, RevCycleIntelligence.com, and CMS.gov.