Value-based care readiness webinar series

MACRA:

Another piece to the value-based puzzle

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www.bakertilly.com/macra

Candor. Insight. Results.

Webinar Objective

Arm you with the ***information*** you need to understand the potential ***impacts*** MACRA will have on your organization and share with you an ***approach*** to get your organization ready.

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Agenda

Changes & Implications

Readiness Methodology

Questions & Answers

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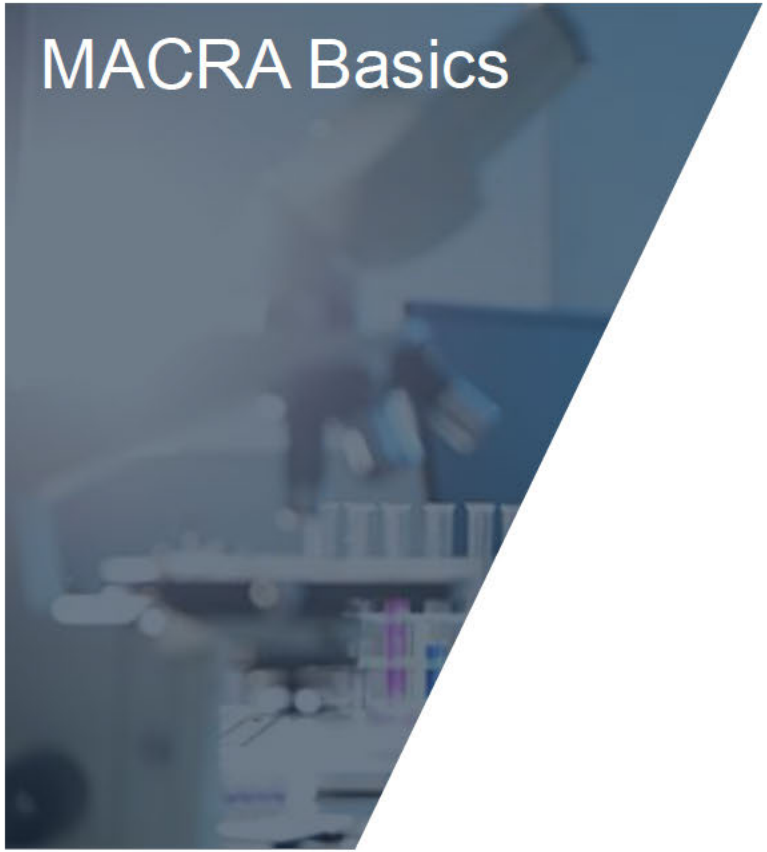
MACRA Basics



Legislation passed with broad ***bi-partisan support*** in 2015 that moves CMS toward their goal of ***compensating physicians*** for appropriate resource-use that results in ***higher quality clinical outcomes***.

MACRA Regulation Changes

1

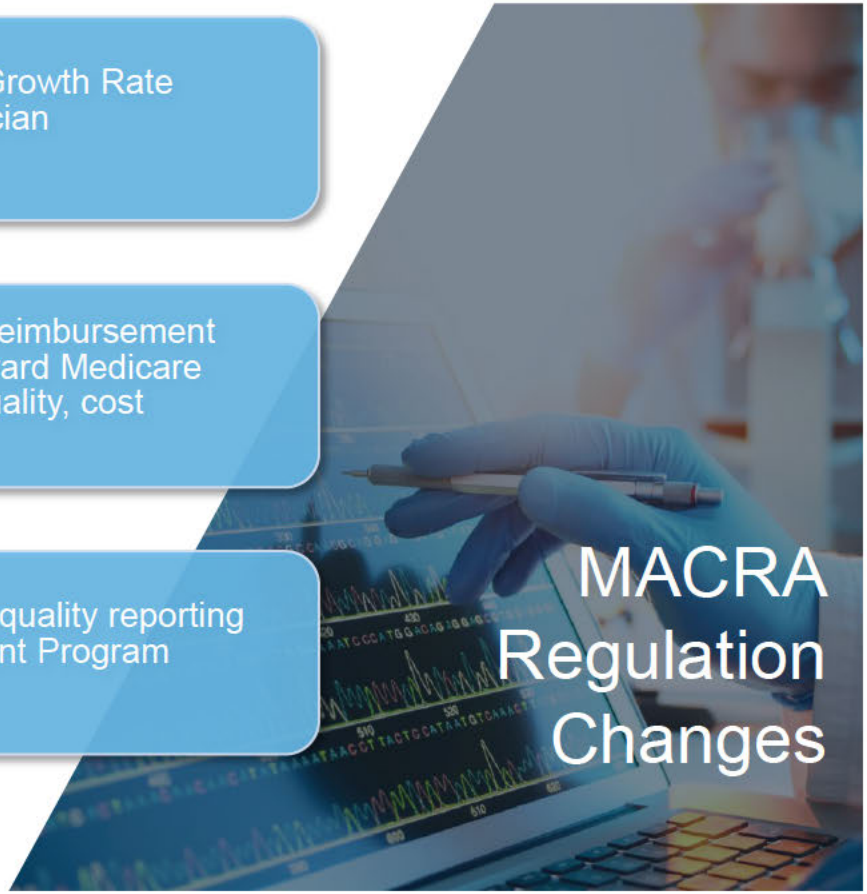
- **Platform** - Repeals the Sustainable Growth Rate (SGR) formula that determined physician compensation for Medicare Part B

2

- **Payment** - Creates a new physician reimbursement framework designed to financially reward Medicare Part B providers for delivering high quality, cost efficient care

3

- **Reporting** - Combines three existing quality reporting programs into a single Quality Payment Program (QPP)



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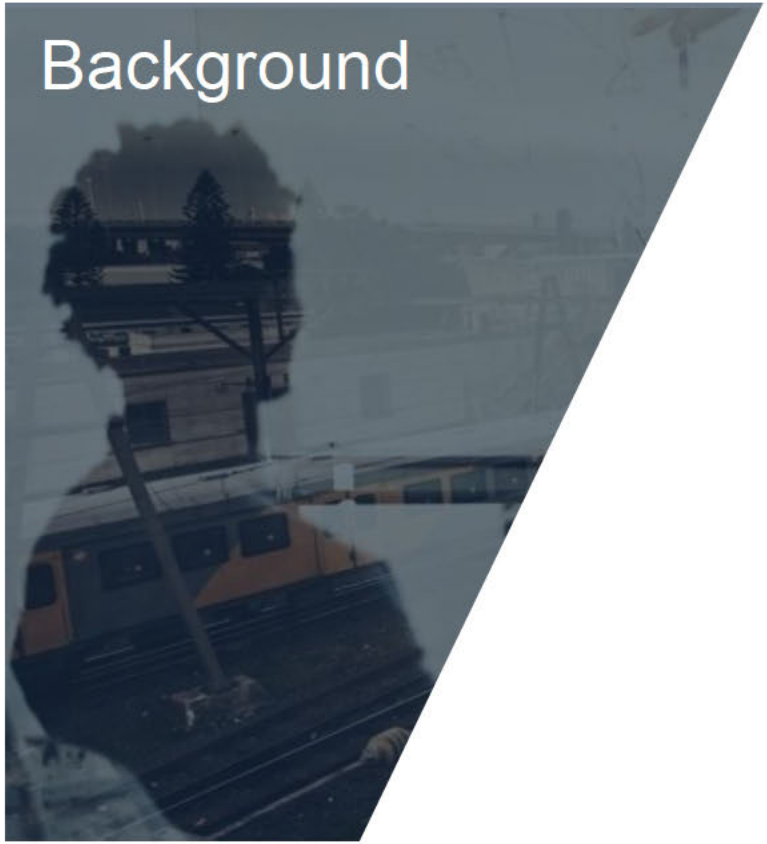
Background



> ***Who is impacted?***
- Physicians and nurses who bill more than $30K and care for a least 100 Medicare patients
- Small independent practices below the limits and those in their first year of Part B will be exempt for 2017

> ***What is happening?***
- Two program options:
  1. Merit-Based Incentive Payment System (MIPS) for traditional FFS Medicare
  2. Advanced Alternative Payment Model (APM) for providers in value-based care models
- Most physicians will be in MIPS

> ***When will it happen?***
- Data collection begins January 1, 2017
- Payments will be impacted beginning January 1, 2019

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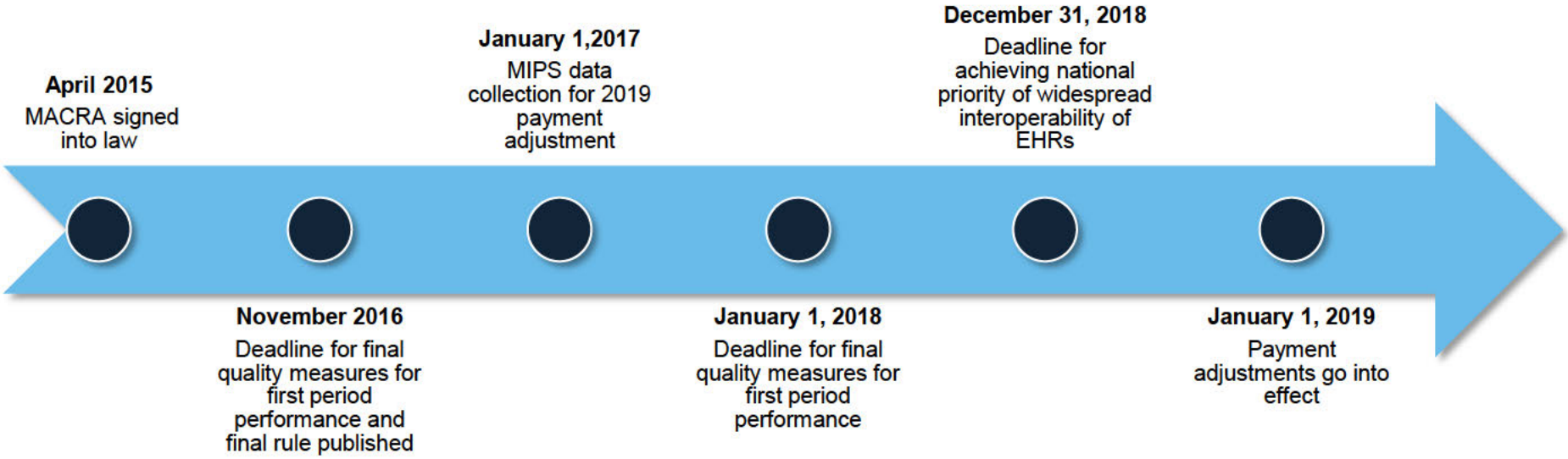
Timing of Major Milestones



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So What?

The Ripple Effect

> Financial

> Operational

> Organizational

Two Payment Options

MIPS

- Less complicated payment models
- Has potential “upside” incentives and “downside” penalties

APM

- More complicated payment models
- Has only “upside” incentives beyond the APM models

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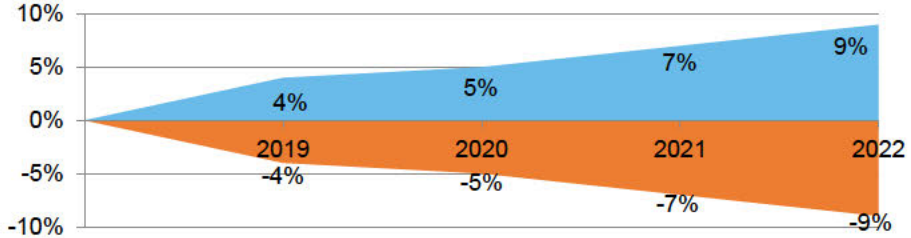
- MACRA forces doctors into an ever-changing value-based care environment that ***impacts their pocket book*** and gets their "***skin in the game***"
- Fee schedule increases of 0.5% from 2016 through 2019, then flat through 2025
- MIPS Payment Adjustment Factor based on ***relative performance***



Note, an upwards adjustment factor of up to 3x and an exceptional performance adjustment of up to 10% can be applied to the adjustment factor each year

- Physicians participating in APMs will receive a lump sum of 5% of Part B payments each year
- Can be subject to ***risk sharing*** as part of the APM

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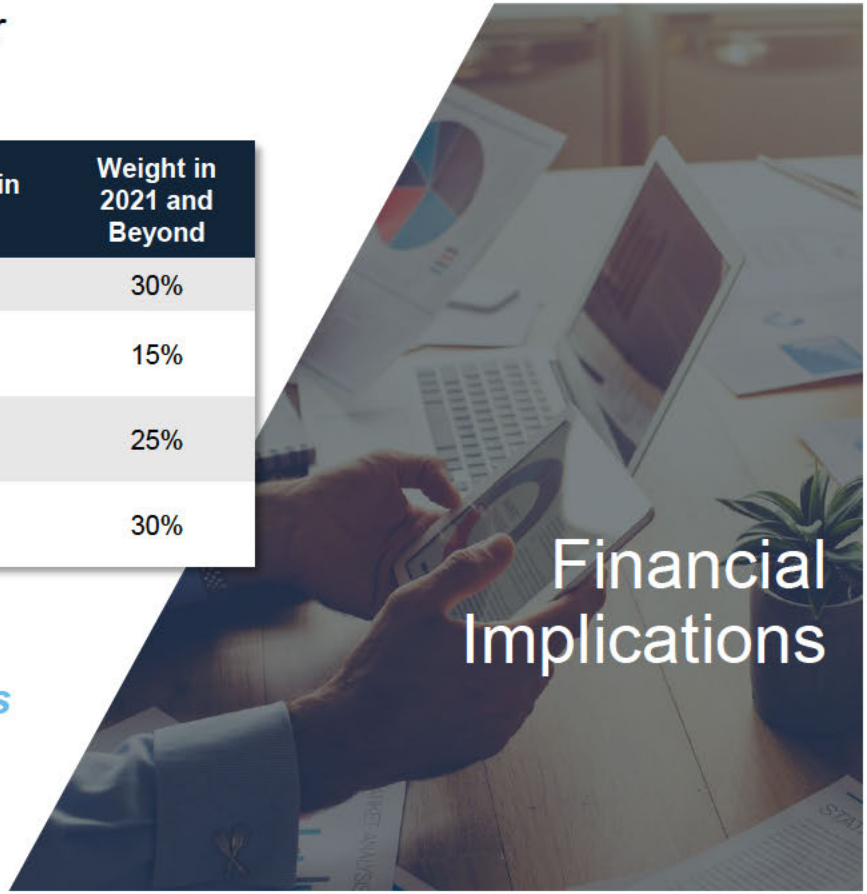
> Weighting of variables that determine ***reimbursement adjustments*** will change for MIPS from year 1 to year 3

QPP Metric	Metric Being Replaced	Weight in 2019	Weight in 2020	Weight in 2021 and Beyond
Quality	PQRS	60%	50%	30%
Improvement Activities	N / A	15%	15%	15%
Advancing Care Information	Medicare EHR Incentive Program	25%	25%	25%
Resource use	Value-Based Modifier	0%	10%	30%

> If participating in an eligible APM, physicians will be subject to ***cost and quality measures*** as part of that program



Components of the Composite Performance Score (CPS)

> *Quality*
  - Must select 6 measures
  - Can select those that are meaningful to practice

> *Advancing Care Information*
  - 6 objectives outlined by CMS
  - Emphasize patient care and information access
  - Select measures within the objectives

> *Practice Improvement Activities*
  - Choose from 90+ activities
  - Examples include care coordination, shared decision-making, safety checklists, expanding practice access

> *Resource Use (Costs)*
  - Less emphasis in year 1
  - Compare costs of similar care episodes and clinical condition groups

Example of Potential Financial Impact

- Physician group with 50 physicians
- $20M in net patient revenue from Medicare Part B
- +/- $ represent the maximum and minimum MIPS adjustment range

Metric	2019	2020	2021	2022	Total
Quality	+/- $480,000	+/- $500,000	+/- $420,000	+/- $540,000	+/- $1,940,000
Advancing Care Information	+/- $200,000	+/- $250,000	+/- $350,000	+/- $450,000	+/- $1,250,000
Cost	+/- $0	+/- $100,000	+/- $420,000	+/- $540,000	+/- $1,060,000
Improvement Activities	+/- $120,000	+/- $150,000	+/- $210,000	+/- $270,000	+/- $750,000

This example does not include Exceptional Performer bonuses.

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Patient Experience is more important than ever

- Identify and measure ***key metrics related*** to ***Patient Experience***
- May need to change operations to better suit the patient

Documentation requirements are changing

- Need to ***track more data***
- Need system that can handle the new data
- EHR needs to meet the CEHRT requirements
- ***Compliance and fraud monitoring*** requirements are increasing

Return on Investment for EHR

- Costs and MIPS payments from 2019-2022
- 50 physician practice with $20M in Medicare Part B revenue
- Total initial EHR implementation and maintenance costs of $1M and $85,500 in annual maintenance

Performance Level	Total MIPS Payment Adjustments	Total Expense	ROI
Average Performing EHR	$1.25M	$1.27M	98%
High Performing EHR	$2.5M	$1.27M	196%

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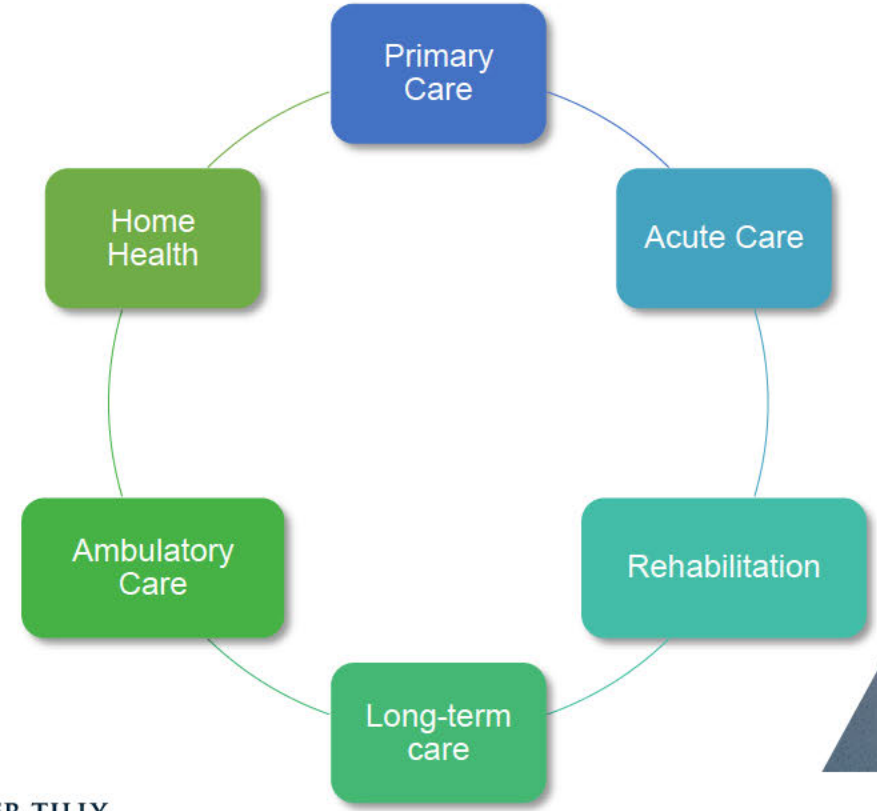
Emphasis on care management across continuum of care



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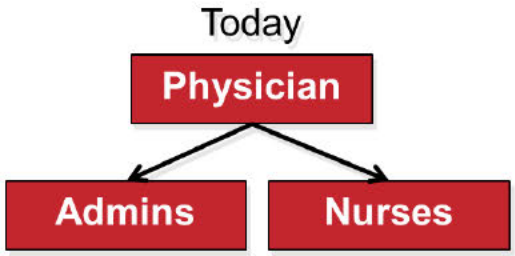
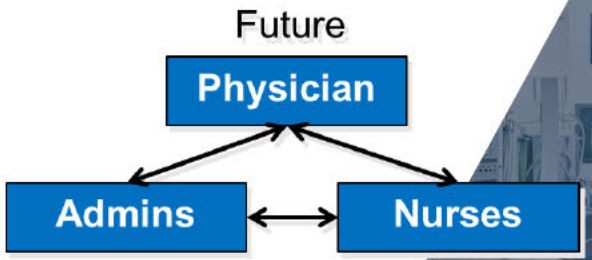
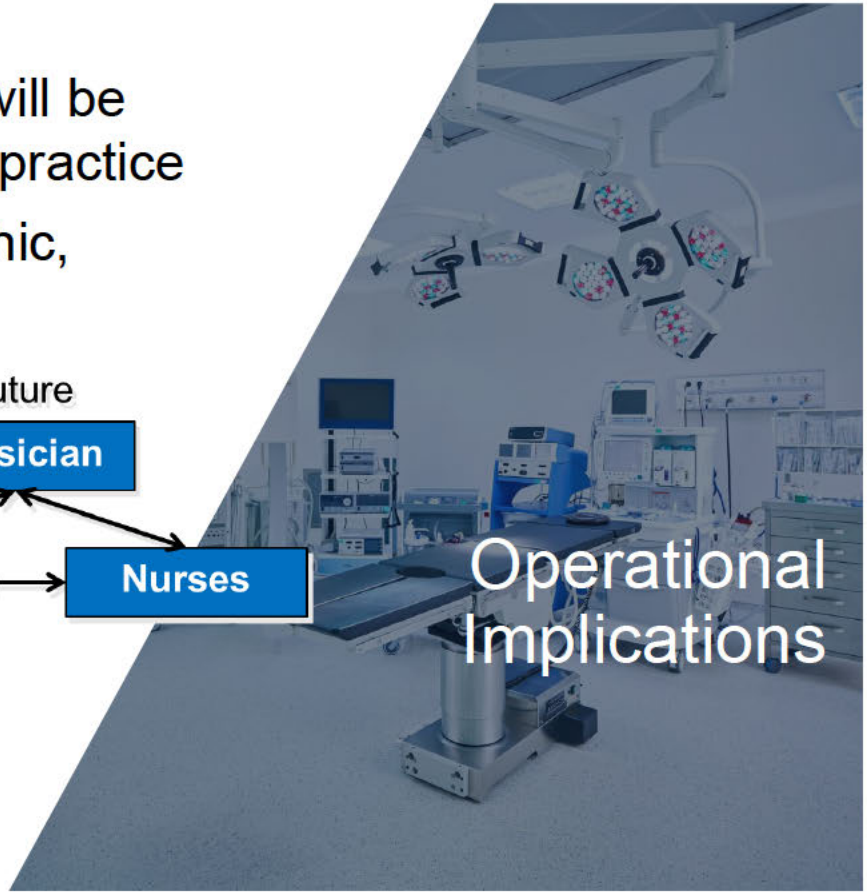
Paradigm Shift

- Two-way focused communications will be critical for all levels of the physician practice
- Knowledge flow (clinical, demographic, social, behavioral)







Physician practice revenue growth

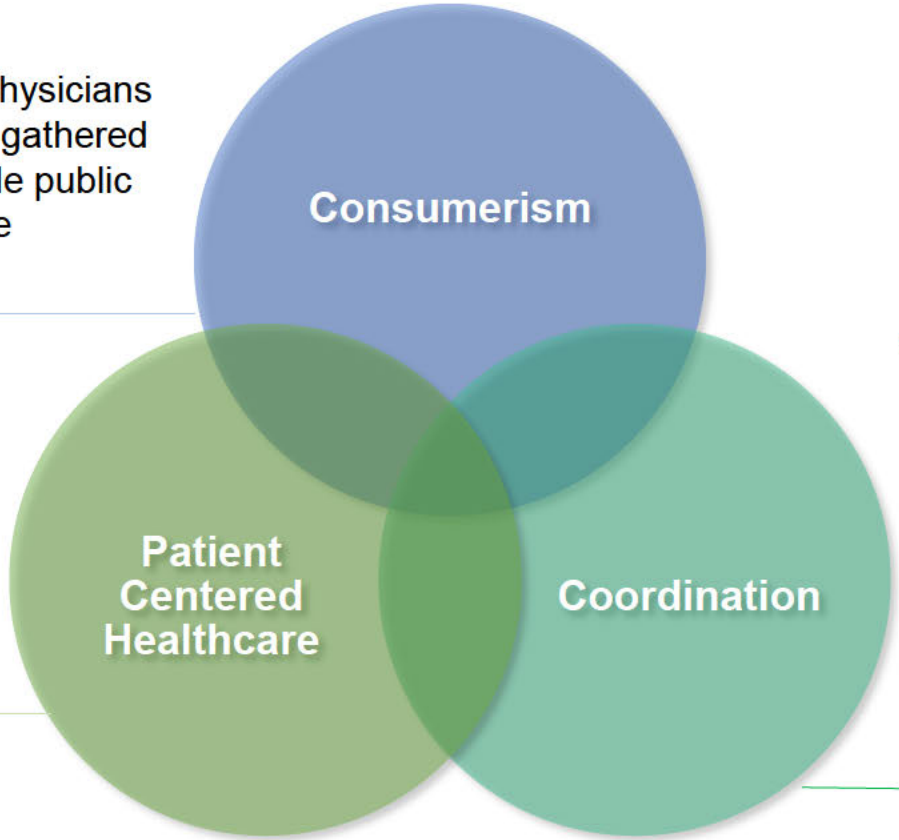
- Survival of the fittest
- High performing practices will be the ones getting the referrals

Need new skillsets

- Care coordination
- Data analytics and reporting
- Increased compliance and fraud monitoring capabilities

Organizational Implications

- More information on physicians will be generated and gathered
- Outcomes will be made public on Physician Compare



- More consistent communication with patients

- For providers who take APM option, the need to coordinate and partner with other stakeholders is critical
  - Hospitals
  - Radiology centers
  - Skilled Nursing Facilities

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5-Step Readiness Methodology

Step #1
Financial Readiness Assessment

Step #2
Operational Readiness Assessment

Step #3
Organizational Readiness Assessment

Step #4
Gap Analysis

Step #5
Roadmap & Implementation

- Identify your Medicare physician revenue
- Review service mix and populations
- Review existing physician and payer contracts
- Calculate and benchmark your costs
  - Variable
  - Fixed
  - Investment
- Model financial projections

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5-Step Readiness Methodology

Step #1 Financial Readiness Assessment → **Step #2 Operational Readiness Assessment** → **Step #3** Organizational Readiness Assessment → **Step #4** Gap Analysis → **Step #5** Roadmap & Implementation

- Assess relationships with partner providers
- Compensation and incentives
- Reporting and analytics
- IT systems and infrastructure capability to aggregate and analyze retrospective data at the patient level

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5-Step Readiness Methodology

Step #1 Financial Readiness Assessment → **Step #2** Operational Readiness Assessment → **Step #3 Organizational Readiness Assessment** → **Step #4** Gap Analysis → **Step #5** Roadmap & Implementation

- Evaluate your cultural openness for change
- Evaluate your organizational capabilities and skills (e.g., data analytics)
- Review the organizational clinical care management transition program
- Assess partnerships with community organizations and post-acute care providers
- Review patient engagement strategies

5-Step Readiness Methodology

Step #1 Financial Readiness Assessment → **Step #2** Operational Readiness Assessment → **Step #3** Organizational Readiness Assessment → **Step #4 Gap Analysis** → **Step #5** Roadmap & Implementation

> Benchmark against peers in terms of quality and cost

Financial Assessment
- Operational costs and exposure
- Contract changes that will improve and align incentives
- Compare and contrast of APM

Operations Assessment
- Identify high and low performing doctors
- Identify potential partners to advance coordinated care plan to drive exposure

Operations Assessment
- Identify skills and capabilities gaps
- Identify internal and external organizational misalignments

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5-Step Readiness Methodology

Step #1 Financial Readiness Assessment → **Step #2** Operational Readiness Assessment → **Step #3** Organizational Readiness Assessment → **Step #4** Gap Analysis → **Step #5 Roadmap & Implementation**

- > Formulate strategic plan for implementation with timeline
- > Create action steps with scheduled milestones
- > Implementation of new information flows, business processes, systems and internal controls
- > Establishment of performance monitoring process
- > Facilitate organizational change management
- > Establish communication processes that drive adoption

Key Takeaways

#1

Benefits & Opportunities

- Incentive alignment
- Incremental revenue opportunities
- Improved practice operations
- Enhanced patient experience

#2

The time is NOW -QPP Measurement starts in 2017

#3

You need to pick your program and pace ASAP

#4

The potential revenue impact is dramatic for providers. You need to develop a strategy to maximize opportunity

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Required disclosure and Circular 230

Prominent Disclosure

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