

Could Possible Healthcare Repeal Efforts Extend to Physician Payments Under Medicare?

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Now that the 2016 presidential election is over, many patients are asking whether Congress will repeal the Affordable Care Act (ACA), or parts of the legislation. Yet, many doctors are asking (or should be asking) whether Congress also will repeal Medicare's new payment system for physicians. The new system is scheduled to begin in 2017.

Shortly before the election, the Centers for Medicare and Medicaid Services (CMS) released its Final Rule for implementing the [Medicare Access and CHIP Reauthorization Act of 2015 \(MACRA\)](#), which dramatically changes how Medicare will pay doctors. MACRA will change doctors' payments from a fee-for-service system to a more complex payment system based upon performance reporting. The goal of the legislation is to pay doctors for quality of care, rather than for the volume of services. However, many doctors, already burdened by heavy reporting requirements, are resistant to these changes.

A recent congressional letter to CMS referenced a study indicating that doctors, on average, already spend 785 hours per year on reporting requirements. That equates to about \$15.4 billion annually. The letter also notes that although the Medicare payment changes will begin January 1st, 82 percent of doctors still do not fully understand the changes, or how they will impact Medicare reimbursement.

Under MACRA, a Merit-Based Incentive Payment System (MIPS) will pay doctors based on their scores in four performance categories. However, a small percentage of doctors who participate in alternative payment models, such as accountable care organizations, will be exempt from MIPS. Doctors who see 100 Medicare patients per year or less also are exempt.

MACRA passed with bipartisan support, though many in Congress have criticized the legislation as unduly burdensome on doctors. Most doctors surveyed also have expressed concerns about additional reporting requirements, which many feel do not improve patient outcomes, but instead take more time away from patient care. In fact, a number of these doctors have threatened to leave the Medicare program altogether.

In response to these concerns, CMS reduced certain reporting requirements in the MACRA Final Rule, and extended the time period for compliance by designating 2017 as a transition year. The MACRA Final Rule gives doctors and their groups the option to "phase-in" the new reporting requirements. Still, doctors must report a minimum amount of MIPS data in 2017, and submit this data by March 2018 to avoid payment reductions of 4 percent in 2019. Doctors who submit all of the required data will be eligible for a 4 percent bonus in 2019, and by 2022, doctors may receive a 9 percent payment adjustment, positively or negatively.

The implementation of MACRA will have a significant impact not only on doctors, but also on hospitals and

healthcare systems. Nearly 80 percent of doctors surveyed believe that MACRA will require them to join hospital systems or larger organizations with greater administrative capabilities. At the same time, doctors will have more incentive to participate in accountable care organizations and other alternative payment models. The general consensus is that MACRA will drive further consolidation in the healthcare industry.

It is not clear how renewed efforts to repeal the ACA may extend to the repeal or modification of MACRA. While many doctors may welcome the repeal of MACRA, this could have a disruptive effect on those physician practices and healthcare systems that have been preparing for the new payment system in earnest. All providers need to keep a close watch on any efforts to repeal or modify MACRA. While such changes may not receive the same publicity as renewed calls to repeal the ACA, the impact on doctors could be even more significant.

If you have any questions, or if you think your practice needs assistance concerning the MACRA Final Rule and its reporting requirements, contact Barley Snyder Partner Chris Churchill at 717-399-1571, or contact him at cchurchill@barley.com.

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