

PUBLICATION

MIPS: Moving Physician Payments Beyond the Sustainable Growth Rate? [Ober|Kaler]

May 29, 2015

Medicare continues to transition its primary physician payment methodology from a traditional fee-for-service model into a quality and value-based model. Recently, the [Medicare Access and CHIP Reauthorization Act of 2015 \(MACRA\)](#) repealed the Sustainable Growth Rate adjustment (SGR) to the Medicare physician fee schedule. In 2019 MACRA requires CMS to use a new adjustment, the Merit-Based Incentive Payment System (MIPS). It is expected that MIPS will continue to shift Medicare Part B payments to physicians who meet payment requirements based on quality and value, and move reimbursement away from a fee-for-service model.

For the remainder of 2015 and through 2018, physicians can expect a modest 0.5% increase to the physician fee schedule — a welcome change from constantly battling the double-digit negative SGR adjustment. The SGR adjustment, if implemented, would have reduced, or increased, Medicare Part B payments to physicians in proportion to the Medicare Part B payments made for ancillary services ordered by physicians in comparison to a proposed target growth rate. Simply put, the SGR placed a financial consequence on all physicians — as individual physicians collectively ordered services above the target growth rate, the amount of money available from Medicare Part B to pay for all physician services would decrease. Over time, the SGR adjustment was postponed, yet accumulated, until it exceeded a negative 20% adjustment.

Physicians should become familiar with MIPS before 2019. While the acronym may be new, some of the components are familiar concepts. MIPS will consolidate the quality and value-based adjustments of the Physician Quality Reporting System (PQRS), the Electronic Medical Record Incentive Program (Meaningful Use), and the Value Based Modifier (VBM) from the Patient Protection and Affordable Care Act of 2010. All three of these programs will sunset before 2019. MIPS will also include additional quality concepts that will be developed by CMS. Physicians will be rated on a score between 0-100 and receive an increase, or decrease, in their Medicare reimbursement depending on that score. MACRA also authorizes up to an additional \$500 million per year until 2023 in performance incentives to physicians.

Ober|Kaler's Comments

MACRA should result in positive change for physicians over the next four years because of the SGR repeal, fee schedule certainty, and the sunset of the independent reporting obligations from PQRS, Meaningful Use, VBM. CMS hopes that up to 90% of Medicare reimbursement will eventually be based on quality and value requirements, leaving only 10% to the traditional fee for service payments.

By 2019 physicians will need to decide how and whether to align their clinical practices to either the seemingly ever-growing quality and value requirements (with financial incentives) or to continue practicing medicine without regard to these additional requirements and accept the financial disincentives. For example, some physicians may decide that the time spent filling data fields is better spent providing care to patients and accept the consequence of a lower MIPS score. Different medical specialties and clinical practice models will also need to decide whether MIPS will be flexible enough to encourage their physicians to pursue the MIPS-based incentives or convince CMS to provide benchmarks that are relevant to the care given to their patients.

