



Medicare Access and CHIP Reauthorization Act (MACRA), H.R. 2 The End of the SGR – What Do Internists Need to Know?

The Medicare Access and CHIP Reauthorization Act (MACRA), H.R. 2 was passed overwhelmingly by the House of Representatives on March 26, 2015 by a vote of 392 to 37, approved by the Senate on April 14 by a vote of 92 to 8, and then signed by the President on April 16. This law not only eliminates the failed Medicare Sustainable Growth Rate (SGR) formula, but also fundamentally revamps how Medicare pays physicians. So, what is actually included in this new law and why should physicians support and get prepared for it?

END OF SGR

After 12 years, 17 patches, and more than \$154 billion wasted—the failed SGR formula has been eliminated.



The law establishes stable positive updates during a transition period:

- Annual updates of 0.5 percent starting on July 1, 2015 through the end of 2019.
- The rates in 2019 will be maintained through 2025 while providing professionals with the opportunity to receive additional payment adjustments through a new Merit-Based Incentive Payment System (MIPS). This is much better than a 21% SGR cut on April 1—which in all probability would have been followed by more patches with rates frozen indefinitely, year after year, for the foreseeable future.



Starting in 2019, the existing Medicare quality reporting/incentive programs (PQRS, Value Based Modifier, and Meaningful Use) — which vary significantly in terms of measures, data submission options, and payment timelines — will be consolidated into one single quality improvement program, the **Merit-Based Incentive Payment System (MIPS)**, reducing the significant confusion and hassles now associated with the current three separate reporting programs.

- The current Medicare reporting programs are not at all clear, transparent, or aligned in terms of performance thresholds that must be met. Under these programs, in 2019, physicians are faced with:
 - 2 percent penalty for failure to report PQRS quality measures;
 - 5 percent penalty for failure to meet EHR MU requirements; and
 - Additional potential negative adjustments under the Value-based Modifier (VBM) program (likely 4 percent or more)
- These penalties will be eliminated at the end of 2018, and physicians will be paid based on their MIPS-adjusted payment rate beginning January 1, 2019.
- This law puts the penalty money from the PQRS and Meaningful Use programs (in 2019 and beyond) into the physician payment pool, thereby providing increased funds available to pay physicians.



The new MIPS program will allow physicians to determine more clearly their eligibility for incentive payments. In essence, it empowers physicians to set their own individual conversion factor, rather than having it determined by a flawed formula or other external approach. Physicians will be able to review proactively their data in order to set their performance goals and will get credit for improvement.

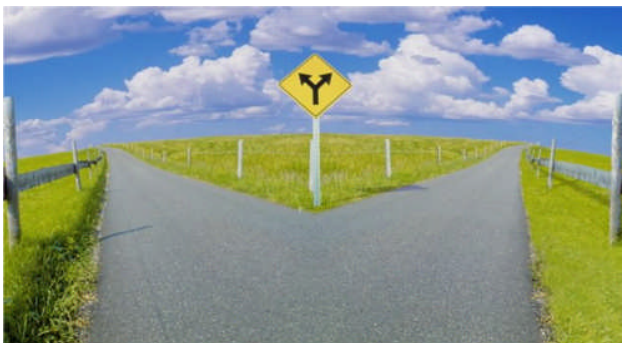
- Physicians will get credit for their clinical quality improvement activities, as well as for transitioning to the Patient-Centered Medical Home (PCMH) model or the PCMH specialty practice model.
- High performing physicians can receive additional payment. In aggregate, this additional payment would be up to \$500 million per year from 2019 to 2024. This new money does not exist within the current Medicare reporting/incentive programs.
- Additional new money is also allocated specifically to help small practices (\$20 million annually from 2016 to 2020).



Physicians participating in **Alternative Payment Models (APMs)**, like ACOs and advanced PCMHs, can choose to take a different path than the MIPS program and receive a 5 percent bonus each year from 2019 to 2024—this is entirely new funding and is on top of any current payment structures that are part of their APM (e.g., prospective care coordination fees, shared savings, etc.).

For all of these reasons, and many others, this legislation – now enacted into law – earned the support of ACP and more than 750 additional physician-membership organizations. A more detailed description of the law, compared to ACP policy, can be found at <http://tinyurl.com/SGR-HR2>.

Moving forward, ACP will be very engaged in influencing CMS on implementation of the law, to ensure it stays true to its intent of significantly improving the Medicare physician payment system. Additionally, ACP will make it our top priority to ensure that our members are fully informed about and prepared for active and successful participation in the newly established Merit-based Incentive Payment System or an Alternative Payment Model. **Keep an eye out for more information soon!**



Merit-Based Incentive Payment System (MIPS) or Alternative Payment Model (APM)
Which will you choose?

ACP will be there to help you along either path!