



# MACRA Compliance: The Financial Impact on Dermatology Practices

# MACRA Compliance: The Financial Impact on Dermatology Practices

Beginning this year, physicians' Medicare reimbursement rates will hinge on their ability to capture and report data.

The Medicare Access and CHIP Reauthorization Act (MACRA) went into effect January 1, 2017. Under this program, physicians can either earn a bonus or be penalized via reduced reimbursement based on reporting data within 4 categories:

1. Quality
2. Cost
3. Advancing Care Information
4. Clinical Practice Improvement Activities

Despite the financial incentives connected to MACRA, many practices are not positioned for compliance. The Centers for Medicare and Medicaid Services (CMS) estimates that 87% of solo practices and 70% of small practices will be penalized in the first year.

# 70%

The percentage of small practices CMS estimates will be penalized in the first year under MACRA regulations.

Though the final MACRA ruling provides 2 tracks for compliance, only 1 option, the Merit-Based Incentive Payment System (MIPS), may be used in 2017. In subsequent years, physicians can choose to adapt to the Advanced Alternative Payment Models (APMs).

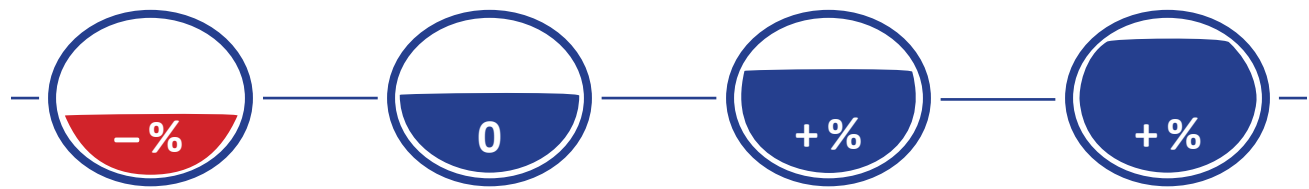
For most dermatologists, MIPS seems to be the best path to long-term MACRA compliance. APMs, which are similar to Accountable Care Organizations, are better suited for academic medical centers and large, multi-specialty groups.

## MACRA Compliance and Your Bottom Line

Many independent dermatologists are not MIPS ready. A lack of internal resources is often cited as the reason why. That means those dermatologists will lose money – up to 4% of their Medicare reimbursement.

In this inaugural year, physicians can choose their level of participation. CMS created a graduated scale which ties the amount of data reported to reimbursement penalties and bonuses.

# MIPS: Pick Your Pace 2017 ONLY



## Don't Participate

If no data is sent in 2017, then a -4% payment adjustment is applied.

## Submit Something

If minimal data submitted, then there is NO payment adjustment.

## Submit a Partial Year

If 90 days submitted, then there is NO negative payment adjustment and possibly a small positive.

## Submit a Full Year

If full year submitted, then there may be a moderate positive payment adjustment.

**The size of the payment adjustment depends on both how much data is submitted and the quality of the results**

*2017 NOTE:* \$500 Million allocated for provider incentives.

Actual incentive amount will vary based on number of participants across the country.

Infographic Source: CMS

Full reporting from the start can positively impact a practice's bottom line and position it to optimize reimbursement moving forward. By 2022, the MACRA penalties and bonuses increase to 9%. The difference between the minimum and maximum reimbursement rates can add up to more than \$1,000,000 over just a few years. Below is an example that illustrates this financial impact based on a Medicare Part B specialty payment of \$2,300,000.

### Practice Reimbursement Based on a Medicare Part B Specialty Payment of \$2,300,000

Year Paid* (Bonus/Penalty Percentage)	Minimum Reimbursement	Maximum Reimbursement	Reimbursement Difference
2019 (+/- 4%)	\$2,208,000	\$2,392,000	\$184,000
2020 (+/- 5%)	\$2,185,000	\$2,415,000	\$230,000
2021 (+/- 7%)	\$2,139,000	\$2,461,000	\$322,000
2022 (+/- 9%)	\$2,093,000	\$2,507,000	\$414,000
<b>TOTAL</b>			<b>\$1,150,000</b>

\* Reimbursement of data collected in 2017 will be paid in 2019

# The Path to Compliance

Physicians often cite a lack of internal resources and limited technical capabilities as the reason for non-compliance. Capturing the required information is a challenge, as well as a financial burden, for many dermatology practices. This challenge is even greater for the 27% of dermatologists the American Academy of Dermatology (AAD) estimates do not yet utilize an Electronic Health Records (EHR) system.

MACRA compliance requires an investment of both time and money. For some dermatologists, the 2017 penalties may not be enough incentive to offset the administrative and financial burdens of implementing MACRA. However, developing the necessary workflow processes and investing in the appropriate technology and training will reap long-term benefits.

The 4 MIPS-required reporting categories are weighted to form a single composite score, which impacts reimbursement. Integrating these metrics into the daily practice workflow is the best way to ensure all data is captured in a way that can be easily reported by the March, 2018, deadline.

## QUALDERM-AFFILIATED PRACTICES POSITIONED FOR MAXIMUM REIMBURSEMENT BONUSES

In the first year under MACRA, QualDerm-affiliated practices are on track to capitalize on reimbursement bonuses that CMS has earmarked for exceptional performers.

QualDerm Partners' IT department proactively built the MACRA / MIPS reporting categories into its affiliated-practices' Electronic Health Records (EHR) systems. The IT staff worked with QualDerm's affiliated dermatologists to tailor these reporting categories specifically for the practice of dermatology. Additionally, QualDerm's internal IT support staff trained the providers on the new system. The IT staff also provides on-going user support.

As a result, our practice partners have been capturing the necessary data as part of their everyday workflow, well in advance of the January 1 MACRA start date. This allows the QualDerm-affiliated practices to report a year's worth of data for 2017, avoiding penalties and positioning them to earn reimbursement bonuses.

As an added benefit, QualDerm uses this data to help its dermatologists improve workflow efficiencies. The captured quality data has also been leveraged to increase reimbursement rates with the market's largest payor by 7%.

MIPS Weighted Reporting Categories

Category	2017	2018	2019
Quality	60%	50%	30%
Cost	0%	10%	30%
Advancing Care Information	25%	25%	25%
Clinical Practice Improvement Activities	15%	15%	15%

## Quality

MIPS requires physicians to report on 6 quality measures, including 1 outcome/high-priority measure. Physicians can choose from approximately 70 measures, however, most of the dermatology-specific quality measures can only be reported through a registry. Dermatologists reporting through other methods, such as an EHR, must choose from a range of non-specialty specific options. Additionally, dermatologists reporting through either a registry or an EHR must report on 50% of all eligible patients to be qualified for the maximum quality score.



### QualDerm's Approach

A key to effective quality reporting is to choose measures that can be efficiently integrated into a practice's workflow. QualDerm's MACRA team conducted extensive research and collaborated with its affiliated physicians to determine which of the quality measure options would best fit within a dermatology practice's workflow. These metrics were then built into each practice's EHR system, along with scripted prompts, to ensure the physicians capture the required information for all patients.

## Cost

The Cost category portion of a physician's score is tabulated from claims data. Scoring is based on how a physician's claims compare to their peers. While physicians are not required to submit additional cost information, it is prudent for them to understand how they rank in terms of cost.



### QualDerm's Approach

QualDerm consistently measures its affiliated practices' claims against industry benchmark data. In addition to ensuring optimized reimbursement, this information allows physicians to stay competitive in their market. This data is also used to negotiate better reimbursement rates with commercial payors.

## Advancing Care Information

The Advancing Care Information category of MIPS replaces Meaningful Use. Within this category, physicians must report customizable measures that show how they use EHRs on a day-to-day basis. Key measures center around interoperability and information exchange.



### QualDerm's Approach

EHR systems are expensive and, therefore, cost-prohibitive to purchase or upgrade for some dermatology practices. QualDerm's larger network allows the company to negotiate enterprise-level pricing agreements with several EHR vendors. QualDerm's in-house IT department also helps its affiliated practices integrate the EHRs and trains their staff to use the systems.

# Clinical Practice Improvement Activities

The purpose of the Clinical Practice Improvement category is to encourage physicians to improve clinical quality and efficiencies year-over-year. MIPS requires reporting on 4 improvement measures, such as expanded access and care coordination. Physicians may choose from 90 improvement activity options. However, as within the Quality measurement category, some of the improvement activity options are more suitable for the practice of dermatology than others.



## QualDerm's Approach

QualDerm's operational support staff continuously works with affiliated practices from both the corporate and regional levels to develop improvement processes. In addition to ensuring MACRA compliance, these processes allow QualDerm-affiliated physicians to deliver high-quality patient care while positioning the practices for sustainable profitability.

QualDerm's data analytics team developed proprietary daily reports that are customized to each physician. These reports improve workflow efficiencies and help physicians manage their schedules to enhance patient access. QualDerm has also implemented real-time patient satisfaction surveys within several of its affiliated-practices, with plans to expand this capability across its network.

## About QualDerm Partners

QualDerm Partners helps top-tier dermatologists position their practices for sustainable profitability. The company creates market-leading practice partnerships through acquisition and de novo development. QualDerm provides the management support, capital and guidance for growth. Under QualDerm's True Partnership<sup>SM</sup> model, physicians are partners, not employees, and retain their own practice brand. This doctor-driven model is designed to maintain physicians' clinical autonomy and ensure the highest-quality patient care. QualDerm offers physicians tailored partnership structures to meet their needs, as well as the option to sell their practices.

Contact us to learn more about how partnering with QualDerm helps ensure your practice's legal and regulatory compliance while enhancing financial performance.

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Sources:  
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