Updates to Medicare’s Quality Payment Program That May Impact You

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- **Context.**—Within Medicare’s Quality Payment Program, and more specifically the Merit-based Incentive Payment System, pathologists stand to potentially lose or gain approximately $2 billion during the initial 7 years of the program. If you or your group provides services to Medicare beneficiaries, you will likely need to comply with the program.

- **Objective.**—To avoid potential reductions in Medicare reimbursement, pathologists need to understand the requirements of these new payment programs.

- **Data Sources.**—Each year the Centers for Medicare & Medicaid Services publish a Final Rule detailing the program requirements and updates. 2020 marks the fourth reporting year for the Merit-based Incentive Payment System. Performance this year will impact 2022 Medicare Part B distributions by up to ±9%.

- **Conclusions.**—By staying up to date with the ever-evolving Merit-based Incentive Payment System requirements, pathologists will be better equipped to successfully comply with this relatively new payment system, reduce the burden of participating, understand the reporting differences of the various performance categories, and thereby be able to maximize their scoring and incentive potential.

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In 2015, Congress passed the Medicare Access and CHIP Reauthorization Act (MACRA), which was game-changing for our health care system. This legislation replaced the sustainable growth rate system and established in its stead a mandatory new program intended to reward health care providers for higher quality care while reining in costs. This new program bundled prior quality reporting programs: the Physician Quality Reporting System, the Physician Value-Based Modifier, and the Electronic Health Record Incentive Program (Meaningful Use), into a single system of assessments and incentives, which the Centers for Medicare & Medicaid Services (CMS) designated as the Quality Payment Program (QPP). Within the QPP, there are 2 main payment pathways: the Merit-based Incentive Payment System (MIPS) and Advanced Alternative Payment Models (APMs). Reporting for the QPP began January 1, 2017, with the resulting payment adjustments lagging 2 years, starting in 2019. According to CMS, approximately 1,100,000 clinicians are expected to be reimbursed under the QPP in 2022 for 2020 reporting. Most of these clinicians (approximately 880,000) will be considered MIPS eligible, whereas between 210,000 and 270,000 clinicians are expected to be considered Qualifying APM Participants (QPs; acronyms list available in the Appendix).

As stated, most QPP eligible clinicians (ECs) fall into the MIPS pathway, which is the default pathway. An EC is defined by law as any physician, physician assistant, nurse practitioner, clinical nurse specialist, certified registered nurse anesthetist, or any group that includes such professionals and bills CMS. This EC definition can be expanded by CMS in future years. As stated previously, the QPP is a mandatory program; however, an EC can be excluded from MIPS in any of the following circumstances: (1) he or she is a QP; (2) he or she does not exceed the Low Volume Threshold in either of the 2 time segments used to determine eligibility (ie, seeing ≤200 Medicare Part B beneficiaries, providing ≤200 covered professional services to Part B patients, or billing ≤$90,000 for Part B covered professional services); or (3) if he or she is a first-time enrollee in CMS. However, starting in 2019, unless all 3 criteria of the Low Volume Threshold are met, an EC can decide to “opt in” to MIPS. If an EC or group decides to opt in, they will receive a final MIPS score and will receive a payment adjustment based on the data they submit. Once an EC or group decides to opt in, they cannot reverse their decision. An EC or group can also decide to voluntarily report for MIPS. If an EC or group does voluntary reporting, they will not receive a payment adjustment. However, CMS will provide them with a performance feedback report including what their MIPS score would have been based on the data they submit.

Based on 2017 CMS reporting, 13,409 pathologists were considered MIPS ECs. This number of MIPS-eligible pathologists is expected to be lower for the 2018 and 2019 performance years because of the expanded Low Volume Threshold criteria that exempts more clinicians. As we enter

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year 4 of reporting for the QPP, the program continues to evolve, with scoring becoming more complex, reporting requirements increasing, and potential payment adjustments becoming larger. It is essential that ECs or groups check the status of their MIPS eligibility, using their National Provider Identifier and associated business Tax Identifier Number(s), at the start of each reporting year to understand what actions are needed for them to successfully comply with the program (https://qpp.cms.gov/participation-lookup; accessed October 3, 2019). In addition to providing eligibility status, this tool also informs the EC or group of any special status, such as being deemed facility based, small practice, or non-patient facing. Here, we will review the overarching details of the QPP and specifically MIPS, focusing on what has changed since initial implementation, and describe what an individual pathologist or pathology group needs to do to successfully participate.

**MERIT-BASED INCENTIVE PAYMENT SYSTEM**

Within MIPS, an EC’s or group’s Final Score (FS) is dependent upon its performance within up to 4 performance categories. This FS is used to compare the EC’s or group’s performance to other participants in MIPS, and ultimately determines their potential bonus or penalty. In 2019, the theoretical range of payment impact from MIPS was ±4%; this increases to ±5% in 2020, ±7% in 2021, then ±9% in 2022. This reimbursement change affects all Physician Fee Schedule services, and the adjustment is determined by the EC’s or group’s performance during the reporting period 2 years prior. In other words, MIPS reporting and performance in 2019 will determine 2021 payment adjustments. Also of note, MIPS is a budget neutral program. Those ECs or groups that receive the negative adjustment are the ones paying for the bonuses. This budget neutrality is illustrated by the 2019 payment adjustments received based on 2017 reporting. 2017 was a Pick-Your-Pace performance year where participation in MIPS was made easier in order to encourage ECs to report data and familiarize themselves with the new program. As such, ECs only had to report on a minimal amount of data in order to avoid a penalty and receive a positive payment adjustment. Therefore, a vast majority of ECs (93%) received a positive payment adjustment; whereas 2% received a neutral payment adjustment, and 5% received a penalty because they did not report any data. The budget neutrality, combined with CMS’s transitional-year implementation of eased performance reporting requirements in 2017, resulted in fewer negative adjustment penalties, and thus lower positive adjustment rewards. Separate from the budget neutrality, there is a pool of $500 million set aside by Congress to further reward those deemed as exceptional performers during the first 5 years of MIPS.

The 4 categories within MIPS on which performance is assessed are: Quality; Improvement Activities (IAs); Promoting Interoperability or PI (formerly Advancing Care Information); and Cost (formerly Resource Use). Notably, reporting requirements within each category differ depending on whether an EC is considered “Patient Facing” or “Non–Patient Facing.” CMS has defined a Non–Patient-Facing EC as any EC who bills 100 or fewer patient-facing encounters in a calendar year. For those reporting as a group, 75% of the ECs must meet this criterion for the group to be considered Non–Patient Facing. Each year, CMS publishes a list of encounters that qualify as patient facing, which historically has included evaluation and management, apheresis, and certain procedural CPT codes. To date, the vast majority of pathologists are classified as Non–Patient Facing. As Non–Patient-Facing ECs, pathologists will likely not be scored on Promoting Interoperability and Cost because the current performance metrics within those categories do not apply. Although this reduces the burden of reporting, it shifts the weighting of the EC’s FS into Quality (85%).

A key point is that the CMS acknowledges that smaller practices are at a disadvantage in reporting MIPS, and accordingly CMS is slowly ramping up the requirements and performance thresholds. For example, during 2017 reporting, CMS only required an EC or group to report on 1 quality measure for 1 patient, 1 IA, or the base measures for the Advancing Care Information (now known as Promoting Interoperability) category in order to avoid the penalty. So by reporting on 1 quality measure, regardless of the number of cases, or attesting to 1 IA in 2017, an EC or group would have avoided the 4% downward payment adjustment in 2019. In 2018, this minimum threshold to avoid the penalty increased to an FS of 15 points and in 2019 to an FS of 30 points. In order to further reduce burdens on small practices, CMS has expanded the Low Volume Threshold criteria to exempt additional solo and small practices from MIPS reporting. CMS also allows small practices of 15 or fewer clinicians to report on quality measures via Medicare Part B claims reporting either as individuals or as a group, a mechanism no longer available starting in 2019 for large practices with more than 15 clinicians. Small practices also receive bonus points that are applied to the Quality category score and receive 3 points for quality measures that do not meet the data completeness criteria (discussed later), whereas large practices receive 0 points.

**Facility-Based Scoring**

Starting in 2019 there is a new scoring option for ECs considered to be facility based, where the EC’s Quality and Cost category scores will be automatically assigned based on the EC’s attributed facility. These scores will be determined by the facility’s Hospital Value-Based Purchasing Program performance. For an EC to be classified as facility based, 75% or more of that EC’s or group’s covered professional services must be billed from the inpatient hospital (Place of Service [POS] 21), on-campus outpatient hospital (POS 22), or emergency department (POS 23), with at least 1 service being billed from POS 21 or POS 23. This alternative scoring methodology is intended to reduce the burden on hospital-based ECs; however, facility-based individuals and groups must still attest to IAs separately in order to maximize their MIPS score. Additionally, facility-based ECs and groups have the option to report their Quality category separately from the facility. Unless the EC’s or group’s facility has an excellent Value-Based Purchasing Program performance, facility-based ECs and groups will likely find it advantageous to report separately for quality, because CMS will use the highest score (facility based or separately reported) for the MIPS FS. Therefore, it is essential that such ECs or groups be aware of their facility’s performance within the Hospital Value-Based Purchasing Program. Within CMS’s QPP Web site ECs can preview their potential facility-based score based on their facility’s historical performance (https://qpp.cms.gov; accessed October 3, 2019).
As previously mentioned, the Quality performance category is proportionally the most important, accounting for 85% of a Non–Patient-Facing EC’s MIPS FS. In order to maximize an EC’s or group’s quality score, they must either report on at least 6 applicable quality measures, of which 1 must be considered a high priority or outcome measure, or report on a specialty measure set. For CMS to deem the submitted measure data complete, the EC or group must report on at least 70% of the patients eligible for the quality measure. If reporting via claims, that would be 70% of their Medicare patients, but if reporting via any other mechanism, it has to be 70% of all their patients (inclusive of all payers). Additionally, each measure needs to have a minimum of 20 cases or patients to receive a performance score. Additionally, starting in 2019 there are 2 American Academy of Dermatology stewarded QPP quality measures in the program that may be applicable to pathologists: QPP 265 and QPP 440. These measures focus on the turnaround time for basal cell carcinoma and squamous cell carcinoma pathology reports (QPP 440), and then the rate of documented communication of biopsy results to the referring physician and the patient (QPP 265; Table 1). In 2020, CMS added QPP 440 to the Qualified Registry Pathology Measure Set, thus making a total of 6 quality measures available for reporting via a Qualified Registry (Table 1). Of those pathology QPP measures that remain in the program, the 2 lung cancer measures and the melanoma measure as well as the 2 American Academy of Dermatology measures were deemed as “high priority” and are eligible for 1 bonus point each once the requirement of reporting on at least 1 high-priority measure is met. In order to receive bonus points, measures must meet case minimum and data completeness requirements and have a performance rate higher than 0%. Seeing the need for alternative mechanisms for pathologists to comply with MIPS, the CAP created the first CMS-approved pathology-specific Qualified Clinical Data Registry (QCDR), the Pathologists Quality Registry. The significance of a QCDR reporting tool will be discussed later in this manuscript, but in short it allows additional CMS-approved quality payment measures to be created for MIPS quality reporting. For 2020, there are 23 total quality payment measures available in CAP’s Pathologists Quality Registry (Table 2).7

Each reported measure receives a score from 0 to 10 points depending on the EC’s performance compared with others who reported on the same measure. The maximum value (10 points) is dependent on whether the measure has a reported benchmark; if CMS cannot score a measure against a benchmark the measure will receive 3 points. Maximum available points are reduced if the measure is considered topped out (7 points), if case minimum requirements are not met (3 points), or if data completeness requirements are not met (0–3 points; Table 3). If 6 measures were applicable to the EC or group that would then equate to a maximum total of 60 possible quality points. If more than 6 measures were reported, CMS will choose the 6 best to determine the quality score. However, the EC would be eligible to receive bonus points for up to 10% of the possible quality points. In this example of 60 possible points, that would equate to up to 6 additional high-priority or outcome measures bonus points even if the measure was not used in calculating the quality score. So it can be advantageous for ECs or groups to report on more than the required 6 measures. Lastly and as previously stated, starting in 2019 CMS gave small group practices, defined as groups with 15 or fewer clinicians, 6 bonus points that apply to the quality category as long as the small practice reports on at least 1 quality measure. An example is presented in the Figure, A.

### IA Category

The IA performance category is worth 15% of an EC’s MIPS FS. This category aims to recognize activities such as care coordination, patient engagement, and safety. There are more than 100 CMS-defined IAs that are considered medium- or high-weighted activities. An EC or group is able to obtain up to 40 points within this performance category. In order to achieve the full 40 points, a Non–Patient-Facing EC needs to attest to participating in at least 2 medium-weighted or 1 high-weighted activity for a minimum of 90 days in the reporting period. In contrast, Patient-Facing ECs need to attest to 4 medium-weighted or 2 high-weighted activities for full credit in this category. One significant change for this category in 2020 is that although previously a group could attest to an improvement activity if at least 1 clinician in the group participated, starting in 2020 at least 50% of the clinicians in the group must perform the same activity in order for the group to attest to that improvement activity. Clinicians can perform the activity during any continuous 90-day period during the performance year. Everyone does not need to perform the activity at the same time.) Importantly, CMS recommends keeping documentation of performing the selected activities for 10 years. Through a joint effort with CMS, CAP has created a pathology-specific guide focusing on IAs that are most applicable to pathologists and presenting examples of types of documentation that would comply with performance of the activity. This guide is annually updated as the program evolves, and it is available on the CAP Web site within the Advocacy tab and MIPS Improvement Activities for Pathologists (https://www.cap.org/advocacy/mips-for-pathologists; accessed October 3, 2019). Based on submitted

### Table 1. Quality Payment Program (QPP) Pathology-Specific Quality Measures

| QPP Measures for Pathology                                                                 |
|---------------------------------------------------------------------------------------------|
| QPP 249: Barrett’s Esophagus Reporting<sup>ab</sup>                                         |
| QPP 250: Radical Prostatectomy Reporting<sup>ac</sup>                                       |
| QPP 395: Lung Cancer (biopsy/cytology)<sup>b</sup>                                          |
| QPP 396: Lung Cancer (resection)<sup>b</sup>                                                |
| QPP 397: Melanoma Reporting<sup>b</sup>                                                     |
| QPP 265: Biopsy Follow-Up<sup>d</sup>                                                       |
| QPP 440: Basal Cell Carcinoma/Squamous Cell Carcinoma Reporting<sup>c</sup>                |

<sup>a</sup> Part of the Pathology Measure Set available to report via Medicare Part B claims (College of American Pathologists stewarded measures).

<sup>b</sup> Part of the Pathology Measure Set Available to Report via Qualified Registry.

<sup>c</sup> High-priority measure.

<sup>d</sup> Only available for registry (Qualified Registry or Qualified Clinical Data Registry) reporting.
data from the Pathologists Quality Registry, in 2018 the top 3 IAs pathologists attested to were (1) implementation of improvements that contribute to more timely communication of test results, (2) participation in a joint commission evaluation initiative, and (3) implementation of use of specialist reports back to referring clinician or group to close the referral loop.

### Promoting Interoperability Category

The Promoting Interoperability (PI) performance category essentially incorporated the intent of the former Electronic Health Record Incentive Program (Meaningful Use) into the QPP. Historically, pathologists were exempt from the Electronic Health Record Meaningful Use Program because the interoperability and information exchange measures within the program did not apply to laboratory information systems. This continues in MIPS. Non–Patient-Facing clinicians and groups are not scored in this category, and therefore this category is automatically reweighted to zero; this is why so much of the weighting in the Non–Patient-Facing EC FS is on the Quality performance category.

### Cost Category

At the start of the program, the Cost performance category was not scored for any EC or group. That has now changed, so that for most ECs it accounts for 15% of their MIPS FS. However, for pathologists this category will most likely also be reweighted to zero because the current cost measures are based on cost calculations for patients attributed to the EC for either primary care services or because the EC is responsible for providing the plurality of services. Between them, these criteria essentially exclude pathologists. The CMS looks to create more cost metrics, which may in future years change this functionally “exempt” status for pathologists.

### REPORTING MECHANISMS FOR MIPS

Within MIPS, several reporting options are available. For quality measures, these include Medicare Part B claims, Qualified Registry, CMS Web Interface, Electronic Clinical Quality Measures, and QCDR. There are 2 different categories of quality measures: QPP measures and QCDR measures. The QPP measures comprise Medicare Part B claims measures (previously known as claims-based measures) and MIPS Clinical Quality Measures or clinical quality measures with no changes for 2020.
measures (previously known as registry measures). The attributes and limitations of each mechanism are summarized in Table 4. Measure groups do not apply to pathology, and until 2018 using a QCDR was not a viable option. The CMS Web Interface uses a Web interface for transmitting data for prepopulated quality measures and is available to multispecialty group practices of 25 or more clinicians. To date, pathologists have primarily used Medicare Part B claims reporting; however, this option is rapidly being transitioned out of the MIPS. Starting in 2019, only small group practices (≤20 clinicians) can use Medicare Part B claims reporting for either individual or group reporting of quality measures. Of note, those ECs or groups that report via claims will most likely have to find another mechanism for attesting to IAs, such as a QCDR or the CMS QPP Portal. As claims-based reporting continues to be phased out of MIPS, it is felt that a QCDR will allow for the greatest potential success within the program because it allows for a larger menu of quality measure options, timely feedback reports via an interactive dashboard, and ease of reporting for both Quality and IAs within 1 system.

**MIPS FS CALCULATIONS**

As previously mentioned, an overall MIPS FS is calculated based on the EC’s or group’s performance within each evaluable category. The FS ranges from 0 to 100. For 2020 reporting, the weighting of each category for Patient-Facing ECs and groups will be 45% for Quality performance, 15% for IA, 25% for PI, and 15% for Cost. However, for Non-Patient-Facing ECs and groups, the PI and Cost categories

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**Table 4. Pathologists’ Reporting Options for 2020**

| Medicare Part B Claims | Qualified Registry Options | QCDR Options | CMS Web Interface Options | CMS QPP Portal Options |
|------------------------|---------------------------|--------------|--------------------------|------------------------|
| Options for small practices (<15 clinicians) | Yes (individual or group reporting) | Yes | No | Yes |
| Options for large practices (≥15 clinicians) | No | Yes | Yes | Multispecialty group practice (≥25 ECs) only | Yes |
| Use for Quality category reporting | Yes | Yes | Yes | Possibly* |
| QPP measures | Yes | Yes | Yes | N/A |
| QCDR measures | No | No | Yes | No |
| Use for Improvement Activities attestation | No | Possibly | Yes | No |
| Fee | No | Yes | Yes | No |

Abbreviations: CMS, Centers for Medicare & Medicaid Services; EC, eligible clinician; N/A, not applicable; QCDR, Qualified Clinical Data Registry; QPP, Quality Payment Program.

* Possibly indicates registry vendor/platform or quality measure dependent.
will likely not apply given the current lack of applicability of the current performance metrics within those categories. Therefore, the FS will be based on Quality (85%) and IA (15%). An example is presented in the Figure, B.

Key changes for 2020 FS calculations relate to bonus points attribution and threshold changes to avoid the ±9% penalty or to obtain the exceptional performer bonus. In 2018, small practices received bonus points that were added to their MIPS FS. However, for 2019 and 2020 reporting, the bonus points (6 points) will be added to the Quality performance score and not the MIPS FS. In order to avoid a negative adjustment in 2022, an EC or group must have a 2020 FS above 45 points; in order to receive the additional exceptional performance bonus, they must have a FS score above 85 points.

SUMMARY AND FUTURE CONSIDERATIONS

As the QPP and specifically the MIPS continue to mature, so will the requirements, performance thresholds, and complexity of the program. The measures available to report on within the various performance categories will change. For example, it is expected that more of the current QPP measures will become topped out and retired from the program. The challenge during this transition is the time it takes for newer QCDSR and QPP measures to mature to more meaningfully represent true national performance and thereby obtain a CMS benchmark for maximum scoring potential. Broader uptake and use of the measures by applicable ECs is needed in order for this evolution to occur and to ensure greater longevity of these new measures. In other words, if ECs only chose to report on those measures they know they can perform well on, Quality measures may falsely appear topped out, will be retired prematurely, and may never reach their full point potential. “How can we promote greater quality measure participation and educate around this need?” is a question the CAP is trying to answer.

The CMS continues to explore the addition of new cost metrics, specifically episodes of care measures. Although the current cost measures do not apply to pathology, this may likely change in the coming years. Pathology must stay up to date on the CMS’s ongoing pilots and task force efforts in order to effectively advocate for our profession to be viewed fairly. Similarly, ongoing advocacy related to a laboratory information system’s ability to be deemed Certified Electronic Health Record Technology may eventually change a pathologist’s ability to participate in the Promoting Inter-

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## Appendix. Glossary of Terms With Definitions

| Acronym | Meaning | Definition |
|---------|---------|------------|
| APM     | Alternative Payment Model | Payment methodologies that seek to reward value and care coordination, such as accountable care organizations |
| CMS     | Centers for Medicare & Medicaid Services | US federal agency that administers Medicare, Medicaid, and the State Children’s Health Insurance Program. CMS also regulates all laboratory testing (except research) performed on humans in the United States through the Clinical Laboratory Improvement Amendments (CLIA) |
| EC      | Eligible Clinician | An individual physician or health care provider who is eligible to participate in, or is subject to, mandatory participation in a Medicare program. For the purposes of the MIPS, an EC for years 1 to 2 of the program includes physicians, physician assistants, nurse practitioners, clinical nurse specialists, and certified registered nurse anesthetists |
| EHR     | Electronic Health Record | A digital version of a patient's paper chart |
| IA      | Improvement Activities | One of the 4 performance categories of the MIPS. This is a new category with no previous quality improvement program equivalent. This category accounts for 15% of the total score of MIPS |
| MACRA   | Medicare Access and CHIP (Children’s Health Insurance Program) Reauthorization Act | The 2015 law that repealed the SGR formula and established the MIPS |
| MIPS    | Merit-based Incentive Payment System | Beginning in 2019, a new Medicare adjustment factor under MACRA in the form of a percentage determined by comparing the composite performance score to the performance threshold |
| PI      | Promoting Interoperability | One of the 4 performance categories of the MIPS, formerly known as Meaningful Use (MU). It accounts for 25% of the total score of MIPS. For non–patient-facing ECs, such as pathologists, this category is automatically reweighted to 0 and the 25% score of this category is attributed to the Quality performance category of MIPS |
| PQRS    | Physician Quality Reporting System | A reporting program that uses a combination of incentive payments and negative payment adjustments to promote reporting of quality information by eligible professionals |
| QCDR    | Qualified Clinical Data Registry | A CMS-approved entity that collects medical and/or clinical data for the purpose of patient and disease tracking to foster improvement in the quality of care provided to patients |
| QP      | Qualifying (APM) Participant | Advanced Alternative Payment Models (APMs) allow eligible clinicians to become a QP for an opportunity to receive a 5% APM incentive payment and to be excluded from MIPS. To become a QP, you must receive at least 50% of your Medicare Part B payments or see at least 35% of Medicare patients through an Advanced APM entity |
| QPP     | Quality Payment Program | This is an umbrella term used to describe MIPS and APMs |
| SGR     | Sustainable Growth Rate | A 1998 law governing Medicare reimbursement updates to physicians |
| VBM     | Value-Based Modifier | Provides for differential payment to a physician or group of physicians under the Medicare Physician Fee Schedule based on the quality of care furnished compared with cost during a performance period |