



MACRA 2.0

Long-Term APM Reform Concepts

(Not for Distribution)



Congressional Advocacy



APM Bonus Extension

- Congressional leaders are currently negotiating a path forward to fund the government and extend expired health care programs, including the advanced APM incentive payment.
- A growing number of lawmakers want to discuss long-term solutions to physician payment and value incentives.

MACRA Working Groups

- A bipartisan group of Senators recently announced the creation of a working group that will focus on addressing Medicare physician payment issues, including updating the Medicare Access and CHIP Reauthorization Act (MACRA).
- The House Doctors Caucus, and other lawmakers, are also interested in reforming MACRA and establishing a more sustainable long-term physician payment system.
- These discussions are expected to continue throughout 2024 and into 2025.

NAACOS Advocacy Letters & Recommendations

- (Jan. 2024) NAACOS [submits statement to Congress on health spending](#)
- (Oct. 2023) NAACOS [submits recommendations](#) to the House Budget Committee's Health Care Task Force
- (June 2023) NAACOS [testifies](#) before House committee on MACRA oversight
- (Oct. 2022) NAACOS [responds to request from lawmakers](#) on how to improve MACRA and expand value-based care

MACRA Reform Ideas



Goal: Legislation introduced in next Congress (early 2025)

Key Objectives:

- 1) Establish stable physician payment updates**
 - MACRA currently includes a differential conversion factor payment update
 - Physician community is currently pushing for an inflationary payment update
- 2) Increase financial incentive to drive more value adoption**
 - Financial incentives for APMs should be stronger than for MIPS
- 3) Reduce program complexity**
 - APMs should be goal for all clinicians; quality is inherent in APM model; clinicians in APMs should not be required to engage in quality in the model and in MIPS
 - Emphasize that MIPS approach should prepare and encourage adoption of APMs
 - Streamline qualification and payment of incentives

Reform Options:

- **Option 1:** Incentives Based on Medicare Economic Index (MEI)
- **Option 2:** Incentives Based on the Status Quo (Differential Conversion Factor w Bonuses)

Option 1: Incentives Based on MEI



Eliminate Differential Conversion Factor & Replace with Medicare Economic Index (MEI)

- **Structure– Option A**
 - 50% MEI update for clinicians not in APMs (aligns with MedPAC payment recs)
 - XX% for clinicians in upside only APMs
 - XX% for clinicians in risk-bearing APMs
- **Structure– Option B**
 - All clinicians receive the same MEI update
 - A percentage of the total annual MEI is put into bonus pool for APMs and advanced APMs
- **Structure– Option C (*Hybrid Combination*)**
 - MEI scaled update for everyone (Option A)
 - MEI bonus pool funds for APMs (Option B)

Incentives Based on MEI: Considerations



Key Benefits

- Simplified structure: all clinicians in an APM receive the same update for that year
- Avoids 2-year lag in incentives & need for thresholds to qualify
- Accounting for higher payments in benchmarks/expenditures is simpler than potential approaches for differential CF

Other Considerations for Discussion

- Demonstrating that all clinicians in APMs are vested in the model
 - Current concern that specialists are not truly participating in APMs
 - Need varying approaches for participant versus preferred providers
 - Participant providers: Receive full incentives for participation
 - Preferred providers: Full incentives dependent on participation across APMs
 - Approach varies based on whether individual or APM entity receives incentive
 - Note: requires changes to MSSP structure
- Incentive Payment to APM Entity or Participating Clinician
 - NAACOS members would prefer to receive incentive payments directly so that they can build incentive structures for clinicians
 - This approach faces significant pushback from Congress. At a minimum, guardrails would be required to demonstrate that clinicians benefit from incentives (required reporting, minimum requirements for what is passed to clinicians)
 - Option 3 creates a hybrid approach. Higher payment to clinicians with bonus pool to the ACO
- Rewarding value adoption in MA or with other payers?

Option 2: Incentives Based on the Status Quo



Maintain Differential Conversion Factor & Establish New Bonus Structure

- Differential CF: safeguards to address differential conversion factor impact on ACO benchmarks
- Bonus: New simplified structure with phase out options
 - Amount: revenue through APM OR set per bene amount; amount must be higher than highest MIPS adjustment
 - Allow APMs to choose AAPM incentives or MIPS Incentives
 - Bonus withhold that goes to APM entity
 - Develop mechanism for portion of APM savings and loss repayments to be invested into the Medicare improvement fund or high-performance bonus pool

Ideas or Questions?



Submit feedback to advocacy@naacos.com