

What is Needed and What is at Stake with the new Payment Reform of MACRA

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The Sustainable Growth Rate (SGR) system that had been used for payment toward physician services in Medicare has been repealed by The Medicare Access and CHIP Reauthorization Act (MACRA) of 2015. Although considered conceptually sound, a large portion of final legislative language is supposed to be vague and complex. Its success or failure depends on the decisions related to implementation of the law. MACRA Basics The Centers for Medicare and Medicaid Services (CMS) has released a 962-page proposed rule related to the implementation of MACRA's key provisions. Although some adjustments have been made based on input from stakeholders, there is much work yet to be done. Major areas of concern need to be addressed in the final rule. Care has to be taken to ensure that necessary infrastructure is in place in support of the legislation. Payment Reform under the new Act Two different tracks of physician payment in Medicare have been established by MACRA. The first one is the Merit-Based Incentive Payment System (MIPS) and the other, Alternative Payment Models (APMs). Quality Payment Program (QPP) happens to be an amalgamation of these two. However, option to choosing one of these may not be offered to a majority of physicians in the immediate future. MIPS Having been ridden with substantial reporting burden, MIPS may not be attractive over the next decade. This will be more so in the case of small practices that are likely to experience substantial cuts on reimbursement. Burdens if MIPS Drop in Reimbursement: Those who opt for MIPS will be average in performance scores, will find their inflation-corrected Medicare Reimbursements declining roughly by 18% over the next decade. Small practices operating with narrow financial margins may find their fees being reduced by 20%. Lack of Equity: Apart from budget neutrality conformation, not much about payment adjustments is equitable in MIPS. More administrative burden: MIPS being a complex Pay-for-performance program has substantial administrative burden. There is not much evidence to prove that significant improvements in quality of care can be achieved by pay-for-performance programs APMs Providers who wish to avoid the burdens of MIPS can do so by participating in advanced APM. Clinicians who have enough share of revenue from one or more APMs are eligible for 5% incentive payment from 2019 through 2024. The objectives of MACRA – repealing the SGR, stabilizing physician payments, and fostering meaningful payment reform are agreeable. However, the situation created by the final legislative language makes MIPS becoming increasingly untenable for a huge number of providers. They may also be left with nowhere else to go by the scarcity of available APMs.

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