

Understanding Medicare's Merit-based Incentive Payment System (MIPS)

Medicare's legacy quality reporting programs were consolidated and streamlined into the Merit-based Incentive Payment System, referred to as "MIPS." This consolidation reduced the aggregate level of financial penalties physicians otherwise faced, and it also provides a greater potential for bonus payments.

Modification of the Fee-for-Service system

Establishment of MIPS provides an opportunity to revise, rework and improve the existing Medicare programs focused on quality, costs and use of electronic health records to improve their relevance to real-world medical practice and reduce administrative burdens for physicians.

Under this payment system, physicians no longer face the threat of double-digit cuts each year, as they did under the now-repealed sustainable growth rate. There is greater certainty in annual payment updates.

MIPS components include:

- Quality—replaces Physician Quality Reporting System (PQRS) program
- Cost—replaces value-based modifier (VBM) program
- Promoting Interoperability (PI)—replaces Meaningful Use (MU) program
- Improvement Activities (new component)—View finalized improvement activities from the final rule issued by the Centers for Medicare & Medicaid Services.

Review MIPS measures and activities.

Dispute MIPS payment adjustments under QPP

Each year around July, CMS notifies MIPS eligible clinicians about their MIPS score from the previous year and corresponding payment adjustment for the following year. For example, in summer 2020, CMS notified clinicians about their 2019 MIPS scores and 2021 payment adjustments. Clinicians who believe there was an error in calculating their payment adjustment have 60 days to submit an appeal, known as a targeted review request, to CMS. Some examples of targeted review

circumstances include the following:

- | Errors or data quality issues for the measures and activities you submitted
- | Eligibility and special status issues (e.g., you fall below the low-volume threshold and should not have received a payment adjustment)
- | Being erroneously excluded from the APM participation list and not being scored under the APM Scoring Standard
- | Performance categories were not automatically reweighted even though you qualify for automatic reweighting due to extreme and uncontrollable circumstances.

CMS makes a determination about targeted review requests on a case-by-case basis.

Update to Promoting Interoperability (PI)

Following years of advocacy by the AMA, the Centers for Medicare and Medicaid Services (CMS) has removed the computerized physician order entry (CPOE) and clinical decision support (CDS) measures from the Medicare MU program and the ACI component of the Quality Payment Program (QPP). However, the Medicaid Meaningful Use program continues to include CPOE and CDS measures.

While CPOE and CDS functionality will still be included in EHRs, CMS will no longer require a certain number of orders, that a physician enter the orders, and that physicians implement a certain number of CDS tools. This means that as of Jan. 1, 2017, physician practices are free to develop policies around CPOE and CDS in ways that blend with their workflows and improve care.

Fee-for-Service penalty risks, bonuses and updates compared

Without the passage of MACRA, physicians could have been subjected to negative payment adjustments of 11% or more in 2019 as a result of the Meaningful Use (MU), Physician Quality Reporting System (PQRS) and value-based modifier (VBM) reporting programs—with even greater penalties in future years. In contrast, under MACRA, the maximum penalty a physician can experience is 9%. As a result of the AMA's successful advocacy for a gradual implementation of MIPS and hardship exceptions for small practices and solo practitioners, 98% of eligible clinicians avoided a negative payment adjustment in 2020 based on 2018 performance data.

MACRA

2017

Max MIPS penalties: No change
Max MIPS bonuses: No change
Annual updates: 0.5%

2018

Max MIPS penalties: No change
Max MIPS bonuses: No change
Annual updates: 0.5%

2019

Max MIPS penalties: - 4%
Max MIPS bonuses: 1.88%
Annual updates: 0.5%

2020

Max MIPS penalties: - 5%
Max MIPS bonuses: 1.68%
Annual updates: 0%

2021

Max MIPS penalties: - 7%
Max MIPS bonuses: 7% or more
Annual updates: 0%

2022

Max MIPS penalties: - 9%
Max MIPS bonuses: 9% or more
Annual updates: 0%

Prior Law

2017

P4P penalties

MU: 3%

PQRS: 2%

VBM: 4% or more

Max combined P4P penalties: - 9%

Max VBM bonuses: Unknown (VBM)

Annual updates: Unknown

2018

P4P penalties

MU: 4%

PQRS: 2%

VBM: 4% or more

Max combined P4P penalties: - 10% or more

Max VBM bonuses: Unknown (VBM)

Annual updates: Unknown

2019

P4P penalties

MU: 5%

PQRS: 2%

VBM: 4% or more

Max combined P4P penalties: - 11% or more

Max VBM bonuses: Unknown (VBM)

Annual updates: Unknown

2020

P4P penalties

MU: 5%

PQRS: 2%

VBM: 4% or more

Max combined P4P penalties: - 11% or more
Max VBM bonuses: Unknown (VBM)
Annual updates: Unknown

2021

P4P penalties
 | **???????MU:** 5%
 | **PQRS:** 2%
 | **VBM:** 4% or more
Max combined P4P penalties: - 11% or more
Max VBM bonuses: Unknown (VBM)
Annual updates: Unknown

2022

P4P penalties
 | **???????MU:** 5%
 | **PQRS:** 2%
 | **VBM:** 4% or more
Max combined P4P penalties: - 11% or more
Max VBM bonuses: Unknown (VBM)
Annual updates: Unknown

Footnotes

Additional Notes

* The severity of penalties and size of potential bonuses under prior law is "unknown" because annual regulations pertaining to the VBM were no longer issued following MACRA'S passage. However, Medicare law on the VBM included no ceiling or floors; and in the first three years it was applied, CMS doubled the size of the potential cuts each year. Incentives for the MU and PQRS Medicare programs were no longer available in 2017.

+ Annual payment updates under the previous SGR system are also unknown since congressional intervention was required to stop cuts called for by the flawed formula.

++ Depending on budget neutrality calculations, MIPS bonuses may be as much as three times as high as the statutory percentage (e.g., 27 percent in 2022). Money is also available to provide 10

percent added bonuses for "exceptional performance."

What to do next for QPP

- | Determine MIPS eligibility with CMS' tool
- | Learn more about MIPS
- | Read detailed information on QPP
- | Pursue APMs