

athenahealth: A Business Partner

An Evolving Payment Landscape:
The Pivot to 'Quality'

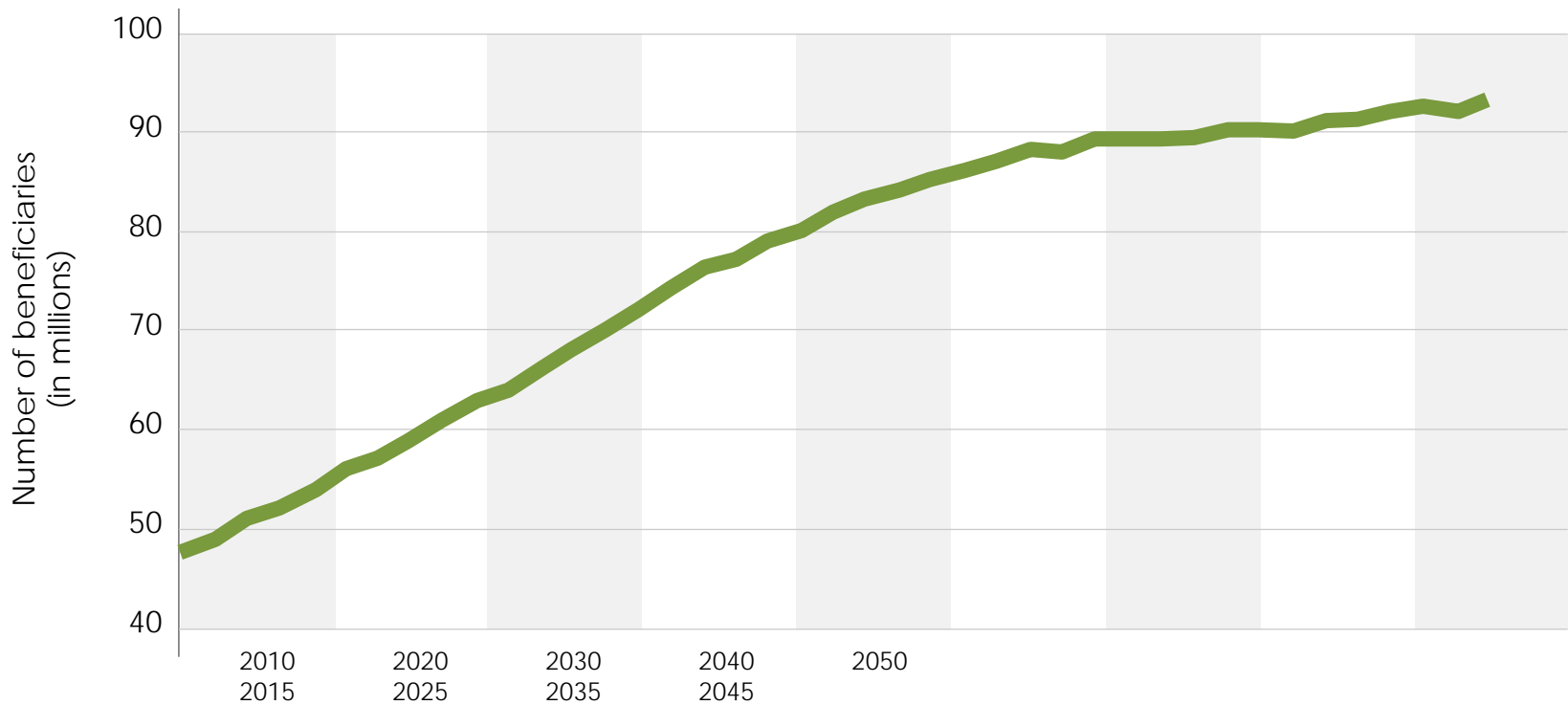
Edward Sherlock

March 2, 2016



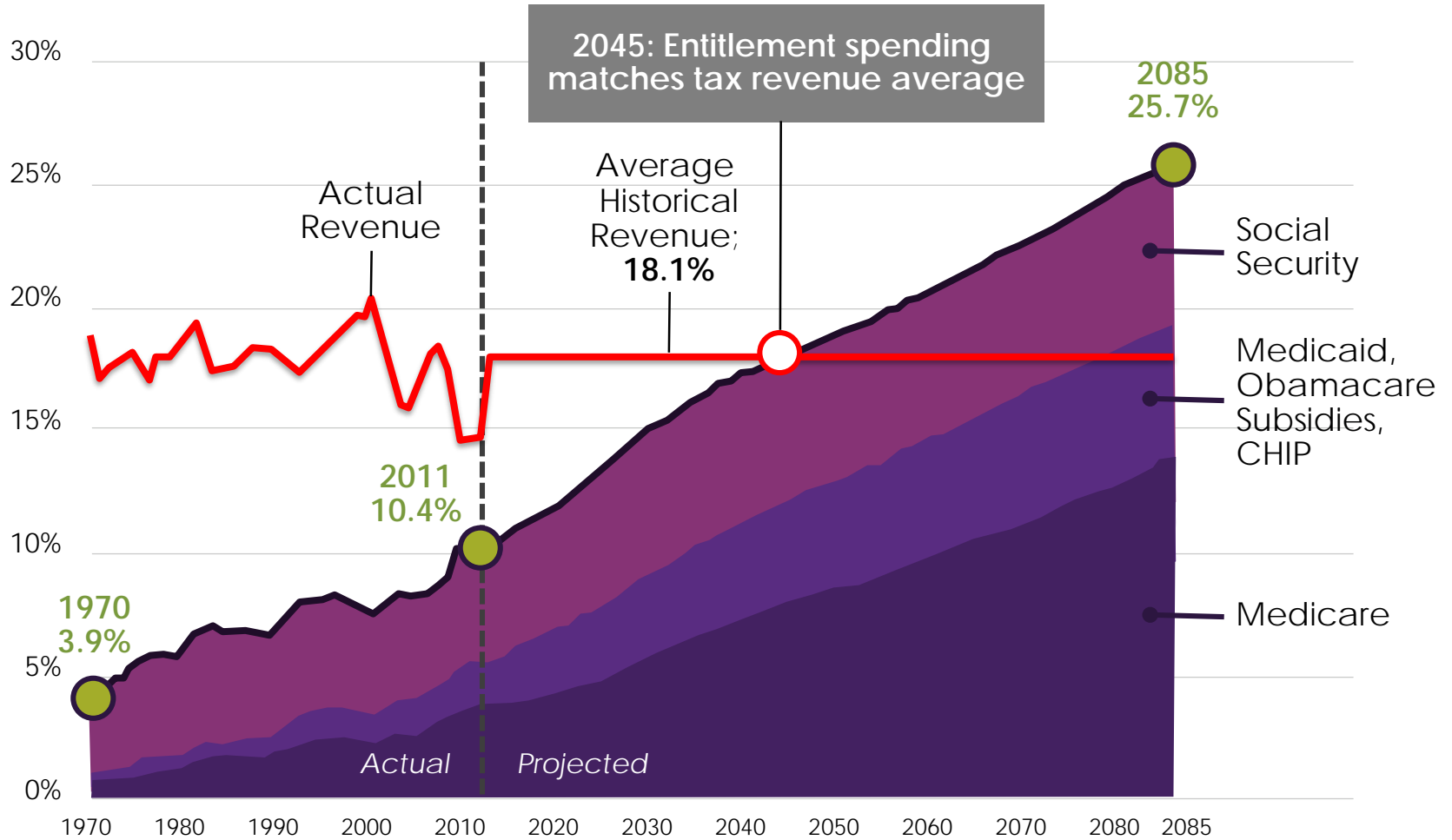
10,000 people will enter Medicare every day
for the next 15 years

Medicare enrollment project to grow rapidly as members of the baby-boom generation age into the program



Source: 2014 annual report of the Boards of Trustees of the Medicare trust funds.

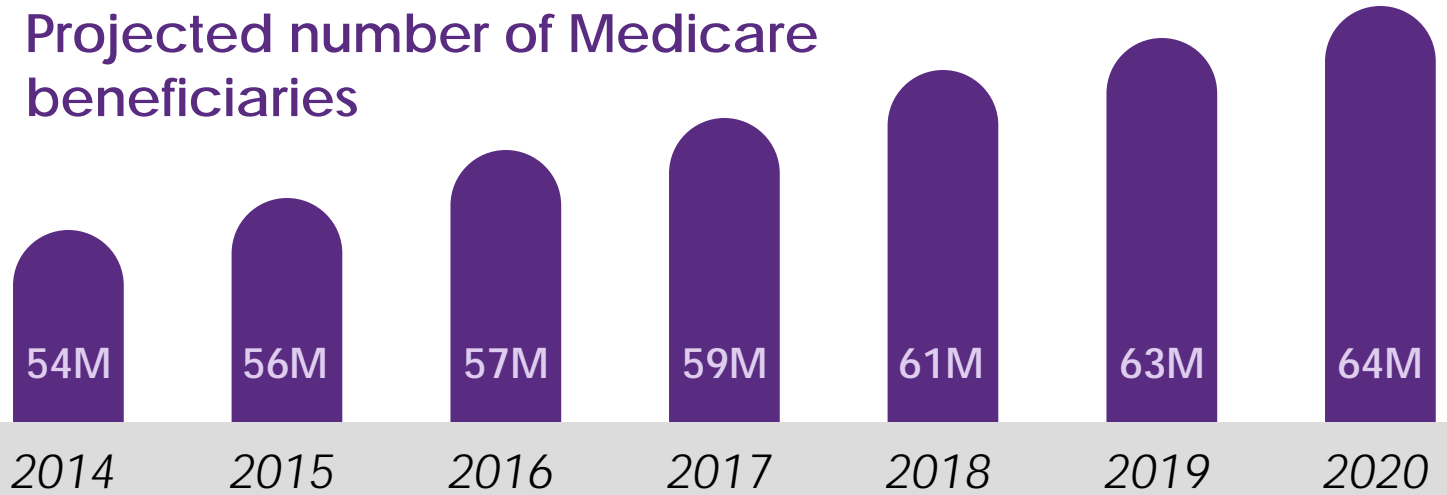
And overall, we're still on pace to bankrupt the U.S.



Source: <http://www.realclearpolicy.com/blog/2012/05/>



Projected number of Medicare beneficiaries



Projected Medicare Fee-for-service Payment Cuts per the ACA

Source: CMS, "2013 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds," May 31, 2013, available at: <http://downloads.cms.gov/files/TR2013.pdf>



2018: **90%**
of Medicare
payments
tied to quality.

2020: **75% of**
commercial
plans will be
value-based.



Jan 2015. <http://www.hhs.gov/news/press/2015pres/01/20150126a.html>



END OF MAINTAINED
TRAIL



FFS versus FFV

Fee-for-service

Fees billed per units of service

Income maximized through volume

No penalty for poor quality

Providers lose money if they reduce unnecessary services

Value-based payments

Eliminates incentive to increase volume

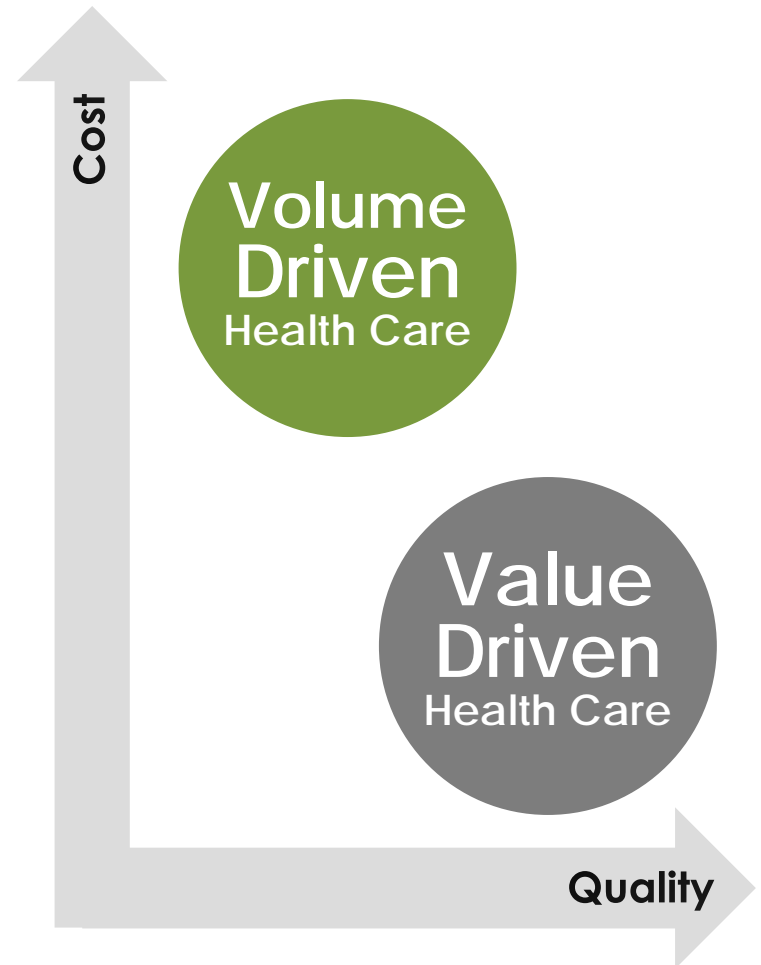
Eliminates incentive to provide high-cost services over equally effective low-cost services

Quality-based incentives

Shared risk

Emphasizes the role of primary care providers

Encourages coordination of care





PQRS, Meaningful Use & VBM



AVOID THE AX

PQRS versus MU

Number of measures

PQRS

9

out of

287

measures

Meaningful Use

20

out of

23

measures



PQRS versus MU

Measurement style

PQRS

Report first.

Then,
performance
against your
peers.

Meaningful Use

Measure
thresholds.



PQRS versus MU

National success on the programs

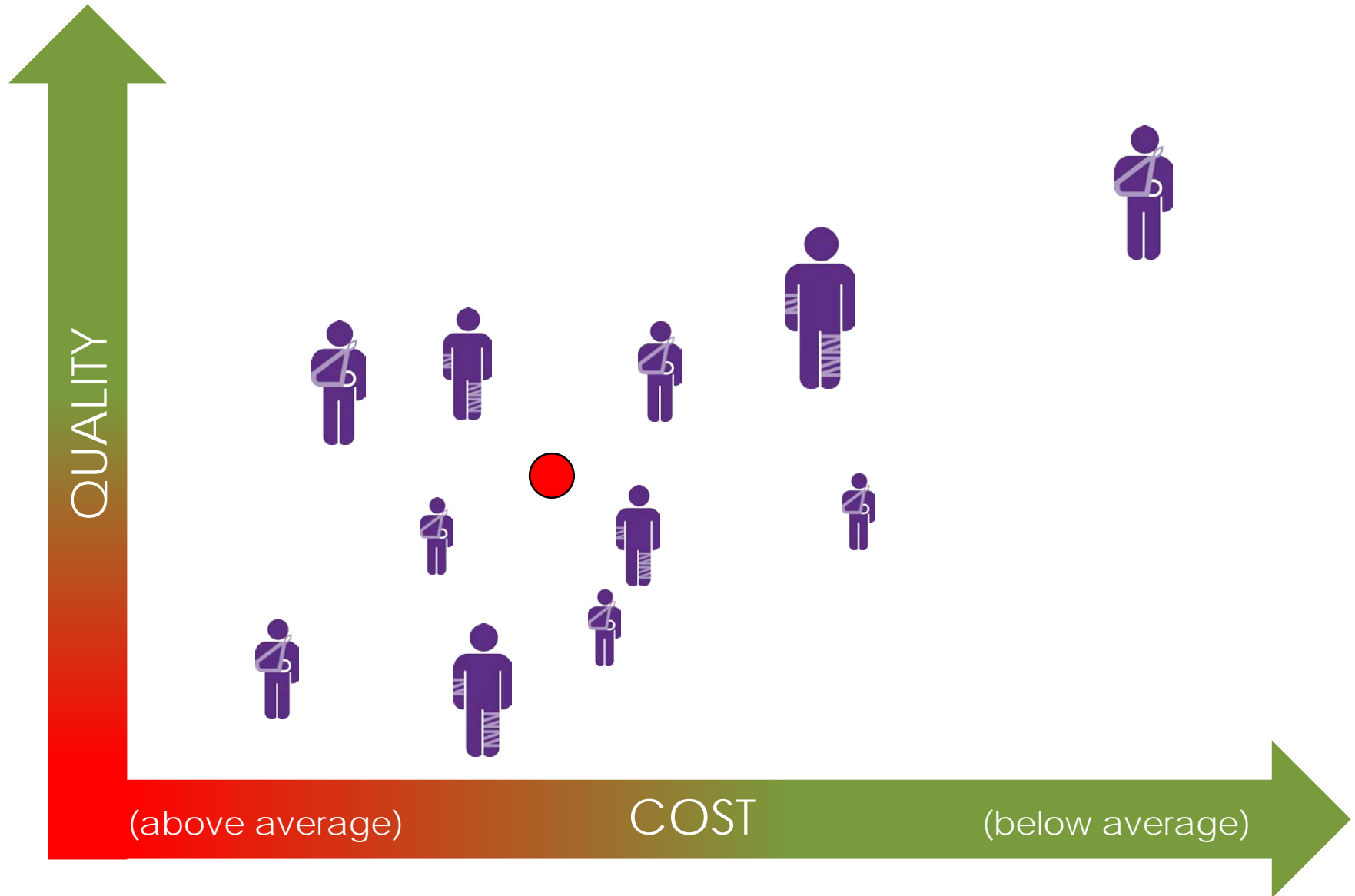
PQRS

Nearly **40%** of eligible providers face a payment reduction for not reporting in 2013.

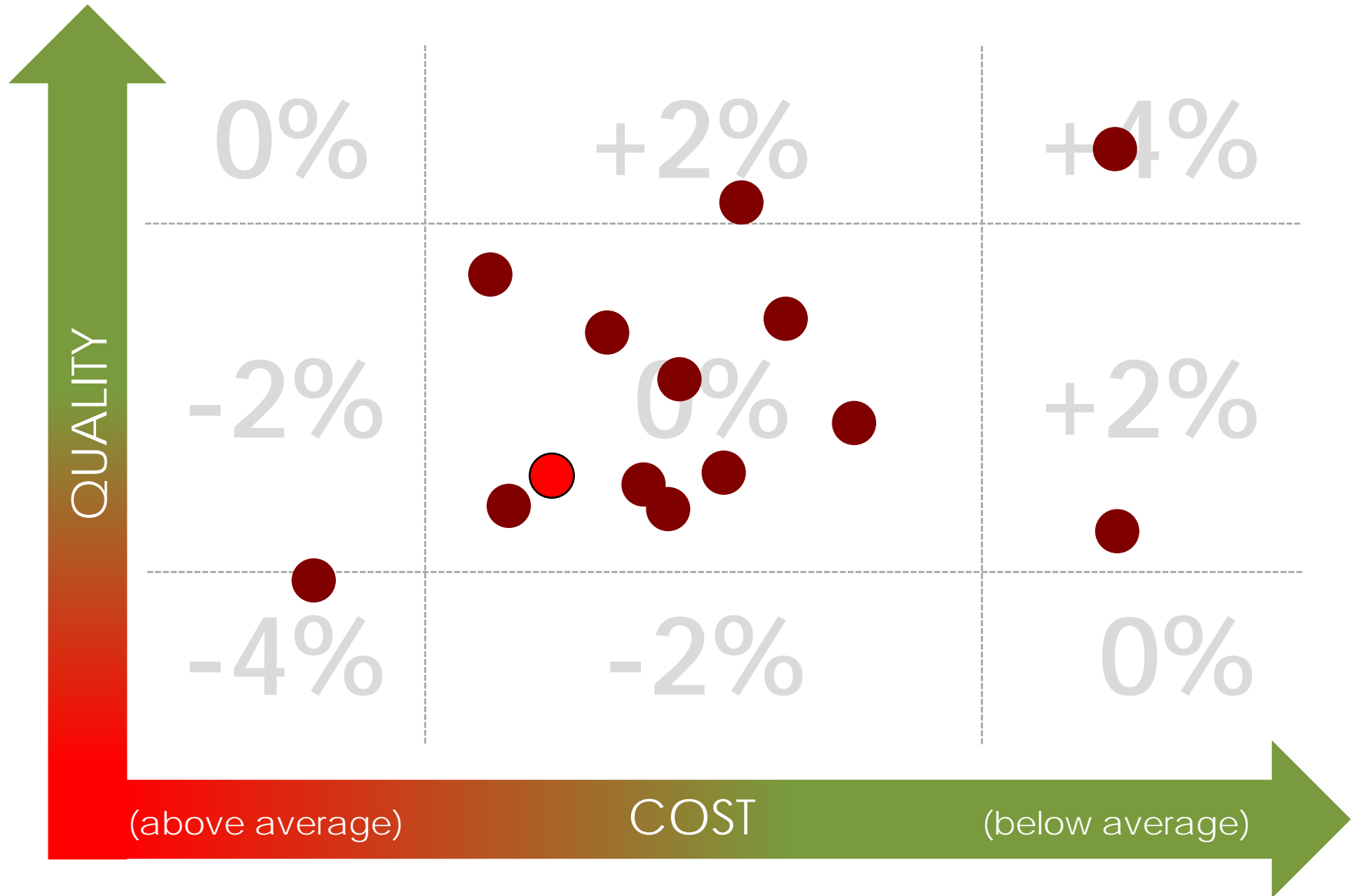
Meaningful Use

More than **30%** will be penalized for not meeting requirements in 2013 and 2014.

Value-Based Payment Program uses data in PQRS to rate practices on cost & quality



Rewards and penalties are based on how practices perform relative to the nation



PQRS versus MU Penalties

Upcoming Medicare Penalties

Program	2015	2016	2017	2018
Physician Quality Reporting System (PQRS)	-1.5%	-2%	-2%	-2%
Value Based Modifier Program (VM)	-1%	-2%**	-2% or -4%***	TBD
Meaningful Use/EHR Incentive Program	-1% or -2%*	-2%	-3%	-4%
Penalty	-3.5% or -4.5%	-6%	-7% or -9%	TBD

*-2% in 2015 only applies to providers who failed Meaningful Use and eRx thresholds

The Evolution of PQRS

