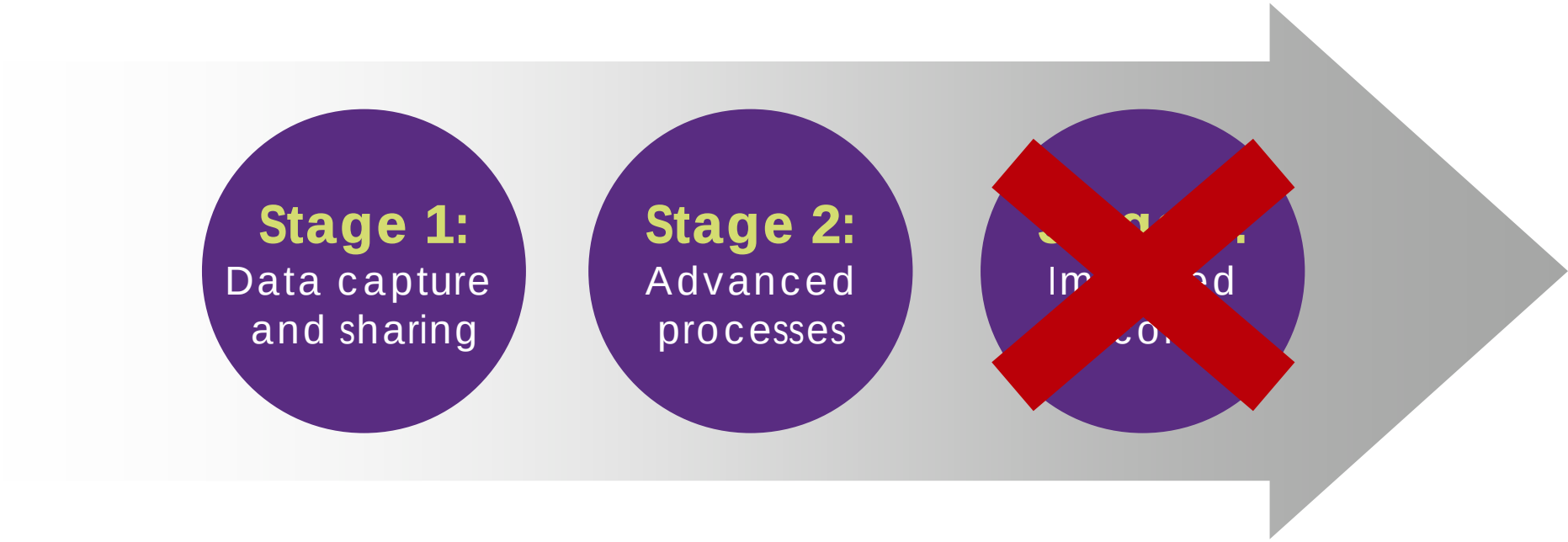
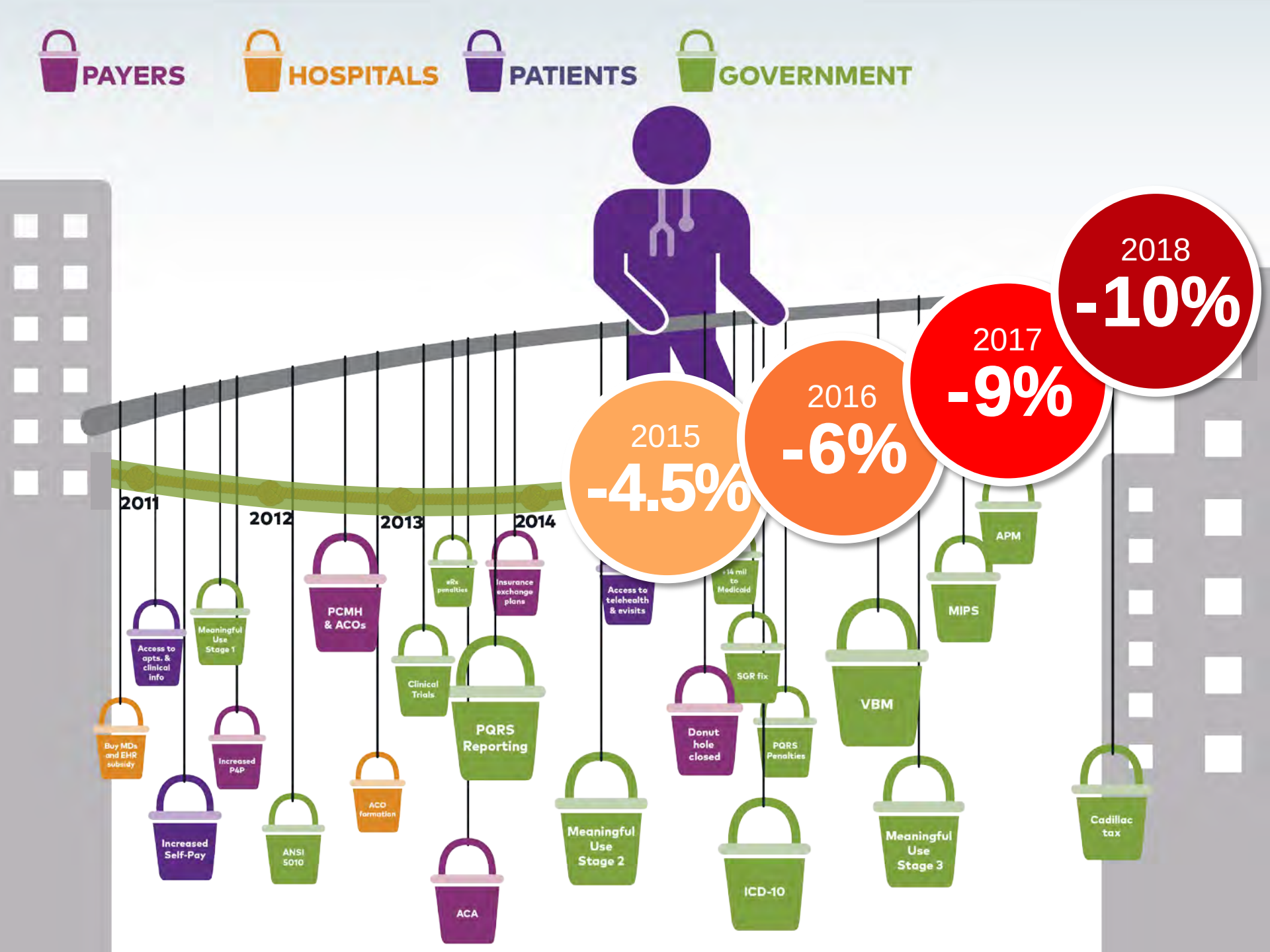
The Evolution of Meaningful Use




PAYERS
HOSPITALS
PATIENTS
GOVERNMENT
2011
2012
2013
2014
2015
-4.5%
2016
-6%
2017
-9%
2018
-10%
Buy MDs and EHR subsidy
Access to apts. & clinical info
Meaningful Use Stage 1
Increased Self-Pay
Increased P4P
ANSI 5010
PCMH & ACOs
ACO formation
eRx penalties
Clinical Trials
PQRS Reporting
ACA
Insurance exchange plans
Access to telehealth & evisits
Meaningful Use Stage 2
+14 mil to Medicaid
Donut hole closed
SGR fix
PQRS Penalties
ICD-10
APM
MIPS
VBM
Meaningful Use Stage 3
Cadillac tax

Reminder: the Grand Bargain of the ACA is to expand coverage while reducing Medicare rates

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop N3-01-21
Baltimore, Maryland 21244-1850

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

Office of the Actuary

DATE: April 22, 2010

FROM: Richard S. Foster
Chief Actuary

SUBJECT: Estimated Financial Effects of the "Patient Protection and Affordable Care Act," as Amended

ient Protection and Affordable Care Act, as Enacted and Amended, in billions

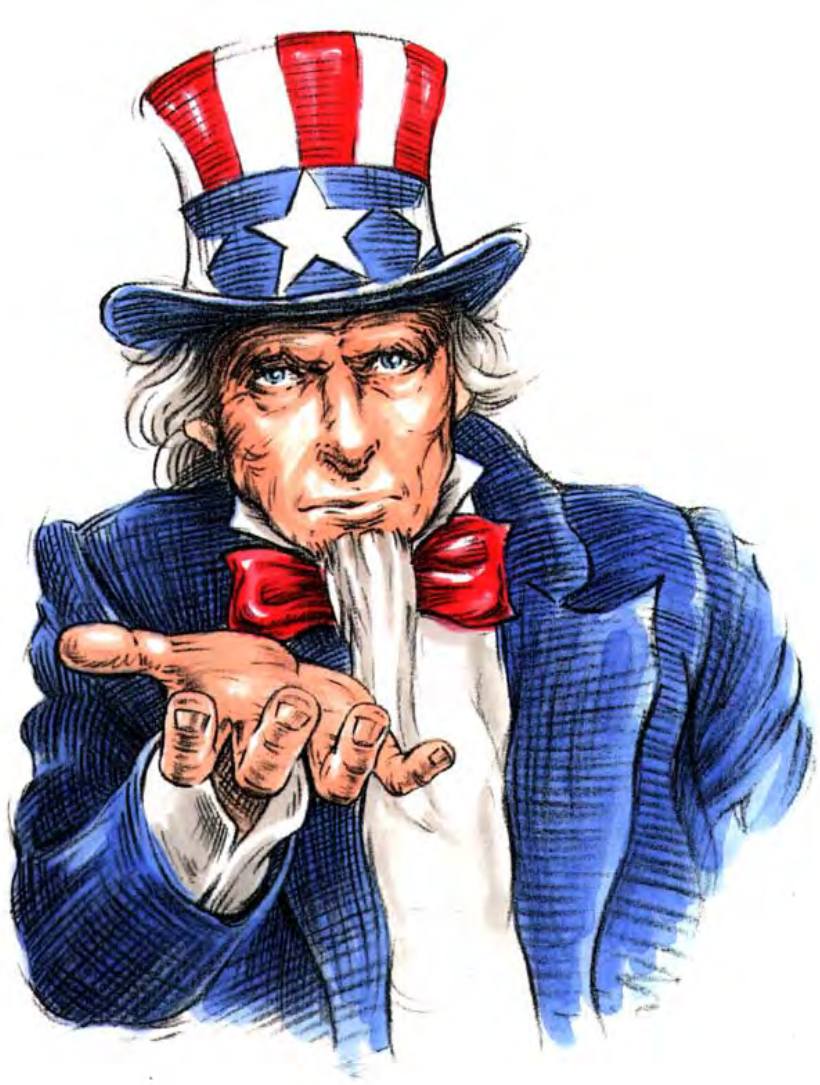
	Fiscal Year										Total, FY 2010-2019
		2012	2013	2014	2015	2016	2017	2018	2019	
Total*	$9.2	-$0.7	-$12.6	-$22.3	$16.8	$57.9	$63.1	$54.2	$47.2	$38.5	$251.3
Coverage Provisions:	3.3	4.6	4.9	5.2	82.9	119.2	138.2	146.6	157.6	165.8	828.2
Medicaid Expansion and CHIP Funding	—	—	—	—	38.8	62.9	78.7	72.2	76.3	81.2	410.3
Credits:	3.3	4.6	4.9	5.2	49.6	67.6	77.9	99.1	110.3	115.5	537.9
Individual Exchange Subsidies:	—	—	—	—	43.9	61.4	76.3	99.1	110.3	115.5	506.5
Refundable Premium Tax Credits	—	—	—	—	38.4	54.2	68.3	88.6	98.7	103.0	451.1
Reduced Cost-Sharing Requirements	—	—	—	—	5.5	7.2	8.0	10.5	11.6	12.5	55.4
Small Employer Credits	3.3	4.6	4.9	5.2	5.7	6.2	1.6	0.0	0.0	0.0	31.4
Penalties:	—	—	—	—	-5.5	-11.3	-18.4	-24.7	-29.0	-30.9	-119.9
Individual Penalties	—	—	—	—	0.0	-2.4	-5.3	-7.6	-8.6	-9.2	-33.1
Employer Penalties	—	—	—	—	-5.5	-9.0	-13.0	-17.1	-20.4	-21.8	-86.8
Medicare	1.2	-4.7	-14.9	-26.3	-68.8	-60.3	-75.2	-92.1	-108.2	-125.7	-575.1
Medicaid/CHIP (Excluding Coverage Expansions	-0.9	-0.9	0.8	4.5	8.6	5.1	4.6	3.4	1.3	1.7	28.3
Cost Trend Proposals:	—	—	—	—	0.0	-0.1	-0.2	-0.4	-0.6	-0.9	-2.3
Comparative Effectiveness Research†	—	—	—	—	0.0	-0.1	-0.2	-0.4	-0.6	-0.9	-2.3
Prevention and Wellness	—	—	—	—	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fraud and Abuse	—	—	—	—	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administrative Simplification	—	—	—	—	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional Proposals:	5.6	0.4	-3.3	-5.6	-5.9	-6.0	-4.3	-3.4	-2.8	-2.4	-27.8
CLASS Program	—	-2.8	-4.5	-5.6	-5.9	-6.0	-4.3	-3.4	-2.8	-2.4	-37.8
Immediate Reforms	5.6	3.2	1.2	—	—	—	—	—	—	—	10.0

* Excludes Title IX revenue provisions except for sections 9008 (fees on manufacturers and importers of brand-name prescription drugs) and 9015 (additional HI payroll tax). Also excludes certain provisions with limited impacts and Federal administrative costs.

† Excludes the Medicare impact of CER, which is included in the Medicare savings total.

Source: Centers for Medicare & Medicaid Services, Office of the Actuary.
April 22, 2010

On the other side of the ledger, the promised cuts are coming!



Physicians providing care to Medicare patients could face a "tsunami" of regulatory penalties over the next 10 years, **potentially seeing payments cut by more than 13 percent** by the end of the **decade**.

- American Medical Association

20

In January 2015, CMS signaled that it would get more aggressive about making good on the promised cuts

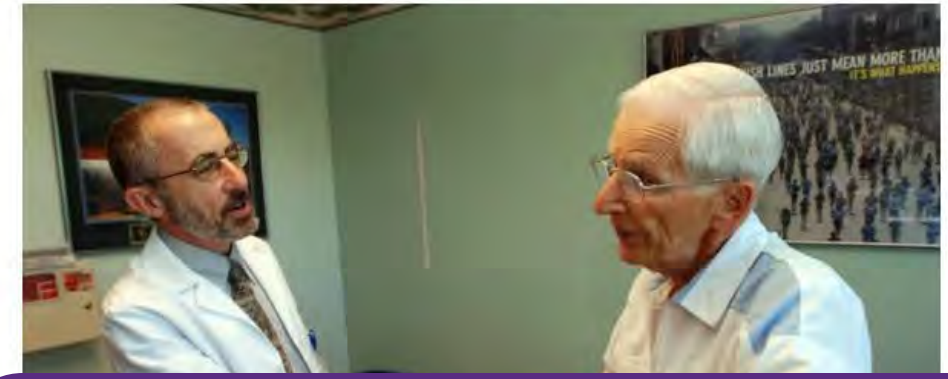
The Washington Post

Search

The Obama administration wants to dramatically change how doctors are paid

A 27

By Jason Millman January 26 at 12:33 PM Follow @jasonmillman



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By 2018, the Obama Administration wants 50% of all Medicare payment to flow through value-based entities like ACOs, up from 30% today. 90% of payments to be tied in some way to quality.

SGR Repeal bill

And the rules will keep changing… in 2019, as part of the SGR fix, MU+PQRS+VBM will be rolled into the Merit-Based Incentive Payment System

BREAKING: President Obama Signs SGR Repeal Legislation, Shifting Medicare Physician Payment Incentives

April 17, 2015 by Mark Hagland | REPRINTS

On Apr. 16, President Obama signed into law a bill that ushers in a new era in value-based MD payment

President Obama signs MACRA legislation Apr. 16 (Reuters)

On Thursday afternoon, April 16, President Barack Obama signed the Medicare Access and CHIP Reauthorization Act of 2015, or "MACRA," a bill passed by the House of Representatives on March 26 and by the Senate on April 14 that now permanently repeals the long-maligned Sustainable Growth Rate (SGR) formula for Medicare physician payment.

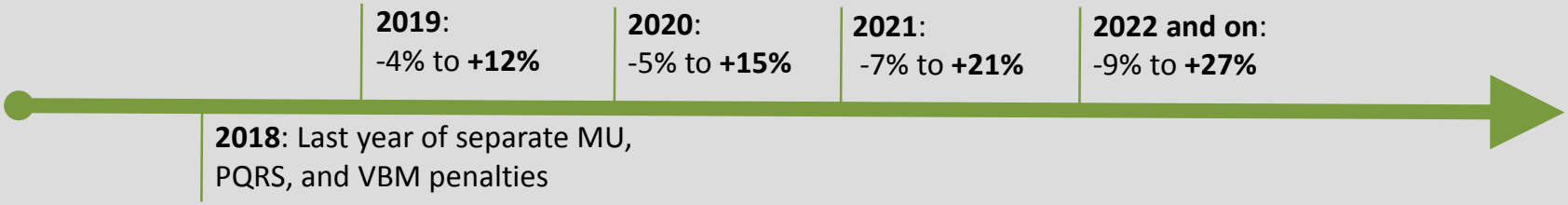
As the *Washington Post* reported, in signing the bill into law, the President praised the bipartisan nature of the legislation, cobbled together in the House by Speaker John Boehner (R-Oh.) and Democratic Leader Nancy Pelosi (D-Calif.) for negotiating the terms of the legislation. He further said that "It also improves it [physician reimbursement] because it starts encouraging payments based on quality, not the number of tests that are provided or the number of procedures that are applied but whether or not people actually start feeling better. It encourages us to continue to make the system better without denying service," he added.

Source: http://www.healthcare-informatics.com/article/breaking-president-obama-signs-sgr-repeal-legislation-shifting-medicare-physician-payment-in


MU
VM
PQRS

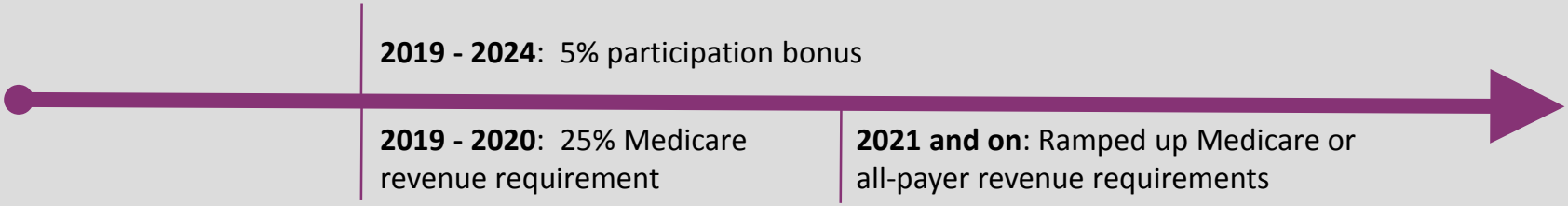
MACRA represents a continuation of the shift toward value

Merit-Based Incentive Payment System[1]



1. Positive adjustments may be scaled by a factor of up to 3 times the negative adjustment to ensure budget neutrality. Actual positive adjustments may be lower than numbers shown here. In addition, top performers may earn additional adjustments of up to 10 percent.

Advanced Alternative Payment Models[2]



2. APM participants who are close to but fall short of APM bonus requirements will not qualify for bonus but can report MIPS measures and receive incentives or can decline to participate in MIPS.

Source: *The Medicare Access and CHIP Reauthorization Act of 2015*; Advisory Board analysis.

Cashing in on VBR today.

Collecting incentives

Revenue Threats	Revenue Opportunities	New Models for Reimbursement
MU + PQRS + VM	CCM TCM PCMH	MSSP Bundles ACO

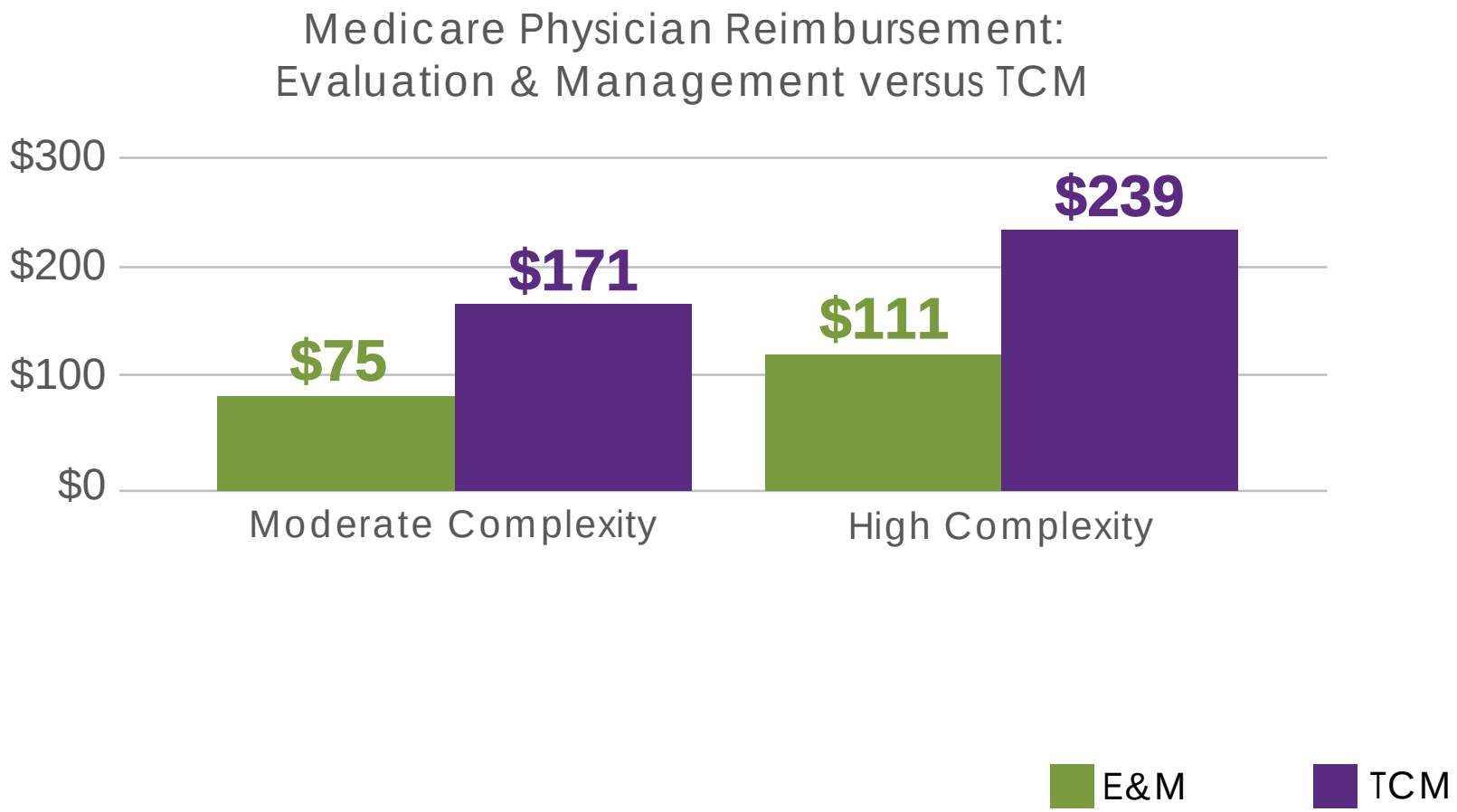
Transitional Care Management

During the first 30 days after discharge…

- Interactive communication between patient and caregiver within **2 business days of discharge**
- **Non-face-to-face** services, such as reviewing discharge information or assisting in follow-up with other providers
- **A face-to-face** visit within either 7 or 14 calendar days of discharge

Transitional Care Management

pays for the work of reducing re-hospitalization



Chronic Care Management