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BRIEFING

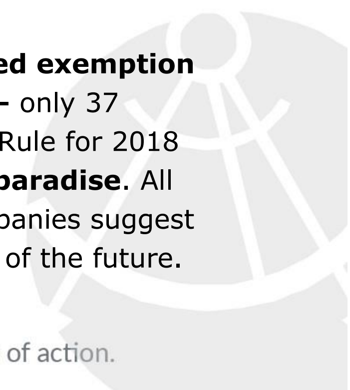
MACRA Proposed Rule for the 2018 Quality Payment Program (QPP)

The Centers for Medicare & Medicaid Services (CMS) recently issued the proposed rule for the 2018 year of the **Quality Payment Program (QPP)**. Included are several provisions that ease the burden on clinicians transitioning into the program, and widen the criteria for exemption from the program. The proposed adjustments come in response to a deluge of concerns over the first approved version of the Medicare Access and CHIP Reauthorization Act (MACRA) from many medical groups, industry organizations and coalitions. CMS Administrator Seema Verma summarized the rationale behind the proposed changes, stating: "we've heard the concerns that too many quality programs, technology requirements, and measures get between the doctor and the patient… that's why we're taking a hard look at reducing burdens… we aim to improve Medicare by helping doctors and clinicians concentrate on caring for their patients rather than filling out paperwork."

> *The proposed adjustments come in response to a deluge of concerns over the first approved version of [MACRA] …*

Key Takeaways and Implications

- Many clinicians and medical organizations are celebrating the **expanded exemption criteria for the Merit-based Incentive Payment System (MIPS) –** only 37 percent of Part B eligible clinicians will still qualify under the Proposed Rule for 2018 (see Chart 1). But exemption from MIPS is likely a **temporary fool's paradise**. All indications from the government as well as commercial insurance companies suggest that the shift to value-based, risk-based payment models is the model of the future.



The tide is not likely to turn. Medical groups that are exempt from MIPS participation today will inevitably have to enter risk-based contracts in the future, either through the government or commercial contracts. **Forgoing/exempting out of "practicing" that model now will almost definitely mean a challenging, if not insurmountable, set of changes in the future.**

- By expanding the exemption criteria, more small practices with a limited number of Medicare patients/Medicare revenue will not participate (see Chart 1) – practices that would most likely perform poorly under MIPS based on the assumption that smaller practices with fewer resources are not generally likely to be high performers. By definition, **this raises the median performance bar for all practices that are participating in MIPS**. These practices will be competing in a smaller field, potentially against well-organized, seasoned, clinically integrated groups like Geisinger and Intermountain Healthcare. For academic faculty practices in particular, **this will impose a substantial challenge and risk, and will increase the urgency to raise the group to a higher performance standard**.

- Holding the MIPS scoring for the **cost component at 0 percent for 2018 reduces an oft-cited burden for many clinicians** and eases the transition into MIPS. However, the original approved terms of MACRA require that 30 percent of the MIPS score be based on cost in the 2019 performance year. Therefore, **extending the 0 percent score contribution for cost through 2018 will translate into a steep change in 2019**. Practices that may have performed well in performance years 2017 and 2018 may experience a substantial drop in performance score in 2019 due to underperformance in the cost category – indeed, some are already forecasting a "performance cliff" in performance year 2019/payment year 2021. In general, physician groups have been far less focused on cost management, which raises the learning and performance curve.

- As with the original design of MIPS, practices will not know how they performed relative to other practices in the 2017 performance period at the start of 2018. **Practices will have to continue to strive for a theoretical performance threshold**.

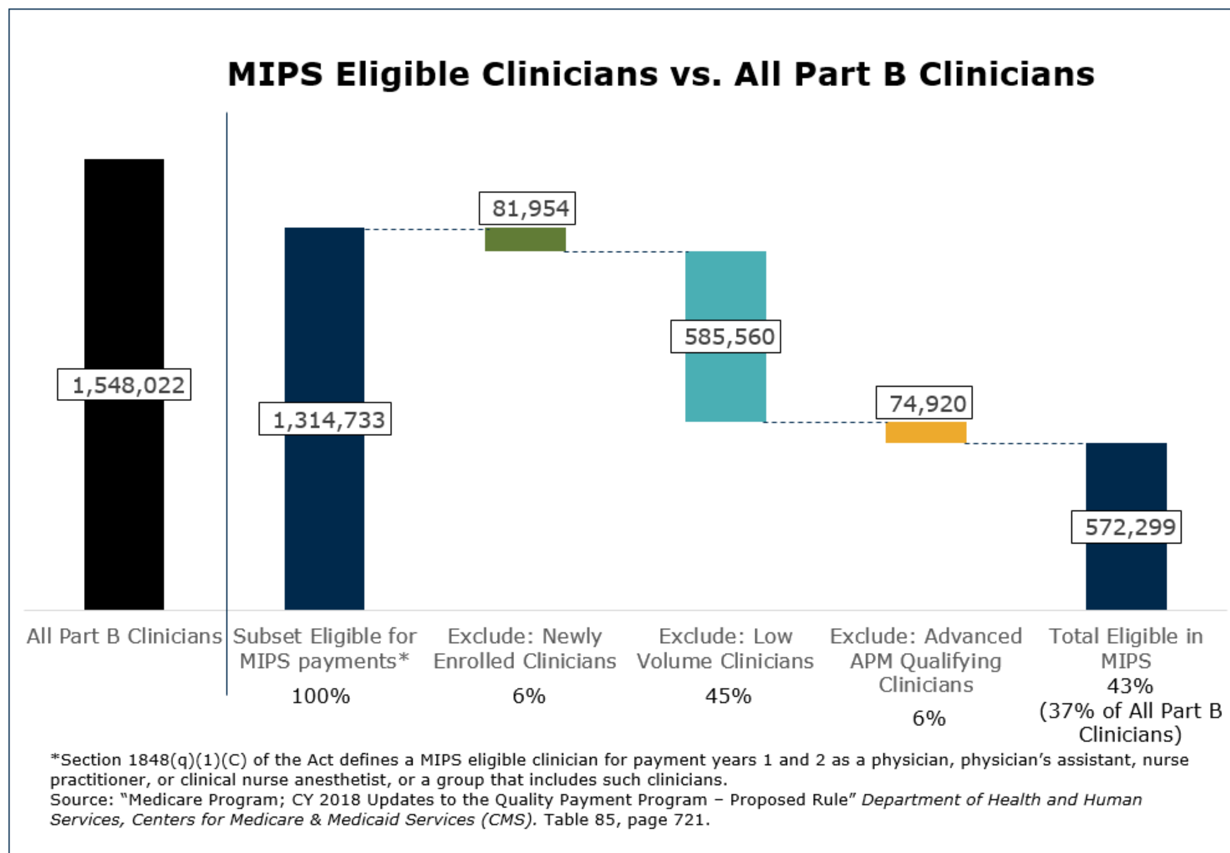
Table 1: Proposed Rule Details

(summary only – for full details, please see additional links below)

Category	2017 Final Rule	2018 Proposed Rule
MIPS Exemption Criteria	Clinicians or groups with **≤$30,000** in Medicare Part B allowed charges, or **≤100** Part B beneficiaries	Clinicians or groups with **≤$90,000** in Medicare Part B allowed charges, or **≤200** Part B beneficiaries
MIPS Performance Period	**Minimum of 90 days** (continuous) of data within CY 2017 **for all four performance categories** (Quality, Advancing Care Information (ACI), Improvement Activities (IA) and Cost)*	**Minimum of 90 days** (continuous) of data within CY 2018 **for ACI and IA**; **Full year** of data for CY 2018 **for Quality and Cost** performance categories*
MIPS Scoring Weighting	Quality: **60%** ACI: **25%** IA: **15%** Cost: **0%**	Quality: **60%** (originally 50%) ACI: **25%** IA: **15%** Cost: **0%** (originally 10%)**
MIPS Bonus Points	None	Up to **3 additional points** for practices with complex patients; Possible **5 point bonus** for practices with fewer than 15 clinicians
MIPS Virtual Groups Option	None	Solo practitioners and **groups with ≤10 clinicians may form a "virtual group"** with one other clinician or a group; a "virtual group" will be assessed collectively
Advanced APM Qualification Criteria: "Nominal Risk"	Either **8% of the average estimated revenue** (Parts A and B) is at risk (must repay or forego), **or 3% of the expected expenditures** for which the advanced APM Entity is responsible	**8% threshold for revenue at risk** to be extended through performance year 2020

*This refers to the scoring periods for the four performance categories; requirements for the number of measures required in each category by year also varies – see links at the end for additional information.
**Note that weighting for the Cost category is mandated to go up to 30% in performance year 2019, regardless of the 2018 weighting.

Chart 1: Estimated MIPS Eligible Clinicians per the QPP Proposed 2018 Rule



Additional References

- CMS Proposed Rule for Quality Payment Program Year 2 – SUMMARY: https://qpp.cms.gov/docs/QPP_Proposed_Rule_for_QPP_Year_2.pdf
- Full text of CMS Proposed Rule for QPP Year 2: https://s3.amazonaws.com/public-inspection.federalregister.gov/2017-13010.pdf

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