Issue Brief

AMERICAN COLLEGE of NURSE-MIDWIVES
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H.R. 2: The Medicare Access and CHIP Reauthorization Act of 2015

Background

On April 16, 2015, President Obama signed into law H.R. 2, The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). This significant piece of legislation makes substantial changes to Medicare's methodology for reimbursing providers for medical services payable under the Medicare physician fee schedule. MACRA introduces a new merit-based incentive program and puts in place processes for developing, evaluating, and adoption alternative payment models. The law also extends funding for the Children's Health Insurance Program (CHIP) through FY 2017 and makes a number of other significant changes to various health care programs. The Congressional Budget Office estimated that the ten-year cost of the bill would be approximately $210 billion. Since only $70 billion of this cost was offset by savings provisions, the new law will result in $141 billion being added to the federal deficit over the next decade.

While few midwives actively bill the Medicare program for services each year, the program has a significant impact on midwifery care as it sets a standard many third-party payers follow.

Summary of Key Provisions

Repeal of the Sustainable Growth Rate in Updating Medicare Payments

Each of the 7,500 or so services paid under the Medicare physician fee schedule are assigned a value, relative to the other codes. Thus, a complex service may have a relative value several times that of a simple service. Value is established by considering the amount of physician work (skill, time, and intensity), practice expense costs (supplies, equipment, office space), and malpractice costs involved in providing the service. The relative value of a given services is adjusted for geographic variation in costs and then multiplied by a dollar figure known as a conversion factor, yielding the final payment amount.

Each year, the Centers for Medicare and Medicaid Services (CMS) measures medical inflation and then modifies that inflationary rate up or down based on something known as the "sustainable growth rate" (SGR) to determine the increase (or decrease) to Medicare's payments. The SGR was intended to prevent expenditures from exceeding a reasonable estimate of growth factors associated with Medicare. The way it works is by comparing a spending target to aggregate spending since 1996. If aggregate expenditures exceed the target, then payments in the succeeding year must be reduced to recoup all excess spending beyond the target amount that has occurred since 1996.

Unfortunately, actual spending has consistently exceeded target amounts. With the exception of one year in which a cut was allowed to stay in place, Congress has consistently acted to stave off the required cuts, but until now has not modified the underlying law. As a result, every year when it came time for updating payments, CMS had to revert to the underlying law, which required ever increasing cuts.

Expansion of Value-Based Reimbursement

Title I of MACRA eliminates the SGR as a factor in updating Medicare's payments. The system of relative values, geographic adjustment and a conversion factor will stay in place, however, the update to the conversion factor will take different tracks and will now differ on a provider specific basis.

Baseline Adjustments
MACRA sets a basic update percentage for future years. Specifically, physician payments will be modified thus:

- January 2015 – June 2015, a 0% update as compared to 2014 rates
- July 2015 – December 2015, a 0.5% increase
- 2016 through 2019, a 0.5% increase each year
- 2020 through 2025, a 0% increase each year
- 2026 and future years, a 0.75% increase for providers participating in "alternative payment model" (APM) and a 0.25% increase for those who do not participate in an APM.

These increases affect only the conversion factor. CMS' regular refinements to the relative value of any given service, as well as the geographic adjustment factors would also impact final payment amounts.

Merit-Based Incentive Payment System (MIPS)
CMS currently make small adjustments to payments under the physician fee schedule based on a provider's reporting of quality data through the "physician quality reporting system" (PQRS), under the "physician value based payment modifier" (VBPM) and the Medicare Electronic Health Records (EHR)Incentive Program.

MACRA sunsets these three programs at the end of 2018. Elements of all three, however, will be incorporated into the new "merit-based incentive payment system" (MIPS). Beginning in 2019, under the MIPS program CMS will determine the value of a provider's care based on:

- quality, using final quality measures under current law for existing incentive payment programs;
- resource use, using the resource use measures established for the VBPM, combined with data on use of outpatient prescription drugs;
- clinical practice improvement activities, including at least expansion of practice access, management of populations, coordination of care, engagement of

beneficiaries, patient safety and practice assessment, and participation in alternative payment models; and
- meaningful use of certified EHR technology.

Depending on how a provider performs under the MIPS, their payments would either rise or fall in the next year. The percent of payments subject to the MIPS adjustment would graduate upward between 2019 and 2022, staying stable thereafter. The impacted percent would be:

- +/- 4% in 2019
- +/- 5% in 2020
- +/- 7% in 2021
- +/- 9% in 2022 and future years

For 2019 through 2024, exceptional performers under the MIPS program may qualify for an additional increase to their payments, as determined by CMS.

Key for CNMs is the fact that MACRA specifically applies the MIPS only to physicians, PAs, NPs, CNSs, and CRNAs (note that CMs are not currently recognized as providers under the Medicare program). The agency does have authority to expand the application of MIPS to other providers, including CNMs, beginning 2021 and may do so, however, providers who do not meet certain thresholds for minimum numbers of treated Medicare beneficiaries, number of items and services rendered, and/or amount of billed charges will not be eligible to participate in MIPS. Presumably, these minimum thresholds will prevent many CNMs from ever being able to participate in MIPS. Without participation in MIPS, a provider will not see their payments either rise or fall as a result of their performance. Of course, if the number of Medicare beneficiaries a CNM treats is very small, then the lack of access to the MIPS program is unlikely to make a significant financial difference.

If CMS decides to not include CNMs in the MIPS program and a given CNM renders a high proportion of her/his total volume of care to Medicare beneficiaries, this could have an impact because the only change in payments available to such a CNM would be baseline changes set at a 0.5% increase in 2019 and 0% increases each year thereafter through 2025.

Alternative Payment Models

In addition to creating the MIPS, MACRA lays out another path toward payment modifications differing from those under the baseline adjustments. Beginning in 2019 and ending in 2024, eligible professionals who are qualifying APM participants would receive annual lump sum payments equal to 5% of the aggregate payment amount for professional services received from Medicare in the previous year. Additionally, as noted above, beginning in 2026, eligible providers who participate in an “alternative payment model” (APM) would see a 0.75% update in their payments as opposed to a 0.25% update.

To be a qualifying APM participant increasing percentages of the provider's Medicare and/or commercial insurance payments must come through an APM.

APMs themselves are defined as:

- a model under the Center for Medicare and Medicaid Innovation;
- a Medicare shared savings program accountable care organization; and
- certain demonstration programs.

Presumably these APMs would provide mechanisms for rewarding high value care independent of payments made under the Medicare physician fee schedule.

Chronic Care Management

MACRA directs HHS to make payments for chronic care management services furnished by a physician, physician assistant or nurse practitioner, clinical nurse specialist, or ***certified nurse midwife.*** Further, the law directs CMS to conduct an education and outreach campaign to inform relevant professionals and Medicare enrollees of the benefits of chronic care management services.

Other Pertinent Provisions

MACRA includes several other provisions of importance to midwifery, including the following:

- To facilitate exchange of data between providers and payers, MACRA declares it a national objective to achieve widespread exchange of health information through interoperable certified EHR technology nationwide by December 31, 2018. The law also directs CMS to establish related metrics and requires examination of the feasibility of establishing one or more mechanisms to assist providers in comparing and selecting certified EHR technology products.
- Makes permanent the work-related transitional medical assistance (TMA) program requiring states to provide from 6 to 12 additional months of Medicaid coverage for families that lose eligibility because of increased hours of work or income from employment or from the loss of a time-limited earned income disregard.
- Extends through FY 2017 the personal responsibility education program of formula grants to states to support evidence-based programs designed to educate adolescents about sexual abstinence, contraception, and adulthood.
- Extends through FY 2017 demonstration projects to aid low-income individuals to train for health care professions.
- Extends through FY 2017 the Maternal, Infant and Early Childhood Home Visiting Programs.
- Extends through FY 2017 funding for Community Health Centers and the National Health Service Corps that was provided for under the Affordable Care Act.
- Extends the CHIP program through FY 2017.

An excellent summary of the entire law from the Congressional Research Service has been posted to ACNM's website.