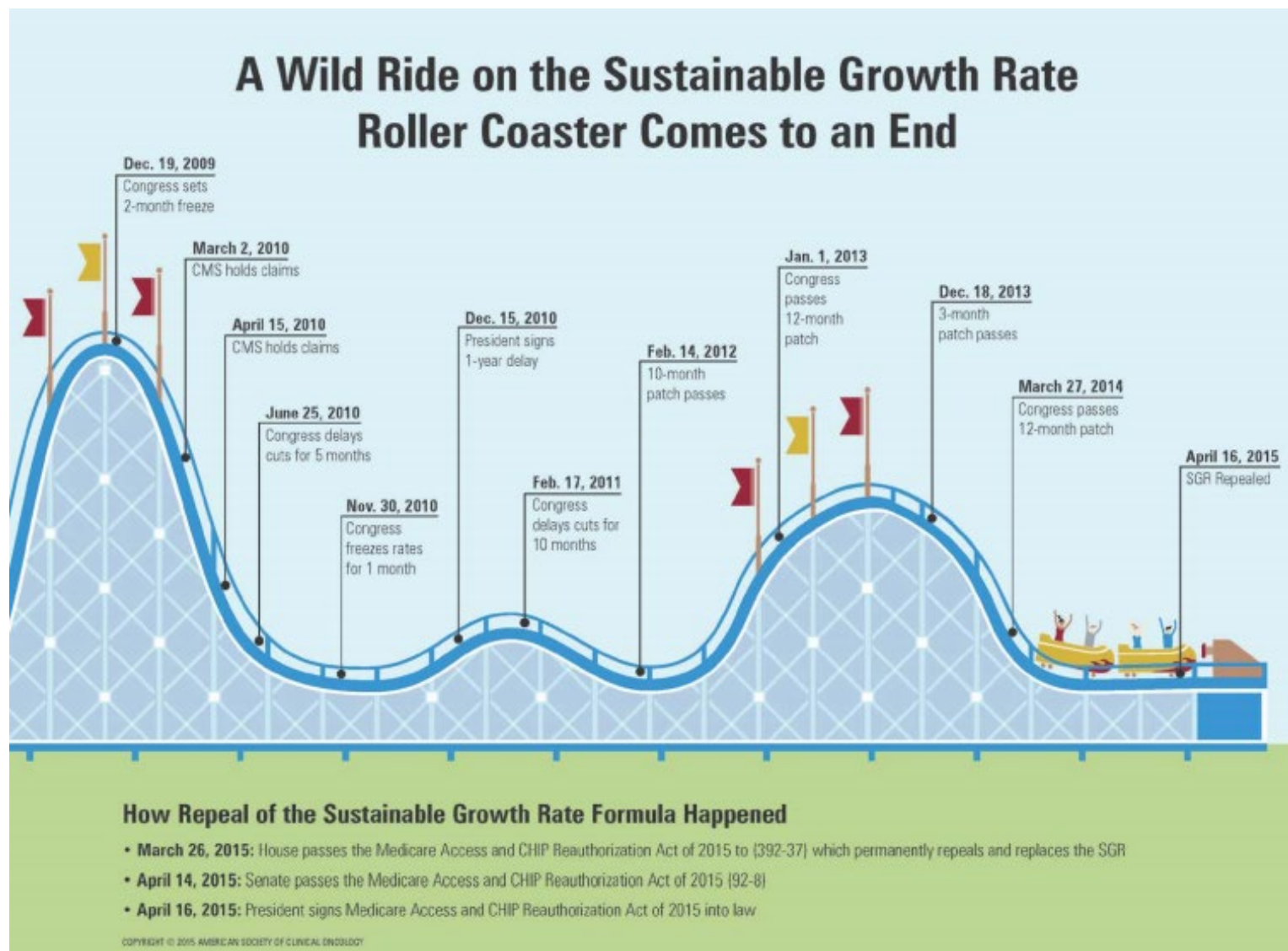


Context: MACRA Repealed the SGR Formula

Key Takeaways

No “doc fix” in 2015 would have meant a 21% cut in payments to physicians. Medicare Access and CHIP Reauthorization Act (MACRA) repealed the SGR formula and replaced it with the Quality Payment Program (QPP)

- MACRA changed the way in which physicians are reimbursed under Medicare for physician services
- MIPS and APMs are the two provider participation pathways under the QPP
- Provider participation in APMs typically requires greater provider sophistication and risk-taking – and also can result in higher financial rewards for quality care



Calculating the PFS Conversion Factor

Start with last year's conversion factor

Adjust by statutory requirements (per SSA 1848(d))

- July 2015 – Dec. 2018: 0.5%
- CY 2019: 0.25%
- CYs 2020 – 2025: 0.0%
- 2026 and on:
 - Qualifying APM (Advanced APM participants): 0.75%
 - Nonqualifying APM (all other providers): 0.25%

Adjust for budget neutrality - changes in RVUs cannot cause Part B expenditures to change by more than \$20M each year

- If greater than \$20M, budget neutrality factor is applied

Incorporate any legislative requirements (e.g., 1.25% increase for CY 2024 by the CAA, 2023)

Example: Calculation of the CY 2024 PFS Proposed Conversion Factor

CY 2023 Conversion Factor		33.8872
Conversion Factor without the CAA, 2023 (2.5 Percent Increase for CY 2023)		33.0607
Statutory Adjustment	0.0 percent (1.0000)	
CY 2024 RVU Budget Neutrality Adjustment	-2.17 percent (0.9783)	
CY 2024 1.25 Percent Increase Provided by the CAA, 2023	1.25 percent (1.0125)	
CY 2024 Conversion Factor		32.7476