

Providers Turn Attention To Alternative Payment Models and Merit-Pay Measures

Now that the Sustainable Growth Rate (SGR) formula has been repealed, providers are turning their attention to implementing the new payment system, and they're focusing on the merit-pay program and alternative payment models in which providers must participate to avoid an eventual pay freeze in fee-for-service Medicare.

The goal of the new system is to pay physicians for the value of their services instead of rewarding them for volume. The law increases physician payment annually 0.5 percent, starting July 1st and continuing through 2019. Payment rates then remain flat from 2020 through 2025. Starting 2026, the payment rate for physician services increases annually by 0.75 percent for physicians in alternative payment models. Those not in alternative payment models get only a 0.25 percent payment bump each year.

Providers who get a substantial part of their revenue from alternative payment models also get a 5 percent bonus from 2019 through 2024 in addition to shared savings bonuses or fees they might receive for participating in those models.

Providers don't have to participate in alternative payment models to get bonuses. The law also consolidates Medicare's three existing quality programs into the Merit-Based Incentive Payment System (MIPS), which takes effect in 2019. The combined value-based payment program will base performance on quality of care measures, resource use, clinical practice improvement activities, and use of electronic health records. The merit-pay system is similar to the current hospital value-based purchasing program.

Providers, which includes physicians, physician assistants, nurse practitioners and clinical nurse specialists, will not be subject to the new MIPS program if they are in alternative payment models.

CMS will determine which payment models to accept. The agency will also choose the measures in the MIPS program and risk adjustments that account for the difficulty in providing care for poorer, sicker patients.

Some supporters of the bill state that CMS should create alternative payment models that aggressively move away from fee-for-service Medicare. Accountable care organizations, which are based on fee-for-service, so far have only paid bonuses worth a few percentage points for lowering Medicare expenditures.

The process for selecting measures for the MIPS program is also important. The law directs CMS to include input from all stakeholders when selecting quality measures, not just providers, but the process should give patients and consumers a role so the focus is more on the public good than provider reimbursement.

Blair Childs, Premier senior vice president of public affairs, said bundled payment is an entry point to alternative payment models such as accountable care organizations, especially for specialists. However, the bundled payment demonstrations have holes in them, so Premier is writing recommendations for CMS that it thinks will go a long way toward easing the transition to alternative payment models.