

Providers Anxiously Await Physician-Payment Proposal Under White House Review

The White House budget office is reviewing CMS' major proposed rule on the new Medicare physician-payment system, and some speculate the agency will propose the rule this week while Congress is on recess. Providers are hungry for details of the proposed payment scheme because they must begin reporting under the new system next year and, without direction from the agency, will have a difficult time designing alternative pay models.

The title of the rule is the "Merit-Based Incentive Payment System (MIPS) and Alternative Payment Models (APMs) in Medicare Fee-for-Service." CMS officials have said the proposed rule on the Merit-Based Incentive Payment System would be out in March.

The Medicare Access and CHIP Reauthorization Act calls for a payment system that encourages physicians to take financial responsibility for the services they charge Medicare. Providers who get a substantial part of their revenue from alternative pay models will also get a 5 percent bonus from 2019 through 2024 in addition to shared-savings bonuses they might receive for participating in those models. Starting in 2026, pay rates for physician services will increase annually by 0.75 percent for physicians in alternative pay models. Those not in alternative pay models will get only a 0.25 percent pay bump each year, and they will be subject to the Merit-Based Incentive Payment System.

One aspect of the pay system that agency officials have been clear about is that only ACOs that accept the risk of

penalties will count as alternative pay models. However, that's merely one aspect of the new pay scheme that replaces the long-standing SGR formula, and even though it is clear one-sided risk ACOs are acceptable, it is not clear how much risk will be enough.

Physicians must begin reporting data on January 1, 2017, to the Merit-Based Incentive Payment System, which will be used to adjust pay in 2019. Physicians likely won't know by then whether CMS will accept the payment models on which they are working, so they will have to assume they are in MIPS just in case.

Many basic aspects of the system are up in the air. It isn't even clear whether CMS will use the current billing structures that make up the infrastructure of the three quality incentive programs that the Merit-Based Incentive Payment System is replacing, which in turn affects how providers design alternative pay models.

Another area of contention is whether Medicare Advantage (MA) plans will count as alternative payment models. Some providers want MA to count toward their alternative pay models goals, but providers who are left out of MA networks might feel differently. Also, MA enrollment is growing fast, and the program already accounts for about 35 percent of Medicare beneficiaries nation-wide, although that percentage varies drastically by region. By 2023, providers must receive 75 percent of their Medicare income from alternative pay models.