

Physician Payment After SGR – What's Next?

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FROM THE PRESIDENT'S DESK



President Obama signed HR-2, The Medicare Access and CHIP Reauthorization Act of 2015 into law on April 16, 2015, repealing the deeply flawed Medicare Sustainable Growth Rate (SGR) formula.

So now what? How will Medicare physician payment updates be calculated? Have we gone from the proverbial frying pan into the fire?

The good news is that the bill provides physicians with positive updates in each of the next five years. Granted, those updates are a paltry 0.5 percent, but we will not face the repeated uncertainty of threatened payment cuts and last minute reprieves. More importantly, HR-2 sets the stage for a shift in physician payment from volume based to performance based payments.

The bill directs Medicare to create a merit-based incentive payment system for physician payment to begin in 2019. "Merit" will be assessed in four performance categories: quality, resource use, clinical practice improvement activities, and meaningful use of a certified electronic health record. The specific measures will be developed later and may change annually. The Secretary of Health and Human Services is required to consult with physician organizations such as the ACOFP in the development of these measures.

Medicare participating physicians are scored in each category and a composite score is calculated. Composite scores range from zero to 100 and the various categories are weighted as follows: quality – 50 percent (first two years of the program) /30 percent (subsequent years), resource use – 10/30 percent, clinical practice improvement – 15 percent, meaningful use of EHR – 25 percent.

To calculate physician payment updates, the Secretary determines the mean/median performance of all providers for the year. Providers with a score at or above the mean/median receive an update of zero up to the maximum annual update that gradually increase from four percent in 2019 to nine percent in 2022. Providers at or below mean/median receive update of zero to the maximum negative update. Additional bonuses are available to physicians scoring in the top quartile and additional penalties may apply to those scoring in the bottom quartile.

In addition to affecting physician payments, your composite score and individual category scores will be published on the Medicare Physician Compare website.

One bit of good news is that if your practice is recognized as a patient centered medical home, you will automatically receive the maximum possible score in the clinical practice improvement category. Also, the Secretary is directed to give special consideration to practices of 15 or fewer providers, rural practices, and practices in a Health Professional Shortage Area, although what that special consideration looks like is not specified.

This new payment system has significant implications for physicians. The legislation requires that the merit-based incentive payment system be budget neutral, which means if somebody is getting paid more, somebody else is getting paid less. Physicians also need to ask themselves some hard questions such as:

- How will I determine if CMS has scored me properly?
- What am I doing now to track and improve the quality of care I provide?
- How will I know who is lifting my group up and who is pulling it down?
- How will this affect individual physician compensation?

Physicians need to begin preparing now for this new payment system by focusing on the quality of the care they provide, using existing EHR tools to develop and use disease registries, and implementing new quality tracking and measurement tools like ACOFP's Quality Markers Program.

Waiting until 2019 to start your practice transformation could have a serious negative impact on your Medicare payments. If you need help, check out www.acofp.org. We have a wealth of resources to help!

REFERENCE

Medicare Access and CHIP Reauthorization Act of 2015, 42 U.S.C. § 1395w-4 et seq. (2015). Retrieved from <http://www.gpo.gov/fdsys/pkg/BILLS-114hr2enr/pdf/BILLS-114hr2enr.pdf>

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