CHEAT SHEET
for U.S health care providers

Quality Payment Program

Unpacking how QPP impacts your Medicare reimbursement

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Key takeaways

- The Quality Payment Program (QPP) is one lever the Centers for Medicare and Medicaid Services (CMS) uses to push providers toward a financial model that rewards quality over volume.
- There are two ways to participate in the QPP: the Advanced Alternative Payment Model (APM) track and the Merit-Based Incentive Payment System (MIPS).
- Clinicians who meet eligibility criteria must satisfy program requirements year-over-year to avoid penalties or earn incentives through payment adjustments to Medicare Part B covered professional services.

What is it?

The Quality Payment Program is a CMS pay-for-performance program that affects Medicare Part B professional services reimbursement. There are two payment tracks under the QPP:

- **Advanced Alternative Payment Models (APMs)**: Only clinicians who take on significant downside financial risk in Advanced APMs are eligible. Participants in the APM track earn incentives such as a 5% bonus in the first six years of the program and do not need to report performance data under the QPP.

- **Merit-Based Incentive Payment System (MIPS):** Participants are evaluated on performance across four categories: quality, cost, improvement activities for care delivery, and promoting interoperability through electronic health record (EHR) use. Participants earn incentives or penalties based on their overall performance. Most clinicians in the QPP participate in the MIPS track.

Program History

The 2015 Medicare Access and CHIP Reauthorization Act (MACRA) set annual baseline payment updates for clinicians and established the QPP. The first performance year began on January 1, 2017. Performance affects payment two years later, so 2019 was the first year clinicians began to see payment adjustments. CMS will continue to evolve the QPP through annual updates in the Medicare Physician Fee Schedule (MPFS) regulations.

Participants

The QPP applies to clinicians who bill Medicare Part B and meet the eligibility criteria established by CMS, regardless of clinical setting. Examples of eligible clinicians include physicians, physician assistants, nurse practitioners, clinical nurse specialists, and certified registered nurse anesthetists.[1]

1. The list of eligible clinicians also includes physical therapists, occupational therapists, clinical psychologists, speech language pathologists, audiologists, and registered dietitians or nutrition professionals.

Source: CMS; Advisory Board interviews and analysis.

Why does it matter?

The QPP incentivizes clinicians to take on downside financial risk for their Medicare patient population.

Annual baseline payment adjustments established by MACRA

The annual baseline Medicare payment updates are the same for both tracks through the 2025 payment year. All participants received a 0.5% annual update from 2015 to 2018, a 0.25% update in 2019, and updates remain frozen from 2020 through 2025.

Starting with the 2026 payment year, Advanced APM track participants will receive a 0.75% adjustment while MIPS track participants receive 0.25%. This higher annual update for Advanced APM participants serves as a continued incentive to invest in value-based care.

APM bonus and MIPS adjustments

Beyond baseline payment adjustments, clinicians can earn track-specific incentives and penalties. In the APM track, clinicians are eligible for a 5% lump sum bonus for payment years 2019-2024. In MIPS, clinicians receive penalties or incentives based on their performance. The maximum penalties rise across the early years of the program, from 4% in payment year 2019 to 9% by payment year 2022. The MIPS track is designed to get harder over time, to prepare providers for taking on greater risk by joining the APM track.

Implications for providers

Nearly all providers need to care about the QPP because it affects the way they are paid under the Medicare Physician Fee Schedule. CMS also shares MIPS performance data with patients via Care Compare to increase access to and transparency of data on quality and cost of care. Providers can expect CMS to update the QPP each year to reflect broader policy goals for improving care quality and efficiency.

Source: CMS; Advisory Board interviews and analysis.

How does it work?

While the MIPS track is default, providers can qualify for the APM track to be exempt from MIPS reporting and receive greater payment adjustments.

MIPS track

- Eligible clinicians report MIPS data to CMS and receive a score from 0 to 100 based on performance in the four categories. Each performance category is weighted, contributing a set number of points toward the MIPS final score.
- CMS sets a MIPS Performance Threshold (PT) each year. Those above the PT receive a neutral or positive payment adjustment depending on how high they score, while those below the PT receive a penalty.[1]
- Those who participate in a MIPS APM receive special scoring, which reduces reporting burden and acknowledges their effort in moving toward value-based payment models.

Performance threshold to avoid penalty

- **45 points** in performance year 2020
- **60 points** in performance year 2021

APM track

- Clinicians must participate in an Advanced APM model such as the Next Generation ACO Model or the Medicare Shared Savings Program ACO Enhanced track; and
- Participants must also attain a minimum percent of payments or patients through the Advanced APM to be considered a Qualifying APM Participant (QP).
- Those who meet both conditions to earn QP status are exempt from MIPS reporting requirements.

QP thresholds 2021-2022[2]

- **50%** Payments through Advanced APM
- **35%** Patients in Advanced APM

1. The Bipartisan Budget Act, 2018 mandates that CMS gradually increase the performance threshold towards the mean or median of final scores for all MIPS eligible clinicians by the beginning of the sixth year of the program (the 2022 performance period).
2. Starting in performance year 2023, the QP thresholds will increase to 75% payments through Advanced APM and 50% patients in Advanced APM in 2023 and beyond

Source: CMS; Advisory Board interviews and analysis.

A closer look at the APM Performance Pathway

The 2021 MPFS final rule introduced the **APM Performance Pathway (APP),** an optional reporting framework for clinicians who participate in a MIPS APM.

Clinicians who report the APP are scored on Quality, Improvement Activities, and Promoting Interoperability. Under the APP, CMS does not assess clinicians on MIPS Cost measures.

The APP Core Quality Measure Set includes six measures, listed in the table below. Participants need to report data only for the first three measures. CMS scores the remaining three through a survey vendor or claims data. This means fewer quality measures are reported under the APP compared to traditional MIPS requirements.

APP Core Quality Measure Set

Measure	Submission method[1]
Diabetes: Hemoglobin A1c (HbA1c) Poor Control	MIPS CQM or eCQM
Preventive Care and Screening: Screening for Depression and Follow-up Plan	MIPS CQM or eCQM
Controlling High Blood Pressure	MIPS CQM or eCQM
Consumer Assessment of Healthcare Providers and Systems (CAHPS) for MIPS	CMS-approved survey vendor
Hospital-Wide, 30-day, All-Cause Unplanned Readmission (HWR) Rate for MIPS EC Groups	No reporting needed; CMS scores performance based on Medicare claims data
Risk Standardized, All-Cause Unplanned Admissions for Multiple Chronic Conditions for ACOs	No reporting needed; CMS scores performance based on Medicare claims data

1. The ten CMS Web Interface quality measures are available for reporting in 2021 only, instead of reporting the three quality measures through the APP Core Quality Measure set.

Source: CMS; Advisory Board interviews and analysis.

Conversations you should be having

01 Determine who is accountable for monitoring annual rule-making for future program changes.

02 Confirm how you participate in the QPP and the financial implications for your organization.

03 Identify performance improvement opportunities to maximize your MIPS reporting strategy.

04 Assess your organization's readiness to take on downside risk to qualify for the APM track

Meeting QPP requirements requires a coordinated response across many disciplines, including quality, clinical, IT, and finance. With so many priorities vying for providers' time and resources, organizations need to align their efforts across QPP and broader value-based care initiatives. Successful participation in the QPP relies on the same competencies that providers need for taking on greater risk through APM participation.

Source: CMS; Advisory Board interviews and analysis.

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