On Wednesday, April 27, 2016, the Centers for Medicare & Medicaid Services (CMS) released its proposed rule that links Medicare provider payments to quality patient care. This is the first major step taken by the government to implement the Medicare Access and CHIP Reauthorization Act of 2015, also known as MACRA. The MACRA law replaced the Medicare sustainable growth rate, commonly known as “SGR” or the “doc fix.” The law fundamentally changes how Medicare pays physicians and other clinicians who participate in the program.

The proposed rule creates a “Quality Payment Program” to replace old reporting programs. It includes a two-track system for Medicare reimbursement:

- **Merit-based Incentive Payment System (MIPS)** – consolidates components of the Physician Quality Reporting System (PQRS), the Value-based Payment Modifier (VM), and the Medicare Electronic Health Record (EHR) Incentive Program
- **Alternative payment model (APM) track**

CMS would begin measuring performance for doctors and other clinicians through MIPS in 2017, with payments based on those measures beginning in 2019. The proposed rule outlines four MIPS performance categories, each comprising a different percentage of an overall performance score in the first year of implementation:

- **Quality**: 50 percent of the score. Clinicians would choose to report six measures from a range of options that accommodate differences among specialties and practices.
- **Advancing care information**: 25 percent of the score. Clinicians choose to report customizable measures reflecting their use of technology in day-to-day practice with an emphasis on interoperability and information exchange. CMS emphasizes that, unlike current reporting program requirements, this category would not require all-or-nothing EHR measurement or redundant quality reporting. Under the proposed rule, the Meaningful Use incentive payment would be replaced by this new advancing care information program for physicians being paid by Medicare.
- **Clinical practice improvement activities**: 15 percent of the score. This would reward activities like care coordination, beneficiary engagement, and patient safety.
- **Cost**: 10 percent of the score. The score would be based on Medicare claims which means there are no reporting requirements for clinicians. This category would use 40 episode-specific measures to account for differences among specialties.

This score is used to determine how the provider is paid.

In the APM track, Medicare will provide bonus payments to doctors who participate in advanced alternative payment models. Models included in this category are those under which clinicians accept both risk and reward for providing coordinated, high-quality care. Examples cited in the proposed rule include the Comprehensive Primary Care Plus model and the Next Generation Accountable Care Organization model. Medicare physicians who participate to a sufficient extent in various APMs could be exempt from MIPS reporting requirements and qualify for financial bonuses.