



## Congress Must Act Now to Extend Medicare Incentive Payments

### Eligibility to Earn Medicare Value-Based Incentive Payments Set to Expire Dec. 31, 2023

The National Association of ACOs (NAACOS) calls on Congress to immediately extend MACRA's original 5% incentive payment for advanced alternative payment models (APMs). Without congressional action, tens of thousands of clinicians may leave these models, affecting millions of patients.

- Over the last two decades, APMs have demonstrated that when providers are accountable for costs and quality and provided flexibility from fee-for-service (FFS) constraints, they are able to generate savings for taxpayers and improve beneficiary care.
- There are **13 million** people covered by Medicare currently receiving care through an accountable care organization (ACO)—the most widespread value-based care model.
- In the last decade, ACOs have generated more than **\$21 billion** in gross savings for Medicare.
- APM incentive payments have allowed clinicians to expand care teams, develop programs to improve beneficiary care, and adopt population health infrastructure.
- APMs create the structure and incentives for providing person-centered coordinated care, rewarding quality over volume.
- Medicare's APM incentives have proven successful as participation in advanced APMs has grown to nearly 300,000 clinicians, a **173 percent** increase following implementation of MACRA.

## Congress must extend financial incentives that support models—which are proven to improve patient outcomes and save Medicare money.

**The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)** was a bipartisan effort to prioritize value and quality in Medicare.

The primary goal of this legislation was to shift how Medicare pays for health care services to encourage keeping patients healthy, reducing unnecessary care, and lowering costs for both patients and taxpayers.

MACRA included a 5 percent incentive payment to encourage physicians and other clinicians to participate in value-based care and be held accountable for the total cost and quality of care provided.

These incentives have been instrumental in encouraging participation in advanced APMs but expire at the end of 2023. With APM incentives set to expire, MACRA's incentives now favor FFS for years to come.

### Expiring in 2023- MACRA's 3.5 percent APM extension

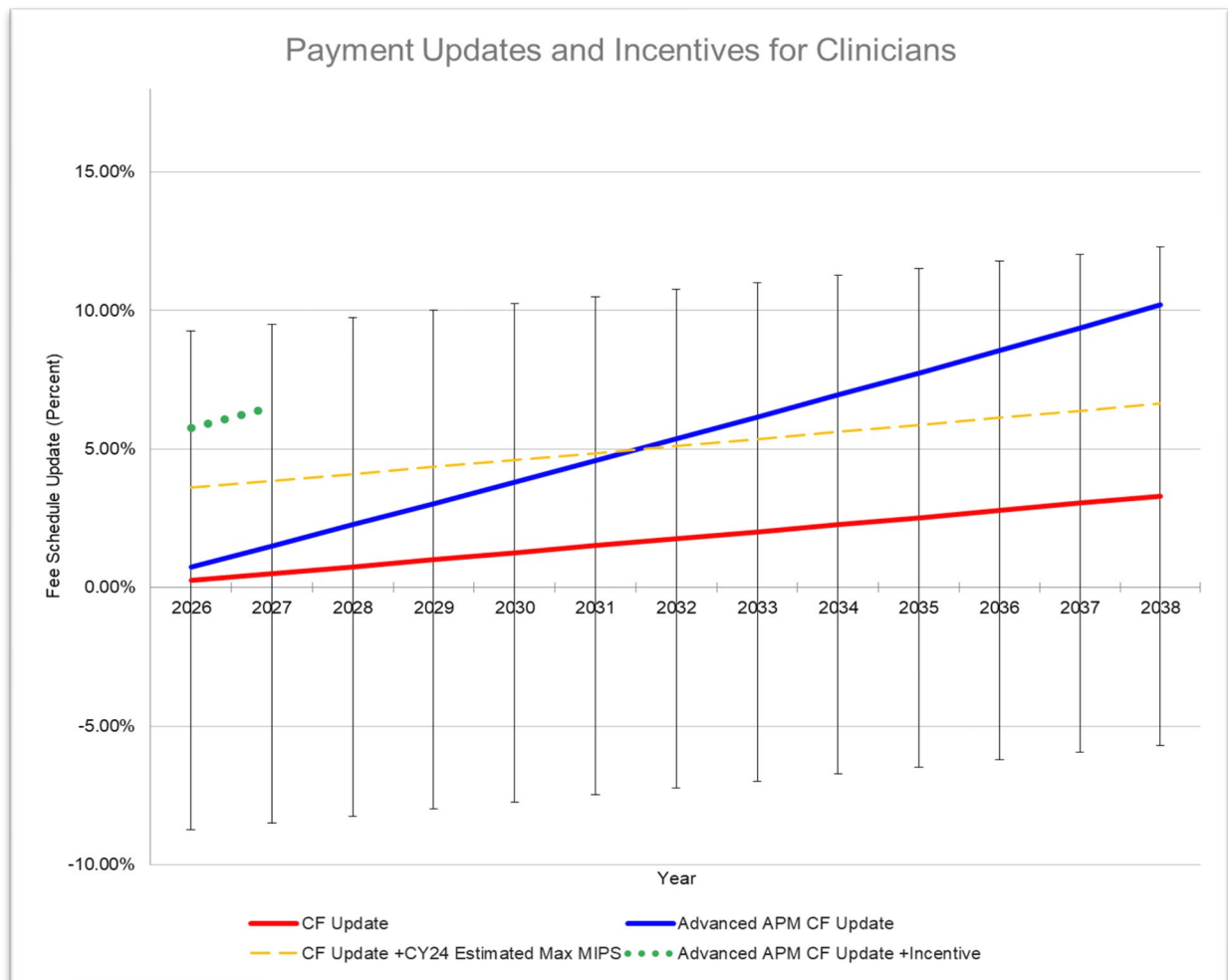
While Congress passed a one-year, 3.5 percent extension of the advanced APM incentives in 2022, the increase in average Merit-Based Incentive Payment System (MIPS) adjustments illustrates that stronger incentives are needed to continue encouraging growth in risk-based payment models that account for cost and quality of patient care.

### Expiring in 2023- Qualifying APM Participant (QP) Thresholds

MACRA established performance thresholds—known as QP thresholds—that APM participants must meet to qualify for incentive payments. These statutory levels, which increase over time, have proven unrealistic relative to the real-life experiences of clinicians. To qualify an advanced APM entity must receive either 50 percent of its payments or have 35 percent of its patients affiliated with the APM. The payment threshold is set to increase from 50 percent to 75 percent at the end of 2023, which will make it more difficult to qualify for payment updates in the coming years. This will make participation in advanced APMs impossible for many physicians and other clinicians.

## Medicare's Incentives Favor the Status Quo Over Accountable Care.

- **2032 will be the first year in which incentives favor clinicians in advanced APMs.**
- Beginning in Payment Year 2026 (Performance Year 2024), incentives will favor clinicians who are not participating in advanced APMs and remain in MIPS.
  - Clinicians in MIPS will be provided with a 0.25 percent conversion factor update (red line) and can receive an additional positive payment adjustment in MIPS.
  - CMS estimates the maximum MIPS adjustment will be 3.35 percent. Accordingly, the total potential payment adjustment is an estimated 3.6 percent (yellow dashed line).
  - Conversely, clinicians in advanced APMs will only receive a 0.75 percent conversion factor update (blue line).



## Extending the Advanced APM Incentive Payments Would Right-Size the Incentives.

- Continuing a 5 percent advanced APM incentive payment for clinicians (green dashed line) would ensure that there are stronger incentives for clinicians in advanced APMs.
- Medicare's advanced APM incentives are a good return on investment as the **\$1.8 billion** returned to Medicare by ACOs in 2022 far exceeds the estimated **\$644 million** paid in incentives this year.
- MACRA's APM incentives have been critical in helping clinicians cover the investment costs of moving to new payment models that improve care for their patients and expand services beyond traditional Medicare.

## Congress must act now.

- ✓ Extend MACRA's original 5 percent advanced APM incentives and adjusts the one-size-fits-all approach to qualification thresholds.
- ✓ Support the Value in Health Care Act (H.R. 5013) and corresponding Senate bill when introduced.