THE ACADEMY ADVISORS

MACRA QUALITY PAYMENT PROGRAM FINAL RULE SERIES: PART 3

"TRANSITION YEAR": MIPS REPORTING AND SCORING IN 2017—WHAT YOU NEED TO KNOW

In the MACRA Quality Payment Program ("QPP") Final Rule, the Centers for Medicare and Medicaid Services ("CMS") finalized a set of reporting and scoring accommodations for the initial performance year—2017—of the Merit-based Incentive Payment System ("MIPS") to allow clinicians to transition more slowly into the requirements of the program. Key takeaways for Leading Health Systems include:

- In 2017, clinicians and groups submitting essentially any MIPS performance data to CMS will avoid a negative payment adjustment.
- While CMS is encouraging reporting data for the entire performance year if possible, those reporting in each performance category for at least one performance period of 90 consecutive days will be eligible to achieve the maximum possible payment adjustment.
- In 2018 and subsequent years, reporting requirements will increase. Beginning in 2018, Quality data will need to be reported for a full year, and beginning in 2019, Advancing Care Information data will need to be reported for a full year.
- As MIPS payment adjustments are "budget neutral", given the reporting and scoring accommodations for 2017, even the highest performing clinicians and groups will likely receive only a modest positive payment adjustment.

Transition Year Reporting in MIPS

In 2017, clinicians and groups will have the option to report minimal or partial data with the guarantee of avoiding a negative payment adjustment in 2019. Of note, CMS has confirmed that, while reporting a full year of performance data in 2017 may provide clinicians and groups with more measures to choose from and may better prepare MIPS participants for future years of the program, those reporting in each performance category for at least one performance period of 90 consecutive days would be eligible to achieve the maximum possible payment adjustment in 2019. Clinicians and groups will have several reporting options in 2017:

- ***No Reporting:*** Clinicians and groups who do not report any data in 2017 will earn the maximum negative payment adjustment—negative 4 percent—in 2019.
- ***Minimum Reporting:*** Clinicians and groups submitting minimal data in 2017 will avoid a negative payment adjustment in 2019. Submitting just one Quality measure, for less than a 90-day period, even if it does not have a benchmark and does not meet data completeness thresholds, will earn a neutral payment adjustment in 2019.
- ***Partial Reporting:*** Clinicians and groups submitting partial data (e.g. three out of the six required Quality measures, and/or just the base measures in Advancing Care Information, and/or just one Improvement Activities measure) for at least a 90-day period will be eligible for a small positive payment adjustment.
- ***Full Reporting:*** Clinicians and groups submitting more complete data (e.g. all six required Quality measures, all necessary Improvement Activities measures, and all Advancing Care Information measures) for at least a 90-day period will increase the potential for earning a larger positive payment adjustment in 2019.

CMS is allowing flexibility in 2017 such that the performance periods chosen for each performance category do not necessarily need to align. As such, a clinician or group would be able to choose different 90-day performance periods for each performance category, or report some categories using 90 days of data and others using a full year of data.

There are several exceptions to these transition year reporting policies for certain MIPS reporting mechanisms, to include the following:

- Groups reporting Quality data using the CMS Web Interface will need to submit data for the entire performance year.
- Groups utilizing the Consumer Assessment of Healthcare Providers and Systems ("CAHPS") for MIPS tool as a Quality and/or Improvement Activities measure will need to utilize data for the full performance year.
- MIPS APM entities reporting Quality through the APM entity will still need to report a full year of data to CMS.

Beginning in the 2018 performance year, reporting requirements will begin to increase. In 2018, while Improvement Activities and Advancing Care Information can still be reported for at least a 90-day period, Quality data will need to be reported for the entire performance year. Beginning in 2019, Advancing Care Information data will need to be reported for the full performance year, though the 90-day performance period will likely remain for the Improvement Activities domain.

Transition Year Scoring & Payment Adjustments

With the authority from the MACRA legislation to somewhat arbitrarily set the Performance Threshold for the first two years of the MIPS program, CMS finalized a very low Performance Threshold—3 points on a scale of 0-100—for 2017. As such, any clinician or group scoring exactly 3 points will earn a neutral payment adjustment, any clinician or group scoring below 3 points will earn a negative payment adjustment, and any clinician scoring above 3 points will earn a positive payment adjustment.

Additionally, CMS has the authority to somewhat arbitrarily set the Exceptional Performance Threshold in the initial years, and the agency finalized a threshold of 70 points. As such, clinicians scoring at or above 70 points will be eligible for a portion of the annual additional $500 million CMS is inserting into the MIPS program to incentivize high performance for the first six years.

	Final Score in 2017	Payment Adjustment in 2019
($199 million)	0 - 0.75	-4%
	0.76 - 2.9	Negative MIPS payment adjustment greater than -4% and less than 0% on a linear sliding scale
	3	0%
$199 million	3.1 - 69.9	Positive MIPS payment adjustment ranging from greater than 0% to 4%, multiplied by a scaling factor to preserve budget neutrality, on a linear sliding scale
$500 million	70.0 - 100	Positive MIPS payment adjustment AND additional MIPS payment adjustment for exceptional performance

Clinicians in the "no reporting" bucket in 2017 will earn zero points, and thus receive the negative four percent payment adjustment in 2019. Clinicians in the "minimum reporting" category—thus receiving the lowest possible score for only one submitted Quality measure—will earn exactly 3 points in 2017 and will not receive any payment adjustment—positive or negative—in 2019. Those choosing the "partial reporting" or "full reporting" options will earn more than 3 points—with clinicians and groups reporting more completely likely to receive more points towards their final scores—and minimal to modest positive payment adjustments.

Implications for Leading Health Systems

As a result of the reporting and scoring accommodations finalized for the first several years of MACRA implementation, many more clinicians than initially anticipated will avoid negative MIPS payment adjustments. CMS anticipates that the transition year policies will result in more than 90 percent of the approximately 600k MIPS eligible clinicians receiving a positive or neutral payment adjustment, and at least 80 percent of clinicians in small and solo practices receiving a positive or neutral payment adjustment, in 2019. As MIPS is a budget-neutral program—meaning the dollars from the poor performers will be reallocated to the high performers—fewer negative payment adjustments will result in fewer dollars to allocate to those that are eligible for positive payment adjustments.

CMS estimates that based on the 2017 performance year there will be approximately $199 million dollars taken from those who do not report to be reallocated to those with scores above 3 points. Even considering the additional pool of $500 million to be distributed to those who score at least 70 points, those that perform well initially in MIPS—to include most Leading Health Systems' clinicians—will see only modest financial benefits.

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