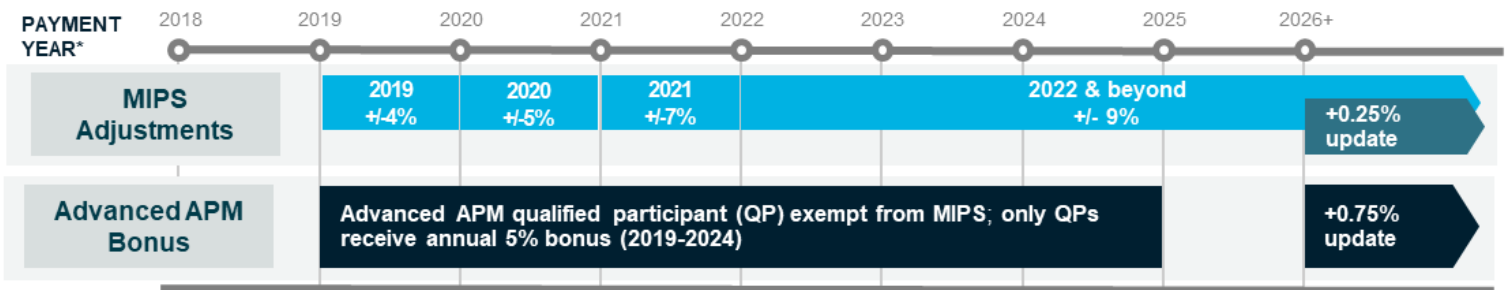


Extend Medicare Advanced APM Incentive Payments

- The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) **incited adoption of advanced alternative payment models (APMs)** by providing clinicians in advanced APMs a 5% bonus.
- The bonuses have been critical to clinicians in covering the investment costs of moving to new payment models, as well as overcoming the revenue advantages of fee-for-service (FFS) volume-based payments.
- **The MACRA bonuses are set to expire this year** – 2022 is the last performance year with payment in 2024.
- Increasing thresholds will also make it more difficult for clinicians to qualify to receive the bonuses.

When the Advanced APM bonus expires, incentives shift back to fee-for-service

- **After the Advanced APM bonus expires, clinicians will have limited incentives to stay in value-based care.**
 - For payment year 2025, clinicians in the Merit-based Incentive Payment System (MIPS) have the opportunity for a payment adjustment of +/-9%, while those in advanced APMs have no incentives.
 - For payment year 2026 and beyond, clinicians in MIPS have the opportunity for a 0.25% payment update **AND** payment adjustment of +/-9%, while those in advanced APMs only receive a 0.75% payment update
- Since most MIPS clinicians receive a modest positive payment adjustment (97.5% in 2021), remaining in FFS may be more appealing for most clinicians.



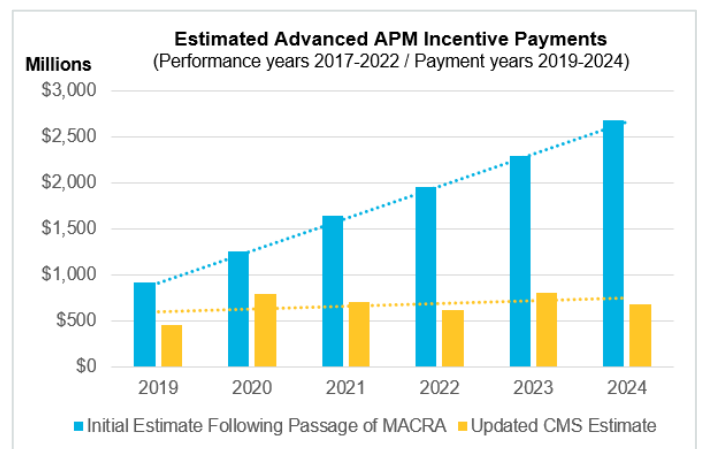
*For both the Advanced APM Bonuses and the MIPS Adjustments, the payment year is two years after the measurement period. As a result, 2022 is the last performance year for the Advanced APM Bonus

Alternative payment models have proven to improve quality while reducing costs

- In 2020 alone, the Medicare Shared Savings Program (MSSP) accountable care organizations (ACOs) saved the Medicare program approximately \$1.9 billion, while earning an average quality score of 96.9%.
- However, the COVID-19 pandemic has highlighted weaknesses in our nation's FFS-based healthcare system. According to a [Premier survey](#), providers in APMs had a leg up in leveraging population health capabilities to respond to pandemic. Those in highest levels of risk, such as global budgets and capitation, faced fewer financial hurdles.

Extending the bonuses is crucial to increasing adoption of value-based care

- Only 17% of MIPS eligible clinicians qualified for the Advanced APM Bonus in 2021 payment year.
- **Advanced APM Bonuses are significantly lower than initially projected.**
 - When MACRA first passed, the Administration estimated bonuses of nearly \$2.7 billion in payment year 2024.
 - CMS now estimates bonuses will be between \$600-750 million in 2024.



- ✓ **Extend MACRA bonuses for 6 years, until 2030 payment year (2028 performance year)**
- ✓ **Grant CMS the authority to set thresholds based on current APM adoption and to significantly change the threshold in the event of a public health emergency.**

What is the Advanced APM Incentive Payment?

- Eligible clinicians who are participating in advanced APMs that meet certain criteria are considered **Qualifying APM Participants (QPs)** and are eligible to receive a bonus equal to 5% of their Medicare Part B payments.
- This is known as the **Advanced APM Incentive Payment** or “MACRA bonus.”
- **The bonuses are available for 2019-2024 payment years based on CY 2017-2022 performance**

To be considered an Advanced APM, entities must:

- 1 Use certified EHR technology,
- 2 Pay based on MIPS comparable quality measures, *and*
- 3 Bear more than “nominal” financial risk for losses.

How to Qualify?

- To be considered a QP, **eligible clinicians must participate in Advanced APMs that have either a certain percentage of payments or patients affiliated with the APM**, as detailed below.
- Beginning with performance year 2019, eligible clinicians can meet QP thresholds through a combination of participation with Medicare and Other-Payer Advanced APMs (known as the All-Payer Combination).

Performance Period	Payment Year	Threshold an Advanced APM must achieve to reach QP status		
2017-18	2019-20	Payment Amount	25%	<i>Incentives available for QPs</i>
		Patient Count	20%	
2019-22	2021-24	Payment Amount	50%	<i>Eligible for 5% Advanced APM Bonus</i>
		Patient Count	35%	
2023	2025	<i>Bonus ceases, no financial incentives for advanced APM adoption</i>		
2024+	2026+	Payment Amount	75%	<i>+0.75% payment update</i>
		Patient Count	50%	

Payment thresholds are set in statute. CMS has the authority to establish the patient thresholds using a similar percentage as the payment thresholds

How threshold scores are calculated

$$\text{Payment Amount Threshold Score (\%)} = \frac{\text{Total Part B payments for attributed beneficiaries}}{\text{Total Part B payments for attribution-eligible beneficiaries}}$$

$$\text{Patient Count Threshold Score (\%)} = \frac{\text{\# of attributed beneficiaries}}{\text{\# of attribution-eligible beneficiaries}}$$

Increasing thresholds will make it difficult for many advanced APMs to qualify for the bonus

- **Eligibility can depend on an APMs structure**
 - For example, including specialists who do not furnish primary care services increases the number of attribution-eligible beneficiaries without increasing the actual number of attributed beneficiaries – resulting in a lower threshold score.
 - This ultimately discourages Advanced APM participation and forces APM entities to limit participation by certain providers.
- **Few clinicians use the All-Payer Combination to meet thresholds**
 - Clinicians have limited options for participating in Other Payer APMs.
 - The process of submitting data on participation in Other-Payer APMs is administratively complex and burdensome.