

# Value-Based Payment NEWS

## RAND Sees MACRA Saving on Hospital, MD Payments

**A** major RAND study published in *Health Affairs* suggests MACRA will save billions in hospital and physician expenditures. Indeed, it will “slow the rate of growth for the program’s spending on physician services,” saving as much as \$106 billion in increases over the next decade and a half, according to coverage on the medscape.com Website. RAND drew up three scenarios. In the lowest-risk, Advanced APM risk looks like a medical home’s; in the middle, risk is a mix of medical homes, Next-Generation ACOs and MSSP Track 2 models. In the third scenario, all Advanced APMs look like Next-Generation ACOs. “The riskier the Advanced APM, the more money physicians stand to lose if they pump up the volume of services,” the website notes.

Researchers compared that to a scenario in which SGR pay cuts exist but are still postponed. “All three MACRA scenarios trailed the pre-MACRA scenarios for Medicare spending on physician services,” the coverage adds. But the authors conceded their results “are subject to a high degree of uncertainty” and, the medscape.com coverage notes, “healthcare policy experts at several medical societies seized on the large caveats in commenting on the study’s pinched projection for Medicare reimbursement.” Access the article at medscape.com.

The healthcaredive.com website comments that “MACRA intends to continue a transition to value-based care, but it is not clear how its incentives will play out. However, physicians are likely to lose out.” In addition, the site says MACRA’s effect on spending for physician services “will depend highly on the design of APMs.” Hospital revenues “would also be most affected under a scenario in which all physicians were in APMs with strong financial incentives,” the website adds. Access the article at healthcaredive.com.

The changes to hospital payments possibly wrought by MACRA include a drop of as much as \$250 billion by 2030 or a \$32-billion increase, the beckershospitalreview.com website points out. If nothing changed and MACRA didn’t exist, the researchers reported, hospital Medicare revenue would grow from \$223 billion to \$413 billion in 2030. Under the weakest incentives, “hospital revenue is projected to increase by \$32 billion,” the website says. The medium incentives scenario “would produce a projected \$22 billion decline in hospital Medicare revenues,” it adds, and the “high-strength” incentives would cause hospital Medicare revenue to decline by \$250 billion “because physicians would be more likely to reduce the use of hospital services.” Access the article at beckershospitalreview.com.

The researchers say their findings mean hospitals should consider changing their business models to account for the reduced inpatient revenues, the fiercehealthcare.com website reports; those changes could include reducing costs, increasing outpatient revenues and improving the health of patient populations, the researchers said in the *Health Affairs* article. Earlier coverage on the website noted survey findings that 64% of healthcare providers say they aren’t ready for MACRA’s reporting requirements. Access the reports at fiercehealthcare.com.

## Stoltenberg Notes Leaders’ MACRA Woes, Offers Ideas

**M**ACRA’s data and human resources requirements rank among the top challenges to implementing the law’s programs, according to Stoltenberg Consulting’s Fifth Annual Health IT Industry Outlook Survey, conducted, as always, at the annual HIMSS conference – it was HIMSS17 this time. “Healthcare professionals representing a full spectrum of provider facilities, including health systems, standalone hospitals, physician practices and other ambulatory care facilities, participated,” the firms says. Of them, 53% were IT professionals and 42% were executives or other C-suite-level leaders.

Here are key findings:

- **Limited resources.** 44% of respondents cited lack of budget, and 43% named lack of “qualified, experienced job candidates to fill health IT positions” as the top reasons healthcare organizations are not operating with fully staffed IT departments. 54% said finding qualified health IT staff and support is “difficult,” while 28% called it “very difficult.”
- **Top MACRA challenges.** Overall, 31% of respondents reported “revising data management/reporting mechanisms to meet new reporting requirements” as the top challenge related to MACRA’s QPP. “That obstacle was nearly even with ‘motivating the entire organization to collectively work together to achieve goals,’” the consultants add, which was cited by 29%.
- **Not ready.** Indeed, the firm says, “64% of respondents reported they were ‘unprepared’ or ‘very unprepared’ for managing and executing MACRA initiatives.”
- **Make MACRA a team effort.** But they’re working on it. 68% of respondents said “preparation for complying with the MACRA Quality Payment Program “should be a combined effort across clinical, financial and IT departments.”

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