



The Voice of Accountable Physician Groups

July 8, 2016

The Honorable Sylvia Mathews Burwell
Secretary
U.S. Department of Health & Human Services
200 Independence Avenue SW
Washington, DC 20201

Re: Implementing the Medicare Access and CHIP Reauthorization Act (MACRA) January 1, 2017

Secretary Burwell,

We are writing to urge you to adhere to the January 1, 2017 implementation date for the Medicare Access and CHIP Reauthorization Act (MACRA) as proposed in the *Merit-Based Incentive Payment System (MIPS) and Alternative Payment Model (APM) Incentive under the Physician Schedule and Criteria for Physician-Focused Payment Models Proposed Rule*.

CAPG is a national association representing over 250 physician organizations across 40 states, Washington, DC and Puerto Rico. CAPG members participate in pay-for-performance initiatives, alternative payment models and advanced alternative payment models. Our members have successfully operated under risk-based payment models with commercial and Medicare Advantage payers for over two decades. In addition, our members currently participate in the full spectrum of CMS delivery system reform initiatives, ranging from bundled payments to the Next Generation ACO program.

Last April, an overwhelming bipartisan majority in Congress passed, and the President signed into law, the Medicare Access and Chip Reauthorization Act (MACRA). In the lead up to enactment, CAPG and many other health industry and physician stakeholders worked to design a payment system that would break the relentless cycle of the sustainable growth rate (SGR) and free traditional Medicare from its reliance on a flawed fee-for-service payment methodology. The result, MACRA, offers physicians two new options for payment – the merit-based incentive payment system (MIPS) or advanced alternative payment models (APMs). We call on you to implement MACRA as proposed, on January 1, 2017.

At this juncture, any delay will disadvantage those physicians and physician organizations that have been preparing for implementation of this law for over a year. Physicians and physician groups have responded to MACRA in various ways including assessing quality measures and implementing systems to report for MIPS; applying for and participating in advanced APM models; hiring additional staff to ensure the validity of quality data submissions. Our members took these steps to prepare with the expectation

that MACRA implementation would begin in 2017 with bonuses being paid out in 2019. Delay unfairly penalizes those that have diligently prepared for MACRA implementation by making investments with the expectation of a 2019 payment year for either MIPS bonuses, which by CMS's own estimates would total \$833 million, plus an additional \$500 million in exceptional performance payments to MIPS eligible clinicians, or APM bonuses in the amount of an estimated \$146 million to \$429 million.¹

While MACRA implementation represents change in some respects, many of the nation's physicians are ready for MIPS or APMs beginning January 1, 2017. Their readiness stems from a few facts. **First, the predecessor programs that predominantly comprise the MIPS track have been in existence for many years**, including: (1) the Physician Quality Reporting System (PQRS) since its enactment in 2006; (2) the value modifier program since its enactment in 2010; and (3) meaningful use since its enactment in 2009. MACRA aims to consolidate and streamline these programs which have been in place for years.

Second, MACRA represents a reduction in the potential penalties for physicians and physician groups as compared to current law and regulation. MACRA implementation should be welcomed as an improvement over current law. For example, in calendar year 2015 (2017 payment year), CMS began to apply the value-based payment modifier to solo practitioners and groups with two or more eligible practitioners (it already applied to larger physician groups). For solo practitioners, the amount of penalty associated with the value modifier is two percent for the 2017 payment year; the amount of penalty associated with PQRS is also two percent for 2017; and a potential three percent penalty for failure to meet meaningful use requirements. For the following year, calendar 2016 performance year/2018 payment year, the potential penalties increase. On the first day of MACRA implementation, the penalties are reduced to a maximum of four percent. Furthermore, MACRA creates additional flexibility and reduces reporting burdens as compared to these current programs.

Third, much has been made about the compressed regulatory timeframe for MACRA implementation. We believe that the timeframe is consistent with past practice and within the expectations of many physicians who participate in CMS performance programs now. Each year the physician fee schedule, containing various program updates and changes, is proposed in the summer, finalized in the fall and many provisions take effect on January 1 following the final rule. While MACRA implementation may seem daunting, we believe that it is similar to this process that occurs each year.

As a final comment, we are highly concerned about the implications of delay in a Presidential election year. As you know, January will bring a new Congress and a new Administration charged with the oversight and implementation of MACRA. We fear that any initial delay of any duration may open to the door to additional delays as the new Congress and Administration work through the complexities of the legal and regulatory regime. The best course of action is to adhere to the proposed implementation schedule and to make tweaks and adjustments to the law and regulations as it unfolds in practice.

CAPG is committed to the successful and timely implementation of the law. We look forward to working with CMS to ensure a smooth transition to MIPS and APMs.

¹ Medicare Program; Merit-Based Incentive Payment System (MIPS) and Alternative Payment Model (APM) Incentive Under the Physician Fee Schedule, and Criteria for Physician-Focused Payment Models, Proposed Rule, 81 Fed. Reg. 28,162, 28,165 (May 9, 2016).

Sincerely,

A handwritten signature in black ink, appearing to read "Donald H. Crane". The signature is fluid and cursive, written on a light-colored background.

Donald H. Crane
President and CEO
CAPG

cc:

The Honorable Mitch McConnell, Majority Leader, United States Senate
The Honorable Harry Reid, Minority Leader, United States Senate
The Honorable Paul Ryan, Speaker, United States House of Representatives
The Honorable Nancy Pelosi, Minority Leader, United States House of Representatives
The Honorable Orrin Hatch, Chairman, Senate Finance Committee
The Honorable Ron Wyden, Ranking Member, Senate Finance Committee
The Honorable Kevin Brady, Chairman, House Ways and Means Committee
The Honorable Sander Levin, Ranking Member, House Ways and Means Committee
The Honorable Fred Upton, Chairman, House Energy and Commerce Committee
The Honorable Frank Pallone, Ranking Member, House Energy and Commerce Committee
Acting Administrator Andrew Slavitt, Centers for Medicare and Medicaid Services
Deputy Administrator and Director of the Center for Medicare, Sean Cavanaugh, Centers for Medicare and Medicaid Services
Deputy Administrator for Innovation and Quality and CMS Chief Medical Officer, Dr. Patrick Conway, Center for Medicare and Medicaid Services