

Ongoing Efforts to Implement and Improve MACRA

While Medicare Access and CHIP Reauthorization Act (MACRA), represents an improvement over the flawed sustainable growth rate payment methodology and legacy quality and cost reporting programs, its implementation has been a significant undertaking for Centers for Medicare and Medicaid Services (CMS) and physicians.

Since the enactment MACRA, physician organizations have worked closely with both Congress and CMS to promote a smooth implementation of the Merit-Based Incentive Payment System (MIPS) and Alternative Payment Models (APMs).

These included improvements to MACRA in the Bipartisan Budget Act of 2018, which allowed for a more gradual transition into the program and helped many physician practices avoid penalties they likely would have otherwise incurred under the MIPS program. However, further refinements are needed to improve the program and ensure physicians can be successful going forward.

To foster the continued success of MACRA, we urge Congress to:

- Implement positive payment adjustments for physicians to replace the payment freeze over the next six years;
- Extend the Advanced APM bonus payments for an additional six years, and;
- Implement additional technical improvements to MACRA

Implement Annual Positive Payment Updates

MACRA included modest positive payment updates in the Medicare Physician Fee Schedule, but it left a six-year gap from 2020 through 2025 during which there are no updates at all.

The recent *2019 Annual Report of the Board of Trustees of the Federal Hospital Insurance and Federal Supplemental Medical Insurance Trust Funds* ([Medicare Trustees Report](#)) found that scheduled physician payment amounts are not expected to keep pace with increases in physicians' costs, and that "absent a change in the delivery system or level of update by subsequent legislation, the Trustees expect access to Medicare-participating physicians to become a significant issue in the long term."

Therefore, we urge Congress to replace the upcoming physician pay freeze with positive updates that allow physicians to sustain their practices and provide a margin to invest in practice improvements needed to transition to more efficient models of care delivery and better serve Medicare patients.

Extend the Advanced APM Incentive Payments

One goal of MACRA was to provide physicians with a glide path to transition into more innovative payment models but changing the way physicians deliver care requires significant investment in new technologies, workflow systems, personnel and training.

To help physicians implement these changes, MACRA provided a five percent incentive payment for the first six years of the program for physicians who participate in Advanced APMs intended to create a margin for physicians to invest in changing the way they deliver care.

However, the dearth of Advanced APMs available for physicians limited their ability to take advantage of the APM incentive that Congress provided to assist physicians with moving to new, innovative payment models.

Therefore, the AMA urges Congress to extend the Advanced APM payments for an additional six years to provide physicians with an onramp to move to APMs once they become available, as intended in the original legislation.

Implement Technical Improvements

There are numerous additional improvements that Congress could make to reduce the burden of MIPS participation. Congress should continue to engage with the medical community to make additional technical changes to MACRA to simplify MIPS and make reporting more clinically meaningful for physicians.

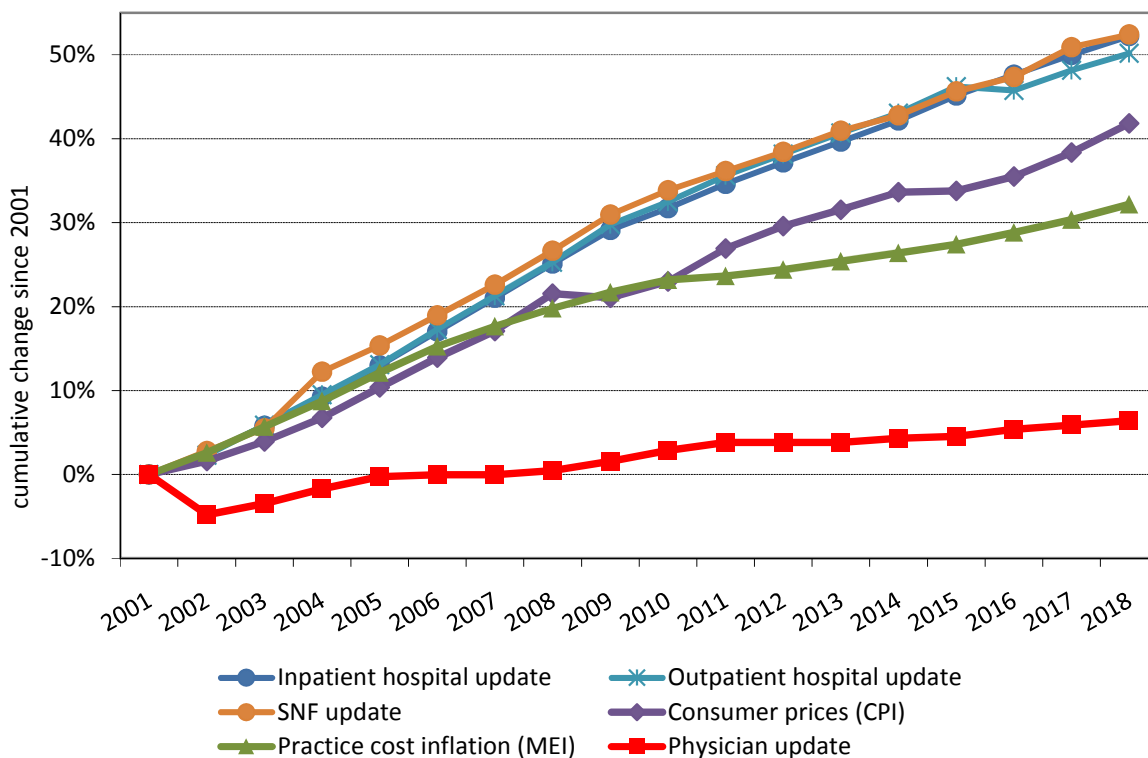
The primary goal should be to allow physicians to spend less time on reporting and more time with patients and on improving care, and to create a more sustainable MIPS program.

Changes should also promote participation in APMs by encouraging physicians to focus on more clinically relevant measures and activities, improvement, and providing better value care to patients.

Continuous Improvement

Just as continuous improvement is a central goal in health care, it should also be a central focus of MACRA implementation. Physician organizations remain committed to the success of MACRA and the achievement of a culture of continuous improvement in the delivery of care. To achieve that vision, however, the structure of MIPS and APMs must also continue to evolve and improve.

Medicare Updates Compared to Inflation (2001-2018)



Sources: Federal Register, Medicare Trustees' Reports and U.S. Bureau of Labor Statistics

According to data from the Medicare Trustees, Medicare physician pay has barely changed over the last decade and a half, increasing just 6 percent from 2001 to 2018, or just 0.4 percent per year on average. In comparison:

- Medicare hospital pay increased roughly 50 percent between 2001 and 2018, with average annual increases of 2.5 percent per year for inpatient services, and 2.4 percent per year for outpatient services.
- Medicare skilled nursing facility pay increased 52 percent between 2001 and 2018, or 2.5 percent per year.
- The cost of running a medical practice increased 32 percent between 2001 and 2018, or 1.7 percent per year. Inflation in the cost of running a medical practice, including increases in physician office rent, employee wages, and professional liability insurance premiums, is measured by the Medicare Economic Index or MEI.
- Economy-wide inflation, as measured the Consumer Price Index, increased 42 percent over this time period (or 2.1 percent per year, on average).

As a result, Medicare physician pay doesn't go nearly as far as it used to. Adjusted for inflation in practice costs, Medicare physician pay declined 19 percent from 2001 to 2018, or by 1.3 percent per year on average.

Sources:

Physician updates and the MEI are from the 2007-2017 Medicare Trustees' reports, Table IV.B1 "physician update".

Hospital updates are from the 2012, 2017 and 2018 Medicare Trustees' reports, Table IV.A1.

CPI figures are from the Bureau of Labor Statistics website, accessed 8/28/18, the change in the annual average index value, CPI-U all items.

Hospital outpatient updates are from the Federal Register:

2002	Federal Register / Vol. 66, No. 231 / Friday, November 30, 2001 / Rules and Regulations 59908
2003	Federal Register / Vol. 67, No. 212 / Friday, November 1, 2002 / Rules and Regulations 66788
2004	Federal Register / Vol. 68, No. 216 / Friday, November 7, 2003 / Rules and Regulations 63459
2005	Federal Register / Vol. 69, No. 219 / Monday, November 15, 2004 / Rules and Regulations 65841
2006	Federal Register / Vol. 70, No. 217 / Thursday, November 10, 2005 / Rules and Regulations 68551
2007	Federal Register / Vol. 71, No. 226 / Friday, November 24, 2006 / Rules and Regulations 68003
2008	Federal Register / Vol. 72, No. 227 / Tuesday, November 27, 2007 / Rules and Regulations 66677
2009	Federal Register / Vol. 73, No. 223 / Tuesday, November 18, 2008 / Rules and Regulations 68584
2010	Federal Register / Vol. 74, No. 223 / Friday, November 20, 2009 / Rules and Regulations 60316
2011	Federal Register / Vol. 75, No. 226 / Wednesday, November 24, 2010 / Rules and Regulations 71876
2012	Federal Register / Vol. 76, No. 230 / Wednesday, November 30, 2011 / Rules and Regulations 74189
2013	Federal Register / Vol. 77, No. 221 / Thursday, November 15, 2012 / Rules and Regulations 68283
2014	Federal Register / Vol. 78, No. 237 / Tuesday, December 10, 2013 / Rules and Regulations 74826
2015	Federal Register / Vol. 79, No. 217 / Monday, November 10, 2014 / Rules and Regulations 66770
2016	Federal Register / Vol. 80, No. 219 / Friday, November 13, 2015 / Rules and Regulations 70298
2017	Federal Register / Vol. 81, No. 219 / Monday, November 14, 2016 / Rules and Regulations 79562
2018	Federal Register / Vol. 82, No. 239 / Thursday, December 14, 2017 / Rules and Regulations 59216

SNF updates are from the Federal Register:

2002	Federal Register / Vol. 66, No. 147 / Tuesday, July 31, 2001 / Rules and Regulations, 39562
2003	Federal Register / Vol. 67, No. 147 / Wednesday, July 31, 2002 / Notices, 49798
2004	Federal Register / Vol. 68, No. 149 / Monday, August 4, 2003 / Rules and Regulations, 46036
2005	Federal Register / Vol. 69, No. 146 / Friday, July 30, 2004 / Notices 45775
2006	Federal Register / Vol. 70, No. 149 / Thursday, August 4, 2005 / Rules and Regulations, 45026
2007	Federal Register / Vol. 71, No. 146 / Monday, July 31, 2006 / Notices, 43158
2008	Federal Register / Vol. 72, No. 149 / Friday, August 3, 2007 / Rules and Regulations, 43412
2009	Federal Register / Vol. 73, No. 154 / Friday, August 8, 2008 / Rules and Regulations, 46416
2010	Federal Register / Vol. 74, No. 153 / Tuesday, August 11, 2009 / Rules and Regulations, 40288
2011	Federal Register / Vol. 75, No. 140 / Thursday, July 22, 2010 / Notices, 42886
2012	Federal Register / Vol. 76, No. 152 / Monday, August 8, 2011 / Rules and Regulations, 48486
2013	Federal Register / Vol. 77, No. 149 / Thursday, August 2, 2012 / Notices, 46214
2014	Federal Register / Vol. 78, No. 151 / Tuesday, August 6, 2013 / Rules and Regulations, 47936
2015	Federal Register / Vol. 79, No. 150 / Tuesday, August 5, 2014 / Rules and Regulations, 45628
2016	Federal Register / Vol. 80, No. 149 / Tuesday, August 4, 2015 / Rules and Regulations, 46390
2017	Federal Register / Vol. 81, No. 151 / Friday, August 5, 2016 / Rules and Regulations, 51970
2018	Federal Register / Vol. 82, No. 149 / Friday, August 4, 2017 / Rules and Regulations, 36530