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MedPAC Recommends Significant Changes to MACRA

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In March, the Medicare Payment Advisory Commission (MedPAC) released its biannual report to Congress on matters affecting the Medicare program. MedPAC is an independent congressional agency that advises Congress on issues relating to Medicare.

Though the March report includes several policy proposals, one of the most significant is MedPAC's recommendation that Congress eliminate the Merit-based Incentive Payment System (MIPS) passed as part of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). The report formalizes a vote the Commission took back in January to recommend repealing MIPS and replacing it with a voluntary value program (VVP) that MedPAC predicts would better achieve the goals put forth in MACRA.

In addition to replacing Medicare's long-standing sustainable growth rate (SGR) system for physician payments, MACRA created two new policies meant to incentivize clinicians to move towards value-based care. The first is an incentive payment for providers participating in advanced alternative payment models (A–APMs), which require participating entities to assume financial risk for their patients, thus creating an incentive to improve care quality while controlling costs. The second is MIPS, which specifies additional reporting and payment requirements for those clinicians remaining in traditional fee-for-service (FFS) Medicare. Under this system, individual clinician-level payment adjustments are calculated based on four criteria: quality, advancing care information, clinical practice improvement activities, and cost. While cost is calculated by CMS, the first three categories are assessed using measures that the clinicians themselves choose and report. For more background on MIPS, see our **prior post.**

MedPAC's Critique of MIPS

Though MIPS is a relatively new program, MedPAC has come to the conclusion that it will not be successful at its goals of increasing payment for high-value clinicians and reducing payment for low-value clinicians. The Commission cites several reasons for this conclusion:

- First, the system is inequitable because clinicians are evaluated and compared on dissimilar measures, and many clinicians are not evaluated at all because they lack a sufficient number of cases for statistically reliable scores.
- Second, MIPS is based largely on predecessor Medicare programs that have generally failed at improving patient outcomes and care processes.
- Third, MIPS imposes a significant reporting burden on clinicians (estimated by CMS at over $1.3 billion in the first year), which the Commission believes outweighs patient benefit.
- Fourth, the Commission has calculated that MIPS-based payment adjustments will be small in the first years, providing little incentive, and then become arbitrary and possibly very large in later years, creating significant financial uncertainty for clinicians.
- Finally, MedPAC fears MIPS will encourage clinicians to focus on selecting measures on which they expect to do well, rather than focusing on improving care, and to remain in traditional FFS bonus-only payment models that will increase their probability of getting high MIPS scores instead of joining meaningful A–APMs.

MedPAC's Proposed Alternative: The Voluntary Value Program

In place of MIPS, MedPAC recommends instituting a voluntary value program (VVP) to be phased in over time. Under this program, clinicians would be allowed to self-organize into groups and would be evaluated collectively. To address the concern of MIPS' unequal measures, a VVP would assess all clinicians on the same criteria of clinical quality, patient experience, and value. While the Commission acknowledges that a VVP may not provide a strong enough incentive to change clinician behavior, the goal of the program would be to get clinicians comfortable with the measurement structure of A-APMs so that they would eventually join this more robust system. It is likely that MedPAC will continue to evaluate the potential of a VVP to replace MIPS as the current recommendation language is conceptually broad and does not offer a specific program design.

Mixed reviews of the recommendation have emerged from the healthcare community. For example, Tim Gronniger, senior vice president of strategy and development at Caravan Health, said last month that MedPAC's recommendation reflects the concerns of many clinicians. "The core problem with MIPS is there is a disconnect between what clinicians feel like is important for their practice and what we can

actually measure in the practice. Many feel that it's a lot of work for not a lot of benefit to patients." Gronniger also authored a **Health Affairs blog post**, along with several other industry experts, urging policymakers to implement MedPAC's recommendation. Prior to joining Caravan Health, Gronniger worked as deputy chief of staff and director of delivery system reform at CMS under President Obama, where he was involved in writing MIPS. He noted in the March interview that while he does not think Congress should adopt MedPAC's proposed replacement, he does anticipate that MIPS will eventually be restructured.

Others believe that the program should be given time to succeed. David Barbe, M.D., president of the American Medical Association, said in a January interview that it would be "premature" to abandon MIPS so soon. "We do believe there are significant improvements and opportunities in the MIPS program, but we're not quite ready to abandon it," he said. In addition, the Alliance of Specialty Medicine, a coalition that represents more than 100,000 specialty physicians, wrote a **letter** to MedPAC in January strongly opposing the recommendation to eliminate MIPS.

Of note, the President's budget proposes an end to quality reporting under MIPS. However, it remains unclear whether Congress will take steps to implement these proposals. We will continue to monitor the industry's reaction to the recommendation and any steps Congress takes towards its implementation.

**Emma Zimmerman was the lead contributor to this blog post.*

Authors