“The New Black” for Value-Based Medicare Part B: The Merit-Based Incentive Payment System (MIPS)

Tom S. Lee, Ph.D., CEO & Founder, SA Ignite

January 21, 2016
Agenda

- What We Do

- The Merit-Based Incentive Payment System (MIPS)
  - Components, scoring system, eligibility, timeline, $ impacts

- What To Do in 2016 to Prepare for MIPS

- Q&A
WHAT WE DO
What We Do: Automate, Simplify and Maximize Value-Based Payment Programs

= “Value-based revenue cycle” for indicated payer program

Healthcare Provider Organization

Front Office | Back Office

Medicare Part B

Other Payers (Medicaid, …)

SA Ignite Provider Management Cloud

How We’re Different:
We deliver back-office process automation and analytics focused on providers, complementing front-office population health solutions focused on patients.
Why It Matters To Our Clients

- Increasing financial and reputational stakes due to value-based payment programs
- Program rules are complex and rapidly-changing
- Audit threats rise as financial stakes increase
- Desire to predict performance and reimbursement
- Desire to enable staff to be more productive and operate at “top of licenses”
Thought Leadership:
The Back-Office Challenges of the Value-Based Revenue Cycle

Improving the Value-Based Revenue Cycle by Optimizing the Back Office

TOM S. LEE

WHILE PAYERS PUSH FOR A VALUE-BASED SYSTEM, PROVIDERS ARE CHALLENGED TO ENSURE THEIR REVENUE CYCLES KEEP PACE. IMPROVEMENTS IN THE BACK OFFICE CAN HELP MAKE THE TRANSITION GO SMOOTHLY.

The rapid shift from fee-for-service to value-based compensation is forcing provider organizations to adapt or risk extinction. Payers are aggressively setting the pace for change and tying a rising share of payment to new value-based rules based on quality and cost metrics. The Centers for Medicare and Medicaid Services (CMS) has publicly established a goal to shift 90 percent of Medicare reimbursement to quality or value by 2018. CMS's commitment to this aggressive goal was further bolstered in April.

http://bit.ly/1EjbcPt
THE MERIT-BASED INCENTIVE PAYMENT SYSTEM (MIPS)
The Medicare Access & CHIP Reauthorization Act of 2015 (MACRA)

• “Doc fix” bill passed by 92-8 Senate vote

• Places each Medicare Part B provider into:
  a) The Merit-Based Incentive Payment System (MIPS),
  b) Alternative Payment Models (APMs) such as Medicare ACOs, or
  c) both a) and b)
About How Many Medicare Part B Providers Will Be Affected?

MIPS ~ 1.0M out of 1.25M Part B Providers

APMs ~ 0.03M physicians in 475 Medicare ACOs (as of January 2016)

Hence, MIPS is the “new black” for Part B.
MIPS Starts CY2017

Leverages PQRS, VBM & MU rules.

Consolidates penalties, increases incentives, ranks peers nationally & reports publicly.
“The implementation of the bipartisan MACRA legislation is a major item squarely on our punch list that has everyone’s attention. At its most basic level it is a program that brings pay for value into the mainstream through something called the Merit-based Incentive Program, which compels us to measure physicians on four categories: quality, cost, the use of technology, and practice improvement. … At its core, we need to simplify. We have the opportunity to sunset three old programs and align them together in a single new program. … The Meaningful Use program as it has existed, will now be effectively over and replaced with something better.”

- Andy Slavitt, Acting CMS Administrator
- January 11, 2016

## Components of the MIPS Score

### Performance Year 2017

<table>
<thead>
<tr>
<th></th>
<th>MIPS (0 - 100 pts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MU (25 pts)</td>
<td></td>
</tr>
<tr>
<td>PQRS/VBM Quality (50 pts)</td>
<td></td>
</tr>
<tr>
<td>VBM Cost (10 pts)</td>
<td></td>
</tr>
<tr>
<td>Clinical Practice Improvement (15 pts)</td>
<td></td>
</tr>
</tbody>
</table>

### Performance Years 2019+

<table>
<thead>
<tr>
<th></th>
<th>MIPS (0 - 100 pts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MU (25 pts)</td>
<td></td>
</tr>
<tr>
<td>PQRS/VBM Quality (30 pts)</td>
<td></td>
</tr>
<tr>
<td>VBM Cost (30 pts)</td>
<td></td>
</tr>
<tr>
<td>Clinical Practice Improvement (15 pts)</td>
<td></td>
</tr>
</tbody>
</table>
Nearly **Every** MIPS Point Impacts $

<table>
<thead>
<tr>
<th>MIPS Score</th>
<th>Payment Year (2 years after Performance Year)</th>
<th>Max%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>100</td>
<td>+4x%</td>
<td>+5x%</td>
</tr>
<tr>
<td>PT to 100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PT (&quot;Performance Threshold&quot;)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1/4)*PT to PT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 to (1/4)*PT</td>
<td>-4%</td>
<td>-5%</td>
</tr>
</tbody>
</table>

“x” is a budget-neutrality factor to make the national incentive $ pool equal to the national penalty $ assessed, where x is capped at 3.0 (or 27% max base adjustment).

Excludes the Exceptional Performance Bonus
MIPS Provider Eligibility is Broad

• For 2017 & 2018 Performance Years:
  Physicians, physician assistants, nurse practitioners, clinical nurse specialists, and nurse anesthetists

• Expanded for 2019+:
  Physical or occupational therapists, speech-language pathologists, audiologists, nurse midwives, clinical social workers, clinical psychologists, and dietitians or nutrition professionals

• Who’s exempt
  • Below a low-volume threshold for Part B patients, services, or payments
  • At least 20% of Part B billed through an APM
  • First-year Part B providers
MIPS Rulemaking Timeline

2015
• April 16, 2015 – MIPS legislation passed
• July 8, 2015 – CMS solicited initial public comments on MIPS
• Sept 8, 2015 – CMS initial public comment period ended
• Oct 1, 2015 – CMS released RFI seeking more comments
• Nov 17, 2015 – RFI public comments due to CMS

2016
• Estimated ~ July 2016 – Proposed 2017 MIPS rule
• Estimated ~ Nov 2016 – Final 2017 MIPS rule
# SA Ignite MIPS Financial Calculator: Payment Scenario Analysis in MS Excel

## Disclaimer

*Disclaimer: Use at your own risk and stay tuned for calculator updates as the rules evolve.*

**MIPS Financial Calculator v4**

**Author:** SA Ignite Inc.

**Contact:** Tom S. Lee, tom@saignite.com

<table>
<thead>
<tr>
<th>Inputs:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Part B Providers:</td>
<td>100</td>
</tr>
<tr>
<td>Part B per Provider Per Year:</td>
<td>$100,000</td>
</tr>
<tr>
<td>Budget-neutrality factor (x)*:</td>
<td>2.0</td>
</tr>
<tr>
<td>Average Exceptional Performance Bonus %**:</td>
<td>5.0%</td>
</tr>
<tr>
<td>Medicare MU Providers:</td>
<td>100</td>
</tr>
<tr>
<td>Total Annual Part B $:</td>
<td>$10,000,000</td>
</tr>
</tbody>
</table>

*Scales maximum incentive (e.g. if x = 2, 9% times x = 18% as for Payment Year 2022), set by CMS, and capped at 3.0

**Exceptional Performance Bonus capped at 10% and national pool of $500M.

If 20% of 500k providers nationally get bonus, then average bonus % = (average bonus $)/(average Part B $) ~ [ $500M/20%/500k ]/$100k = 5%

Assume Maximum Exceptional Performance Bonus % is 2x the Average Exceptional Performance Bonus.
SA Ignite MIPS Financial Calculator: Annual Maximum and Minimum Payment Adjustment %

<table>
<thead>
<tr>
<th>MIPS Maximum and Minimum Payment Adjustment %</th>
<th>MU, PQR &amp; VBM</th>
<th>MIPS</th>
<th>4-Year Averages (2019-2022)</th>
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</thead>
<tbody>
<tr>
<td><strong>Performance Year:</strong></td>
<td>2015</td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td><strong>Payment Year:</strong></td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Max MIPS Exceptional Incentive %:</td>
<td>NA</td>
<td>NA</td>
<td>10.0%</td>
</tr>
<tr>
<td>Max Base Incentive %:</td>
<td>4.0%</td>
<td>4.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Max Penalty %:</td>
<td>-9.0%</td>
<td>-9.0%</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Max MIPS Exceptional Incentive $:</td>
<td>NA</td>
<td>NA</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Max Base Incentive $:</td>
<td>$400,000</td>
<td>$400,000</td>
<td>$800,000</td>
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<tr>
<td>Max Total Incentive $:</td>
<td>$400,000</td>
<td>$400,000</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>Max Total Penalty $:</td>
<td>-$900,000</td>
<td>-$900,000</td>
<td>-$400,000</td>
</tr>
<tr>
<td>Max Top-To-Bottom $ Variation:</td>
<td>$1,300,000</td>
<td>$1,300,000</td>
<td>$2,200,000</td>
</tr>
</tbody>
</table>

Assumes 2015 & 2016 VBM max penalty -4% for TINs with 10+ providers.

To download our free MIPS calculator, Google "mips calculator" or go to: http://www.saignite.com/mips-merit-based-incentive-payment-calculator
### 30% Difference in Part B Payments Between MIPS Winners & Losers

#### MIPS 4-Year Total Average Payment Adjustment % (2019 - 2022 Payment Adjustment Years)

<table>
<thead>
<tr>
<th>Performance Threshold (PT)</th>
<th>10</th>
<th>20</th>
<th>30</th>
<th>40</th>
<th>50</th>
<th>60</th>
<th>70</th>
<th>80</th>
<th>90</th>
<th>100</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>0.0%</td>
<td>1.4%</td>
<td>2.8%</td>
<td>5.3%</td>
<td>8.1%</td>
<td>11.0%</td>
<td>13.9%</td>
<td>16.8%</td>
<td>19.6%</td>
<td>22.5%</td>
</tr>
<tr>
<td>30</td>
<td>-4.2%</td>
<td>-2.1%</td>
<td>0.0%</td>
<td>1.8%</td>
<td>4.0%</td>
<td>7.7%</td>
<td>11.4%</td>
<td>15.1%</td>
<td>18.8%</td>
<td>22.5%</td>
</tr>
<tr>
<td>50</td>
<td>-6.3%</td>
<td>-3.8%</td>
<td>-2.5%</td>
<td>-1.3%</td>
<td>0.0%</td>
<td>2.5%</td>
<td>7.0%</td>
<td>12.2%</td>
<td>17.3%</td>
<td>22.5%</td>
</tr>
<tr>
<td>70</td>
<td>-6.3%</td>
<td>-4.5%</td>
<td>-3.6%</td>
<td>-2.7%</td>
<td>-1.8%</td>
<td>-0.9%</td>
<td>0.0%</td>
<td>5.3%</td>
<td>13.9%</td>
<td>22.5%</td>
</tr>
<tr>
<td>90</td>
<td>-6.3%</td>
<td>-6.3%</td>
<td>-4.2%</td>
<td>-3.5%</td>
<td>-2.8%</td>
<td>-2.1%</td>
<td>-1.4%</td>
<td>-0.7%</td>
<td>0.0%</td>
<td>22.5%</td>
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#### MIPS 4-Year Total Average Payment Adjustment $ (2019 - 2022 Payment Adjustment Years)

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<th>60</th>
<th>70</th>
<th>80</th>
<th>90</th>
<th>100</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>$0</td>
<td>$138,889</td>
<td>$277,778</td>
<td>$527,778</td>
<td>$814,815</td>
<td>$1,101,852</td>
<td>$1,388,889</td>
<td>$1,675,926</td>
<td>$1,962,963</td>
<td>$2,250,000</td>
</tr>
<tr>
<td>30</td>
<td>-$416,667</td>
<td>-$208,333</td>
<td>$0</td>
<td>$178,571</td>
<td>$404,762</td>
<td>$773,810</td>
<td>$1,142,857</td>
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<tr>
<td>50</td>
<td>-$625,000</td>
<td>-$375,000</td>
<td>-$250,000</td>
<td>-$125,000</td>
<td>$0</td>
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<td>$700,000</td>
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<td>$1,733,333</td>
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<td>70</td>
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<td>-$446,429</td>
<td>-$357,143</td>
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<tr>
<td>90</td>
<td>-$625,000</td>
<td>-$625,000</td>
<td>-$416,667</td>
<td>-$347,222</td>
<td>-$277,778</td>
<td>-$208,333</td>
<td>-$138,889</td>
<td>-$69,444</td>
<td>$0</td>
<td>$2,250,000</td>
</tr>
</tbody>
</table>
WHAT TO DO IN 2016 TO PREPARE FOR MIPS
Based on what’s finalized so far for MIPS, what activities performed when in 2016 can best prepare you for 2017?
MIPS Prep Activities in 2016

• **#1 Priority**: Meet 2016 external deadlines potentially impacting 2017 MIPS strategy, budgeting, execution and performance

• Optimize MU and PQRS/Value-Based Modifier Quality efforts
  • 75% of 2017 MIPS score

• Evaluate options to earn Clinical Practice Improvement points
  • 15% of MIPS score

• **General**: Develop and implement best practices and re-organize people and processes to prepare for MIPS
  • 2016 is a “rehearsal year” for at least 75% of MIPS (MU + PQRS/VBM)
When To Act in 2016: Q1

**MU (25 pts)**
- **Jan**
  - Scrub MU attestations (see Oct/Nov webinars)
  - Apply for 2016 Payment Adjustment Reconsideration
  - CMS MU site open 1/4

- **Feb**
  - Medicare/Medicaid MU due 2/29
  - 2016 Reconsideration due 2/29

- **Mar**
  - Scrub Medicaid MU attestations
  - Medicaid MU due 3/31 (vary by State)

**PQRS/VBM Quality (50 pts)**
- Select PQRS measures for submission (see Oct/Nov webinars)
  - Submit PQRS
  - Complete CAHPS for GPRO
  - EHR Direct due 2/28
  - GPRO WI due 3/15
  - Registry due 3/31

**Clinical PI (15 pts)**
- Evaluate: Apply or renew MSSP or NextGen ACO? (exempt from MIPS, or 7.5 pts)
- Evaluate: Apply or renew PCMH? (15 pts)
- NextGen ACO info avail in March
When To Act in 2016: Q2 & Q3

**MU (25 pts)**
- Evaluate program eligibility of hospital-based physicians, anesthesiologists, pathologists, radiologists, and optometrists
- Complete CMS PECOS updates by 6/30
- 2017 Hardship Exceptions due 7/1
- Evaluation of MU Stage 3 and optional 2015 CEHRT for 2017

**PQRS/VBM Quality (50 pts)**
- Evaluate: PQRS GPRO method? (free info coming from SAI)
- Evaluate: Include CAHPS in GPRO’s VBM quality score?
- GPRO method due 6/30
- MSSP ACO info posted ~ 4/1
- NextGen ACO LOI due 5/1
- MSSP ACO NOI due ~ 5/29
- Submit PCMH app ~ Aug

**Clinical PI (15 pts)**
- Start PCMH work
- Continue PCMH work
- Budgeting to support 2017 MIPS (use free MIPS financial calculator)
When To Act in 2016: Q4

**MU (25 pts)**

- **Oct**: 1st-timer attestations due 10/1
- **Dec**: Last day of 90-day period for 1st-time attesters 12/31

**PQRS/VBM Quality (50 pts)**

- Analyze 2015 QRUR
- Select 2017 PQRS measures and start monitoring + Start CAHPS Surveys

**Clinical PI (15 pts)**

- PCMH app decision ~ Oct
- If fail, PCMH re-submit ~ Oct
- PCMH re-submit decision ~ Dec
MIPS Learning Resources

- Google “mips calculator” for SA Ignite’s free MIPS calculator

- Sign up for SAI MIPS tools and info delivered throughout 2016
  - www.saignite.com - home page > pop-up window appearing in lower-right corner (or email info@saignite.com)

- www.saignite.com/resources-1 (MU, PQRS, VBM, MIPS)

- Join the open LinkedIn Group “Merit-Based Incentive Payment System”