



IT TAKES VISION

# MACRA and Medicare Advantage

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## Caveats and limitations

This presentation and question and answer session is not intended to be an actuarial opinion or advice, nor is it intended to be legal advice.

Any statements made during the presentation and subsequent question and answer session shall not be a representation of Milliman or its views or opinions, but only those of the presenter.

In preparing this presentation, we relied on data and information from the Centers for Medicare and Medicaid Services (CMS). We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the information we present may likewise be inaccurate or incomplete.

This presentation reflects our combined experience working with provider organizations and health plans. Each organization's circumstances, beneficiaries, and infrastructure are unique. We present general information about Medicare Advantage and MACRA that is not intended to be a specific actuarial opinion or advice.

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# Overview

- Background
- MACRA Overview
- MA Synergies: Advanced APMs and QP Status
- Quality Overlap

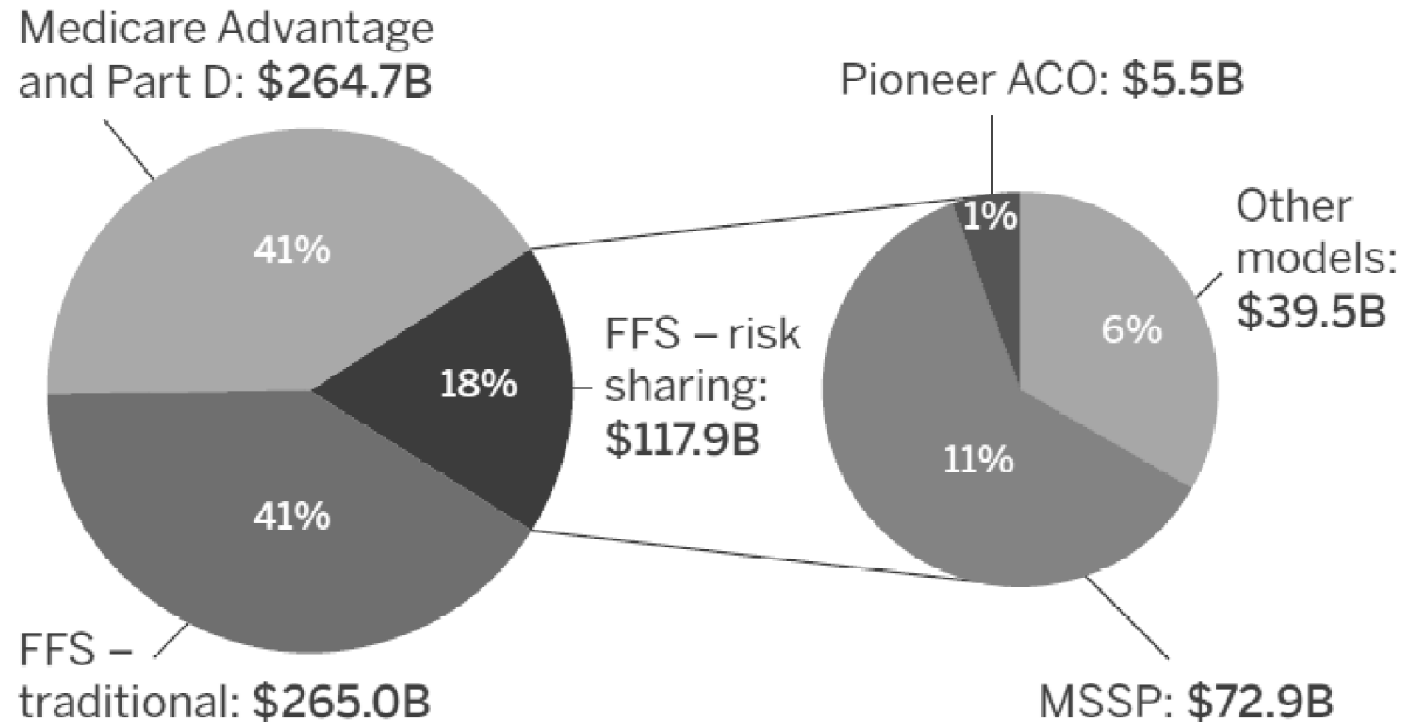
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## Key questions

- How will MACRA affect MA plans' provider payments?
- What synergies exist between MACRA's quality scoring and the MA Stars quality program?
- How can MA plans help providers achieve Qualifying Participant (QP) status?
- What incentives exist under MACRA for providers to improve risk score coding?
- How are MA plans in the market responding to MACRA?

**Background**

# 2015 Medicare expenditures



- Sources:
- <http://wayback.archive-it.org/3926/20170128195431/https://www.hhs.gov/about/news/2016/03/03/hhs-reaches-goal-tying-30-percent-medicare-payments-quality-ahead-schedule.html>
  - <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/Downloads/TR2016.pdf>
  - <https://data.cms.gov/ACO/Medicare-Shared-Savings-Program-Accountable-Care-O/x8va-z7cu>
  - <https://innovation.cms.gov/Files/x/pioneeraco-fncl-py4.pdf>

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## Current situation

- MA plans have significant flexibility in structuring provider contracts
  - Ability to negotiate contracts
  - Design benefit plans that steer members toward specific providers
- Contracts utilize FFS reimbursement, risk-sharing, and global capitation
  - Mainly FFS reimbursement
  - Increasing movement towards risk-based contracts and capitation
  - MACRA may accelerate this movement

# MACRA timelines

	Up to 2018	2019	2020-2024	2025	2026+
<b>Medicare Fee Schedule Updates</b>	+0.5%		No fee schedule increases		+0.25% (Non QP)
					+0.75% (QP)
<b>MIPS Adjustments</b>	MIPS adjustments				
	-4% to +12% (2019) to -9% to +27% (2022+)				
	+10% exceptional performers				
<b>Advanced APM Adjustments</b>	QP bonus +5%				
	QP and Partial QP status avoid MIPS penalties				



# **Advanced APMs and QP Status**

# Alternative Payment Models (APMs)

## Medicare APMs

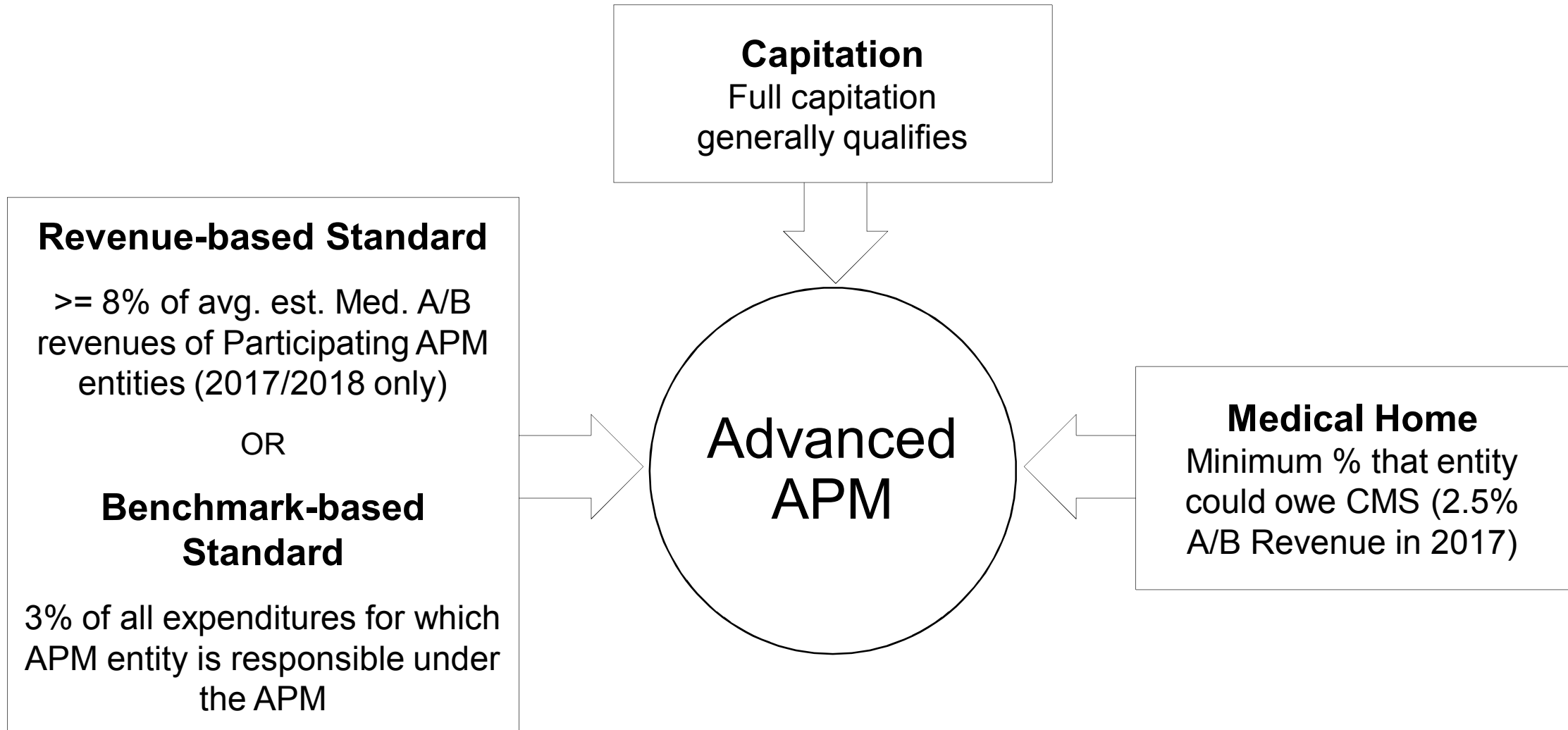
<b>CMS Innovation Center Model</b> (under section 1115A, other than Health Care Innovation Award)	<b>MSSP</b> (Medicare Shared Savings Program)	<b>Demonstration</b> under Health Care Quality Demonstration Program	<b>Demonstration</b> required by federal law
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## Advanced APMS

*To be an advanced APM, the APM must meet all three of the following:*

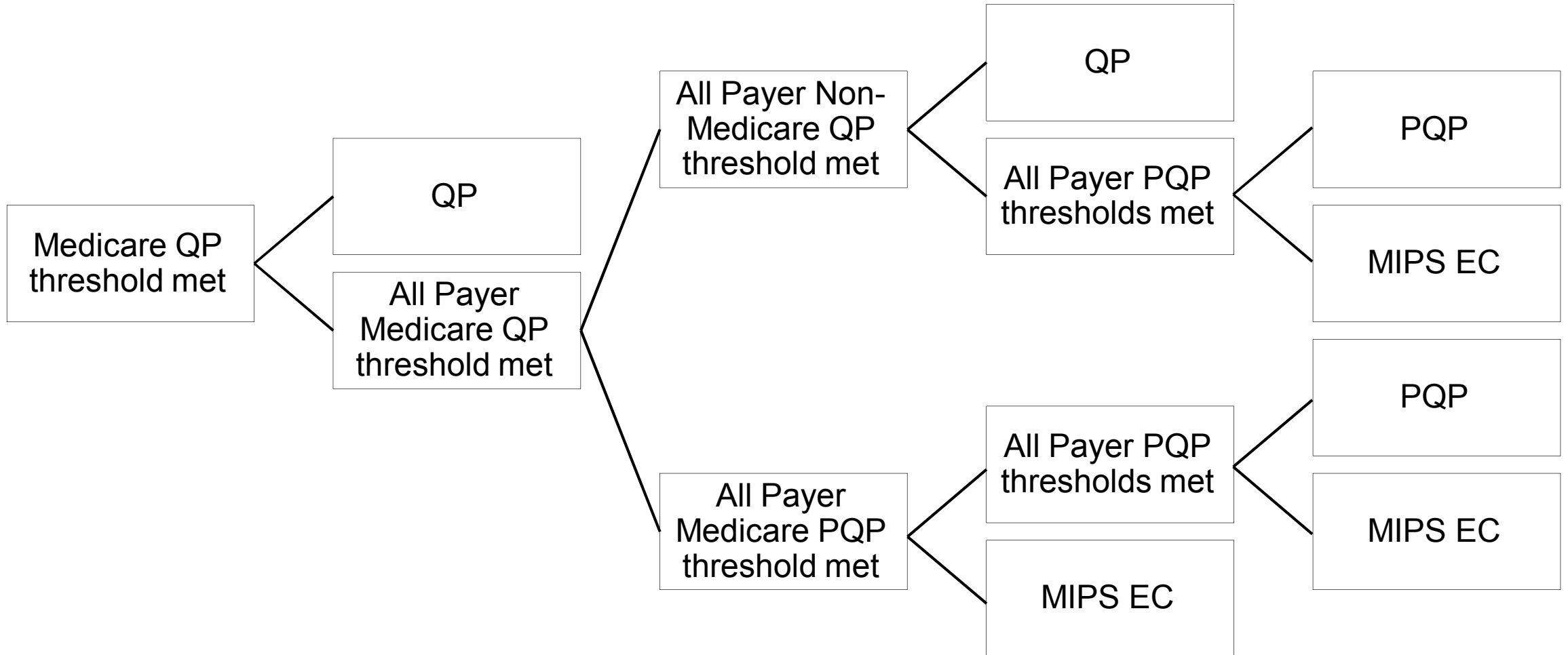
- 1) **EHR:** The APM must require participants to use certified EHR technology.
- 2) **Quality:** The APM must provide for payment for covered professional service based on quality measures comparable to those in the quality performance category under MIPS.
- 3) **Nominal Risk:** Must assume at least “nominal risk.”

# Advanced APM specific risk criteria



# Qualifying APM Participants

## Decision tree – 2021+ All Payer



# Current ACOs/APMs

	<b>MSSP Track 1</b>	<b>MSSP Track 1+</b>	<b>MSSP Track 2</b>	<b>MSSP Track 3</b>	<b>Next Gen</b>
<b>Advanced APM?</b>	No	Yes	Yes	Yes	Yes
<b>Shared Savings Percentage</b>	50% × Quality Score	50% × Quality Score	60% × Quality Score	75% × Quality Score	80% (Track A) / 100% (Track B)
<b>Shared Loss Percentage</b>	0%	30%	One minus final sharing rate (minimum 40%, maximum 60%)	One minus final sharing rate (minimum 40%, maximum 75%)	80% (Track A) / 100% (Track B)
<b>Maximum Loss (Loss Cap)</b>	0%	Varies	PY1: 5% PY2: 7.5% PY3+: 10%	15%	5% – 15%

# 2017 ACO Participation



- MSSP Track 1 - 83.4%
- MSSP Track 2 - 1.1%
- MSSP Track 3 - 6.9%
- NextGen - 8.6%

# **Synergies with Medicare Advantage**

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# Potential synergies

Quality metrics

Medicare Advantage and CMS Advanced APMs

Medicare Advantage provider contracts

Fee schedule impacts

Provider/payer partnerships



# Quality metrics

<b>Program</b>	<b>Stars Weight</b>	<b>Percentage</b>
Stars measures – Part C overall	51.0	
Stars measures – Part C excluding the Health Plan Quality Improvement factor	46.0	100%
Next Generation ACO	20.5	45%
Medicare Share Savings Program (MSSP)	20.5	45%
MIPS	30.0	65%

- Significant overlap of metrics
- Providers can choose from hundreds of metrics
- MA plans may be able to help steer providers towards mutually advantageous choices

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# Medicare Advantage and CMS Advanced APMs

MSSP/Next Gen objectives are becoming more closely aligned with Medicare Advantage program

Risk adjustment opportunity under Next Gen and Medicare Advantage

Quality overlap with STAR ratings

Care management programs can impact MSSP, Next Gen, and Medicare Advantage

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# Medicare Advantage provider contracts

Likely provider movement towards Advanced APMs (All-Payer criteria for QPs)

MA plans should review contracts vs. Advanced APM criteria

Consider costs/benefits of developing, maintaining, and administering contracts

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# Medicare Advantage provider reporting/support

## Opportunity for provider reporting:

Reporting package can help providers assess their performance on an ongoing basis

Assist providers in projecting their MIPS adjustment, monitoring QP status, and evaluating relative risk/reward of QP status/Advanced APMs

High-performing providers: In future years, identify high value/high quality providers for potential contracting by reviewing Provider Compare summaries

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# Fee schedule impacts

## Impacts of flat Part B fee schedules

- Pressure on Part B providers; providers may look for contract changes
- Downward pressure on FFS costs may drive down MA capitation rates

## Definition of “FFS Medicare”

- What does “FFS Medicare” mean in a MACRA world?
- Include or exclude MIPS adjustments and QP bonus?
- Impact on high-performing vs. low-performing providers

## Related Party Considerations

- Inclusion/exclusion of MACRA bonuses
- Additional clarification will be needed

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# Provider/payer partnerships

Providers increasingly moving towards risk arrangements

Providers are looking for partners

Financial protection: providers considering stop loss protection, due to downside risk arrangements

Network considerations: Next Gen allows for changes to contractual reimbursement (i.e., not all at FFS reimbursement levels)

Education: attribution, risk models, financial opportunities

Care management, risk score improvement, quality metric submission

Legal issues: ACO setup, legal documents, CMS applications, compliance with Fed/State regulations

Potential leveraging of MA health plan capabilities

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# What can health plans do for providers?

Provide assistance with organizational framework (ACO structure, legal issues)

Provide care management education and functions

Insulate providers from downside risk

Share upside savings with providers

Financial modeling, benchmarking

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## Key points

1. Quality: Emphasis on quality metrics has high ROI, due to overlap.
2. QP Status: MA contracts can count towards All-Payer Advanced APM status (if meet criteria).
3. Medicare Fee Schedules: Nuances will have ripple effects across multiple areas.
4. Provider/Payer Partnerships: Good opportunities for partnership, leveraging of provider and payer strengths and experiences.



# Questions?

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