

# MACRA:

Another piece to the value-based puzzle



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## Poll Question 1

**What is your level of MACRA readiness on a scale of 1 to 5?**

- a) 1 - No actions taken
- b) 2 - Getting up to speed on the regulations
- c) 3 - Making plans for getting compliant
- d) 4 - Making plans for maximizing returns
- e) 5 - Starting to execute plans

A blurred background image of a laboratory setting, featuring a microscope and several test tubes in a rack.

# 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.



# Agenda

Changes &  
Implications

Readiness  
Methodology

Questions &  
Answers

A blurred background image of a laboratory setting, featuring a microscope and several test tubes in a rack.

# 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*.

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)



## MACRA Regulation Changes

# 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?*

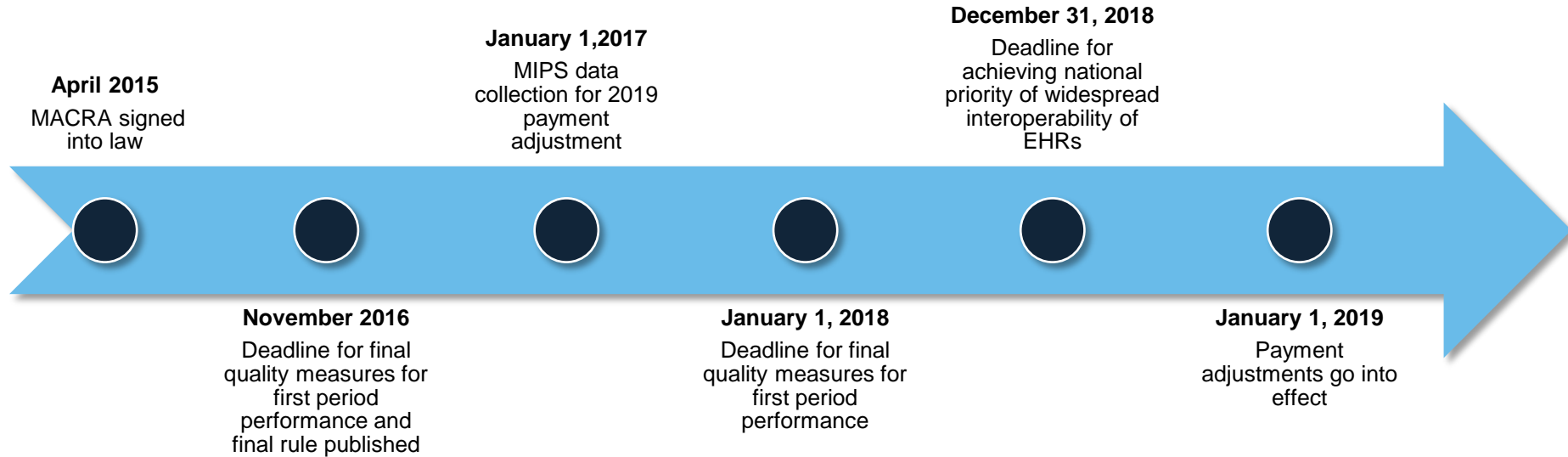
- Two program options:
  1. Merit-Based Incentive Payment System (MIPS) for traditional FFS Medicare
  2. Advanced Alternative Payment Model (APM) for providers in value-based care models
- Most physicians will be in MIPS

## > *When will it happen?*

- Data collection begins January 1, 2017
- Payments will be impacted beginning January 1, 2019



# Timing of Major Milestones



## Poll Question 2

### **What is your organization type?**

- a) Hospitals with employed physicians
- b) Hospitals with NO employed physicians
- c) Single-specialty physician group  
(Primary Care)
- d) Single-specialty physician group (Other)
- e) Multi-specialty physician group
- f) Other

## Poll Question 3

**How many physicians are in your organization?**

- a) Under 30 physicians
- b) 30-49 physicians
- c) 50-74 physicians
- d) 75-99 physicians
- e) 100 or more physicians

A high-speed photograph of a single water droplet hitting a dark blue surface, creating a series of concentric ripples. The droplet is captured mid-air, just above the point of impact, with a small crown-like shape forming at the base. The ripples spread outwards in all directions, creating a sense of motion and impact.

# So What?

## *The Ripple Effect*

> Financial

> Operational

> Organizational

## Two Payment Options

### MIPS

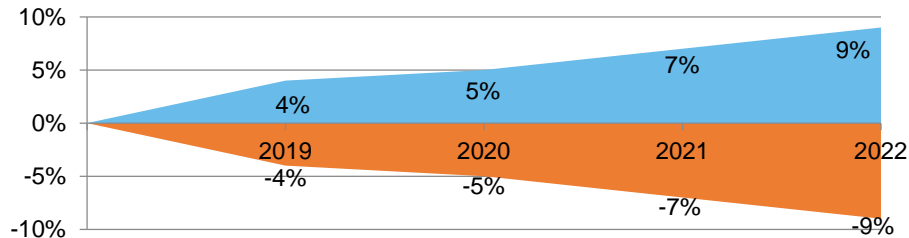
- > Less complicated payment models
- > Has potential “upside” incentives and “downside” penalties

### APM

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

Financial  
Implications

- > 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

- > 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



Financial Implications



# Components of the Composite Performance Score (CPS)

## > *Quality*

- Must select six measures
- Can select those that are meaningful to practice

## > *Advancing Care Information*

- Six 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 and expanding practice access

## > *Resource Use (Costs)*

- Less emphasis in year 1
- Compare costs of similar care episodes and clinical condition groups



Financial  
Implications



## 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.

Financial  
Implications

## Poll Question 4

**What forms of physician compensation do you use today?**

- a) Productivity (e.g., RVUs)
- b) Salary/Income guarantee
- c) Productivity with incentive bonus (quality or cost)
- d) Salary with incentive bonus (quality or cost)
- e) Other

# 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

Operational  
Implications

# Return on Investment for EHR

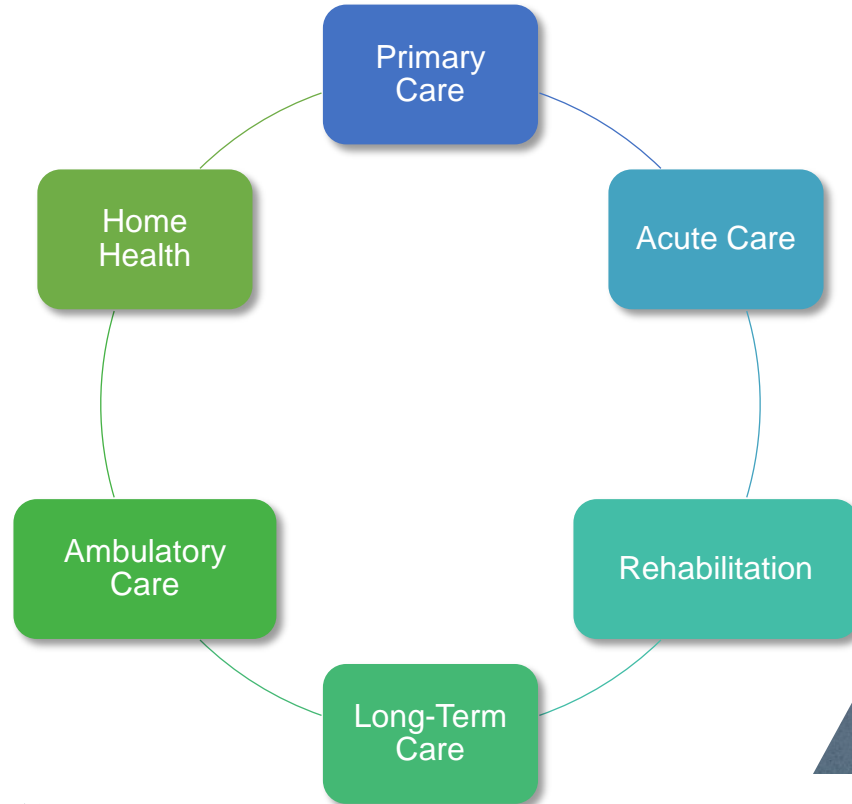
- > Costs and MIPS payments from 2019-2022
- > 50 physician practice with \$20M in Medicare Part B revenue
- > Total initial EHR implementation and maintenance costs of \$1M and \$85,500 in annual maintenance

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%



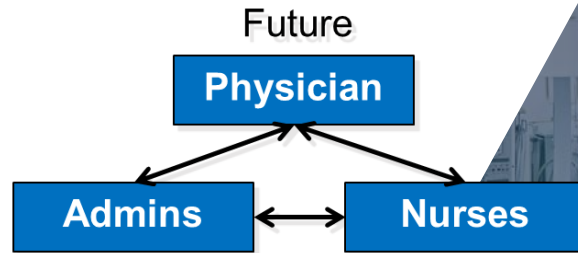
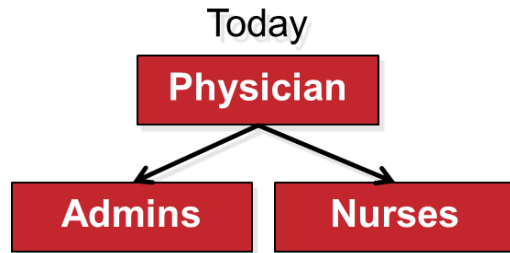
Operational Implications

# Emphasis on Care management across Continuum of Care



# Paradigm Shift

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



Operational  
Implications



## 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

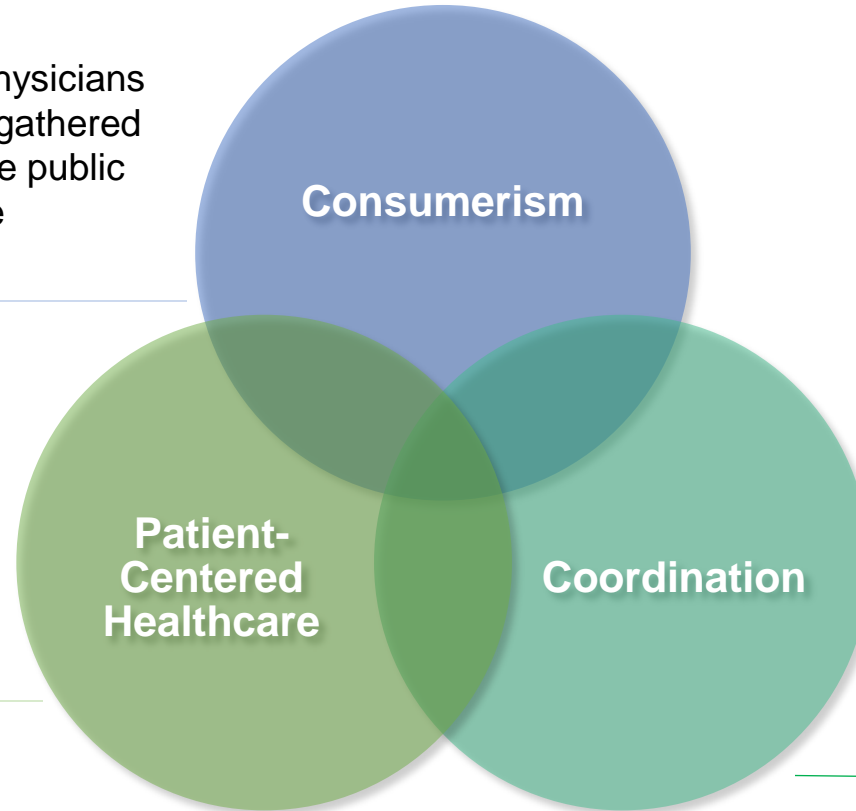


Operational  
Implications

# 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





# Agenda

Changes &  
Implications

Readiness  
Methodology

Questions &  
Answers

# 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

# 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

# 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

# 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

## Poll Question 5

**Which “Pick Your Own Pace” option will you pursue?**

- a) Test the Quality Payment Program
- b) Participate for part of the calendar year
- c) Participate for the full calendar year
- d) Participate in an Advanced APM in 2017
- e) I don't know

# 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





# Agenda

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A large, dark, triangular image on the right side of the slide. It depicts a woman with dark hair and glasses, wearing a grey top and a teal belt, talking on a smartphone. She is sitting at a table with a white cup of coffee.

Contact Us

# Required disclosure and Circular 230

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