The Medicare Access and CHIP Reauthorization Act of 2015:

Learn about the new law that changes future Medicare payment.

Based in part on the APA Practice Organization’s advocacy efforts over the last decade, Congress has repealed the Medicare Sustainable Growth Rate (SGR) formula once and for all.

In March 2015, the House of Representatives passed by an overwhelming margin a new Medicare payment law known as the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). The Senate followed suit in mid-April, and President Obama signed the bill into law on April 16.

Under the new law, psychologists and other Medicare providers are permanently spared a 21.2 percent across-the-board Medicare payment cut.

In repealing the flawed SGR formula — enacted in 1997 to control Medicare spending — MACRA replaces it with a series of fixed percentage increases in reimbursement rates. The law establishes an incentive payment program called the Merit-Based Incentive Payment System (MIPS), which combines several current incentive programs into one consolidated program. Further, health care providers who participate in alternative payment models (APMs) receive bonus payments. The new law also extends funding for the Children’s Health Insurance Program (CHIP) through September 30, 2017.

The following questions and answers provide additional information about MACRA.

Q What effect does MACRA have on my Medicare payments? A MACRA will have a significant impact on how all health care providers, including psychologists, are paid by Medicare. One of the most important changes under MACRA is the repeal of the SGR, an element in the Medicare payment formula that for many years would have lowered payments considerably had it not been repeatedly blocked by Congress. In its place, MACRA gives providers neutral or modestly positive annual adjustments as follows:

- January 2015 – June 2015 0%
- July 2015 – December 2015 0.5%
- 2016 – 2019 0.5%
- 2020 – 2025 0%

Yet, Medicare payments in future years ultimately will be governed by a combination of factors. See the sidebar on the next page for details.
The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) affects Medicare payment levels for many years to come. But other important factors will also substantially influence future payment amounts.

In essence, MACRA affects one component of the Medicare payment formula — the SGR. The new law does nothing to change the core payment formula with its focus on “relative value units” (RVUs) developed annually by the Centers for Medicare and Medicaid Services (CMS) and the American Medical Association. In November of each year, CMS releases a final Medicare fee schedule for the following calendar year with national payment levels reflecting updated RVUs.

Although MACRA offers an incentive to participate in APMs through the higher annual update starting in 2026, providers are not required to be in APMs. MIPS applies to providers who are not furnishing services through APMs.

MIPS will replace three current Medicare programs: the Physician Quality Reporting System (PQRS), the Value-Based Payment Modifier (VM) and the Meaningful Use incentives for electronic health records (EHRs).

MIPS will be implemented in phases. The first phase, starting in 2019, will only include physicians, nurse practitioners, physician assistants, clinical nurse specialists and certified registered nurse anesthetists. Psychologists can expect to be added two years later when the U.S. Department of Health and Human Services (HHS) will make additional providers eligible for MIPS.

**Q** What happens after 2025?

**A** Beginning in 2026, the annual update will differ depending on whether or not the provider is participating in an alternative payment model (APM). For 2026 and subsequent years, the update for providers in APMs will be 0.75% while the update for those providers not in APMs will be 0.25%.

**Q** What is considered an alternative payment model (APM)? Do I have to be involved in one?

**A** APMs are health care delivery and service models that differ from traditional fee-for-service in that the APM assumes a risk of financial loss and incorporates quality measures. There are a variety of different APMs, including accountable care organizations, patient-centered medical homes and bundled payment arrangements.

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**Q** What is the Merit-Based Incentive Payment System (MIPS) and how does it affect psychologists?

**A** MIPS will replace three current Medicare programs: the Physician Quality Reporting System (PQRS), the Value-Based Payment Modifier (VM) and the Meaningful Use incentives for electronic health records (EHRs).

Meanwhile, the Budget Control Act of 2011, known as sequestration, included an annual two-percent reduction across the board for all Medicare provider payments through 2024. The Bipartisan Budget Act of 2014 extended that reduction for an additional two years.

So going forward, Medicare payment levels will reflect several factors: annual payment updates (increases or decreases) from CMS; sequestration; and the payment provisions in MACRA.
MIPS will use a new set of measures and activities under four performance categories to create a composite score for each MIPS-eligible professional. The composite score will be used to determine individualized incentive payments. Unlike the current PQRS program, MIPS provides credit to eligible professionals for partially meeting the performance criteria. The four performance categories and their weightings are:

- Quality (30 percent)
- Resource use (30 percent)
- Clinical practice improvement activities (15 percent)
- Meaningful use of certified EHR technology (25 percent)

The measures for quality, resource use and meaningful use will initially come from the existing programs (PQRS, VM and EHR technology). The measures for clinical practice improvement activities will be determined by HHS but must include expanded practice access, population management, care coordination, beneficiary engagement, patient safety and patient assessment and participation in an APM.

Q I don’t use EHRs in my practice. Will my payments be cut because I can’t meet the “meaningful use of certified EHR technology” criteria noted in the preceding answer?

A No. Psychologists and other behavioral health providers will not be penalized for failing to use EHRs since they are not classified as “meaningful users” under current law. HHS will assign different scoring weights to each performance category based on the extent to which the category applies to the type of MIPS-eligible professional in question.

Q I only see a few Medicare patients. Is there a way out of MIPS besides being in an APM?

A Possibly. MACRA allows providers to be exempt from MIPS if they meet an undefined low-volume threshold. It will be up to HHS to determine what qualifies as a low-volume threshold.

Q Do I still have the ability to opt out of Medicare and privately contract with patients?

A Yes, and MACRA makes the opting out process easier. Once you submit your initial affidavit indicating you are opting out, each two-year renewal of the opt-out will now occur automatically. You no longer need to furnish your Medicare Administrative Contractor (MAC) with a new affidavit every two years. If you decide not to continue to opt out, then you must notify your MAC at least 30 days before the end of the current opt-out period.

Q How will Medicare implement the provisions in MACRA?

A Many of the steps that must be taken to put MACRA’s changes into place are still unknown. The new law will be implemented by HHS, which will draft federal regulations for putting MACRA requirements into practice. The rulemaking process allows for notice and comment, so stakeholders like the APA Practice Organization can review proposed rules and recommend changes before the rules are finalized.

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