



Improving MACRA

The Medicare Access and CHIP Reauthorization Act (MACRA) represents an improvement over the flawed sustainable growth rate payment methodology and legacy quality and cost reporting programs. The implementation of MACRA, though, has been a significant undertaking for the Centers for Medicare & Medicaid Services (CMS) and physicians.

Since the enactment of MACRA, physician organizations have worked closely with both Congress and CMS to promote a smooth implementation of the Merit-Based Incentive Payment System (MIPS) and alternative payment models (APMs).

The Bipartisan Budget Act of 2018 included improvements to MACRA that allowed for a more gradual transition into the program and helped many physician practices avoid penalties they likely would have otherwise incurred under the MIPS program. However, further refinements are needed to improve the program and ensure physicians can be successful going forward.

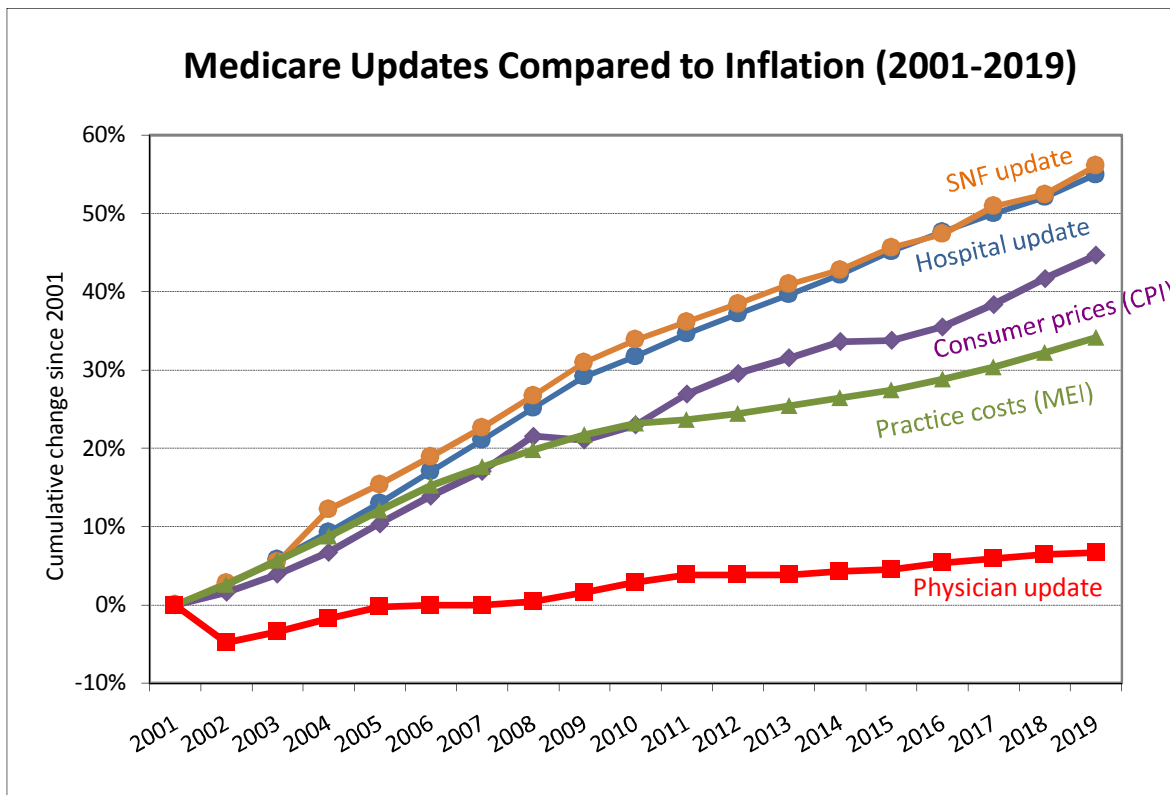
Implement annual positive payment updates

MACRA included modest annual positive payment updates to the Medicare Physician Fee Schedule, but it left a six-year gap from 2020 through 2025 during which there are no updates at all. As physician practice payments fall increasingly below their costs, patient access issues are expected to arise.

The “2019 Annual Report of the Board of Trustees of the Federal Hospital Insurance and Federal Supplemental Medical Insurance Trust Funds” found that scheduled physician payment amounts are not expected to keep pace with increases in physicians’ costs, and that “Absent a change in the delivery system or level of update by subsequent legislation, we expect access to Medicareparticipating physicians to become a significant issue in the long term under current law”

Currently under MACRA, physicians are scheduled to receive a 0% payment update for 2020–2025. According to data from the Medicare trustees, Medicare physician pay has barely changed over the last decade and a half, increasing just 7% from 2001 to 2019, or just 0.4% per year on average. In comparison:

- Medicare hospital pay has increased roughly 50% between 2001 and 2019, with average annual increases of 2.5% per year for inpatient services, and 2.4% per year for outpatient services.
- Medicare skilled nursing facility pay has increased 56% between 2001 and 2019, or 2.5% per year.
- The cost of running a medical practice has increased 34% between 2001 and 2019, or 1.6% per year. Inflation in the cost of running a medical practice, including increases in physician office rent, employee wages and professional liability insurance premiums, is measured by the Medicare Economic Index or MEI.
- Economy-wide inflation, as measured by the Consumer Price Index, has increased 45% over this time period (or 2.1% per year, on average).



Sources: Federal Register, Medicare Trustees' Reports and U.S. Bureau of Labor Statistics

As a result, Medicare physician payment rates are insufficient. Adjusted for inflation in practice costs, Medicare physician pay has declined 20% from 2001 to 2019, or by 1.3% per year on average. CMS actuaries believe “Absent a change in the delivery system or level of update by subsequent legislation, we expect access to Medicareparticipating physicians to become a significant issue in the long term under current law”¹

Therefore, we urge Congress to replace the physician payment freeze with positive updates that allow physicians to sustain their practices and provide a margin to invest in practice improvements needed to transition to more efficient models of care delivery and better serve Medicare patients.

Extend the advanced APM incentive payments

One goal of MACRA was to provide physicians with a glide path to transition into more innovative payment models, but changing the way physicians deliver care requires significant investment in new technologies, workflow systems, personnel and training.

To help physicians implement these changes, MACRA provided a 5% incentive payment for the first six years of the program for those who participate in advanced APMs, intended to create a margin for investing in care delivery improvements.

However, the dearth of advanced APMs available for physicians limited their ability to take advantage of the APM incentive that Congress provided.

Therefore, the AMA urges Congress to extend the advanced APM payments for an additional six years to provide physicians with an onramp to move to APMs once they become available as intended in the original legislation.

1 Source: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/Downloads/2018TRAAlternativeScenario.pdf>. Accessed Jan. 27, 2020.

Implement technical improvements

Congress should continue to engage with the medical community to make additional technical changes to MACRA to reduce the burden of MIPS and make reporting more clinically meaningful for physicians. Issues to address include: harmonizing the four MIPS reporting categories, setting multiple performance thresholds to even the playing field for practices of all sizes and locations, and aligning MIPS and Physician Compare measures, among others.

The primary goal should be to allow physicians to spend less time on reporting and more time with patients and on improving care, and to create a more sustainable MIPS program.

Changes should also promote participation in APMs by adjusting the multi-payer thresholds and clarifying the role and responsibilities of the Physician-focused Payment Model Technical Advisory Committee.

Continuous improvement

Just as continuous improvement is a central goal in health care, it should also be a central focus of MACRA implementation. Physician organizations remain committed to the success of MACRA and to achieving a culture of continuous improvement in the delivery of care. To achieve this vision, however, the structure of MIPS and APMs must also continue to evolve and improve.

To foster the continued success of MACRA, urge your senators and representative to:

- **Implement positive payment adjustments for physicians to replace the law's six-year payment freeze**
- **Extend the advanced APM bonus payments for an additional six years**
- **Implement additional technical improvements to MACRA**