**Issue**

In 2015, Congress made significant changes to physician payment policy by enacting the Medicare Access and CHIP Reauthorization Act (MACRA), which repeals the sustainable growth rate (SGR) formula, establishes predictable payment increases, and provides incentives for physicians to be paid based on the quality of services they provide and participation in alternative payment models (APMs). This law marks a fundamental shift in how fee levels for physicians are set: from a basis of overall growth in Medicare spending to one of indicators of cost and quality.

As the Centers for Medicare and Medicaid Services (CMS) implement the significant changes to physician payment mandated by MACRA, predominantly the Quality Payment Program (QPP), it is essential to address the unique needs of large, multispecialty group practices, such as those typically found in academic medical centers. Clinicians in AMCs treat the most vulnerable patients: those who are poor and sick and have complex medical needs. Adequate reimbursement and appropriate measures of cost and quality are vital to sustain the education and training and the safety net and community service missions of academic clinical physicians. On average, Medicare accounts for approximately one-quarter of the revenue of a teaching physician.

**Background**

MACRA, which permanently repealed the flawed SGR formula, will provide positive annual updates of 0.5 percent through 2019 and 0 percent updates through 2025.

MACRA included other provisions affecting Medicare’s payments for clinician services. Specifically, MACRA created two payment pathways for physicians to receive payment adjustments under the QPP: the Merit-Based Incentive Payment System (MIPS) and APMs. Under MIPS, performance and “merit” will be judged based on four domains: quality of care, resource use, meaningful use of electronic health records, and participation in clinical practice improvement activities.

Due in part to their size and structure, AMC physician practices face unique challenges when deciding how to approach the MACRA QPPs. For myriad reasons, these groups of faculty physicians, who provide care as large multispecialty practices, are frequently organized under a single tax identification number (TIN) that includes a large number of physicians and eligible clinicians. Recent AAMC data show these plans range in size from a low of 128 individual national provider identifiers (NPIs) to a high of 4,319, with an average of 983. Some have more than 70 adult and pediatric specialties with numerous subspecialties, such as burn surgery, cardiac surgery, and general surgery.

Teaching physicians care for the sickest, most complex Medicare patients and provide primary care as well as highly specialized services that may not be available elsewhere in the community. Moreover, academic physicians are often a resource for other health care providers in communities and across regions, providing consultations and care for Medicare patients who need their specialized expertise, while at the same time teaching the next generation of physicians.

As the new quality programs are implemented, there is a need for meaningful measures that add value, are tested in the field and accepted by physicians, are useful to consumers, and promote alignment across programs.
AAMC Policy Recommendations

As Medicare changes the payment system for physicians it is critical to have fair physician payment adjustments and meaningful measures of performance. Key recommendations regarding the QPP under MACRA include the following:

- Simplify the MIPS program to decrease administrative burden and enable successful participation.
- Accommodate the unique needs of physicians in large multispecialty practices. These physicians treat the most complex and vulnerable patients, many of whom require complex care from numerous specialties.
- Risk adjust quality measures and use of resources for clinical complexity and sociodemographic status to avoid disadvantaging physicians, such as those in AMCs, who care for the most complex and vulnerable populations.
- Establish flexible requirements around the classification of qualified APM participants to allow for maximum participation.

Related Issues

- Physician Workforce Issues
- Alternative Payment Models

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Web Resource

AAMC Information on Physician Payment and Quality
https://www.aamc.org/initiatives/patientcare