

Policy Update

CMS' Surprise: The Quality Payment Program in 2018

Keep an eye on the Quality Payment Program (QPP), created by the Medicare and CHIP Access and Reauthorization Act of 2015 (MACRA), as the QPP enters its second performance year in 2018. The QPP is subdivided into two broad payment tracks: risk-bearing alternative payment models (APMs), such as downside risk Accountable Care Organizations (ACOs); and the Merit-Based Incentive Payment System, or MIPS, which aggregates scores across four domains to adjust payments based on performance. Between those two options is an important hybrid track for ACOs and participants in other alternative payment models that do not accept downside risk, called MIPS-APMs.

In its proposed rule of July 2017, CMS proposed several changes that meant MIPS would apply to fewer physicians, and would generally be less stringent. CMS

also originally proposed completely removing the cost accountability domain from MIPS for 2018, despite the underlying statute requiring that cost account for 30% of the overall MIPS score by 2019. In addition, CMS proposed to reduce the quality measure “data completeness standards,” effectively allowing clinicians to report quality scores based on a smaller subset of patients.

Under CMS' final rule, far fewer clinicians will now have to participate in MIPS. Under the new minimum threshold for MIPS' participation, clinicians must have \$90,000 in annual Medicare billings and have 200 Medicare part B beneficiaries. CMS surprised many by reversing its proposed position regarding the cost domain and finalized a cost domain weight of 10% for the 2018 performance year, reducing the quality domain from 60% to 50%. CMS also declined to adopt the 90-day reporting period for quality. In 2018, the minimum score for avoiding negative penalties will rise to 15 from 3 in 2017.

These may seem like normal adjustments for phasing in a major new payment structure; however, health care analysts are trying to read the tea leaves in these steps. Why? The large increase in clinicians now ex-

empt from MIPS requirements has many wondering if the new administration is softening the transition to a quality physician reimbursement system or possibly reconsidering the approach altogether. Also, the surprise move to finalize the cost domain at 10% overshadowed the accompanying announcement that the cost calculations in 2018 will not employ the new costs episodes that CMS has been developing for the QPP. Instead, CMS will use two measures from the previous Value Modifier—the Medicare Spending per Beneficiary measure, measuring the cost around a hospital episode, and the Medicare Per Capita Cost measure of total costs.

Further confusing analysts, in October 2017, the Medicare Payment Advisory Commission called for the immediate repeal and replacement of MIPS. In an interview at that time, David Glass, principal policy analyst at MedPAC, said, “Time is of the essence to develop an alternative for MIPS.” And in December, a report from the Health and Human Services Office of the Inspector General highlighted the challenges posed by ongoing physician confusion about the program.

Needless to say, the QPP, and its MIPS path to Medicare reimbursement, warrant careful watching. ■

KidneyX Accelerator Raises Hopes for Innovation in Kidney Space

Innovation in kidney care promises to be a significant theme in the kidney community in 2018, and it is hoped, well beyond. At ASN Kidney Week 2017, Department of Health and Human Services (HHS) Chief Technology Officer Bruce D. Greenstein announced HHS' commitment to launching a “KidneyX Innovation Accelerator” in 2018.

Although dialysis is a remarkable and life-saving technology, compared to other fields of medicine, nephrology has seen relatively few transformative new drugs or other therapeutics. Although kidney diseases are among the most complex, in part the relative dearth of innovation is due to perceptions of the market.

Angel investors, venture capitalists, and others are interested in making investments in the kidney field, Greenstein said, but have been hesitant to enter the space because the government has not demonstrated a path

forward to do so. Given the outsize role the federal government plays in reimbursement for kidney care relative to other areas of medicine, potential investors are particularly sensitive to its signals in the field of nephrology. The announcement at Kidney Week in New Orleans heralded a new era, with all signals beginning to point toward demand for more innovation. As Greenstein told plenary attendees, the government's efforts in “making a very clear indication that this is a priority, and that we are moving forward to find a better way in the future, will begin to attract investors in this area.”

In order to accomplish this goal, the Accelerator will provide three key ingredients. First, a public-private innovation fund will provide seed funding to promising opportunities for potential cures, therapies, and other products in order to accelerate breakthroughs in kidney care that may otherwise languish or never come to fruition.

Second, bringing together in parallel NIH discovery efforts, FDA approval processes, and CMS payment indications will reduce the risk involved for companies and investors considering investing in the nephrology space, increasing the likelihood that new products will be commercialized and put in the hands of nephrologists and their patients. Third, and perhaps most important, the KidneyX Accelerator will create a sense of urgency to develop new kidney therapies—an urgency that patients and their families feel on a daily basis—across the disciplines of science, engineering, and finance.

Greenstein called upon the entire kidney community to get involved in the effort to foster innovation. “We admit readily that we do not have the answers for this. This Accelerator program should be seen as the beginning of a partnership with this community and others. We need everyone's help to go forward and make a difference.” ■

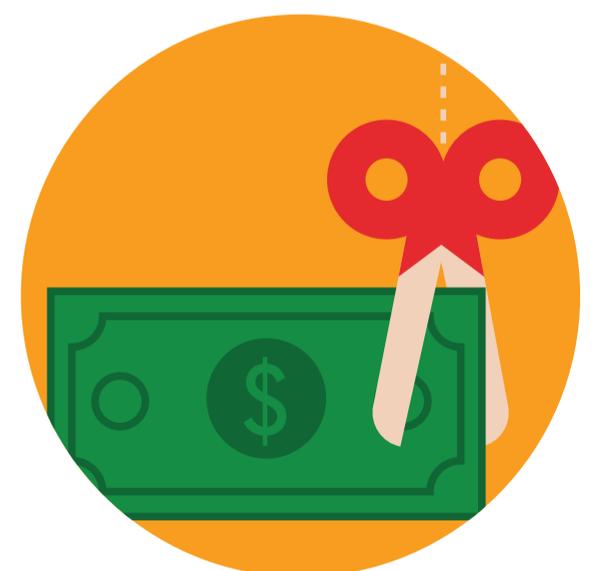
Entitlement Reform and a Year of Austerity

Keep an eye out in 2018 for Congress and the Administration to once again target research and health funding for FY 2019 with deep cuts proposed at both the discretionary and mandatory level. A year ago, President Trump set the tone of federal budget negotiations for FY 2018 with the introduction of his “skinny budget.” In a measure strongly condemned by then-ASN President Eleanor Lederer, MD, FASN, shortly after its introduction, the administration proposed deep cuts to funding for the National Institutes of Health, as well several other health programs.

In 2017, Congress listened to ASN's strong stance against the proposed cuts, providing for a \$2 billion increase to the budget, and stopping a number of other harmful proposals from becoming law. However, the Republican tax reform package passed at the end of 2017 has been estimated by non-partisan sources to *increase* the federal deficit by as much as \$1.5 trillion. This massive increase will likely be paid for by decreasing spending on mandatory funding programs,

such as Medicare and welfare spending programs. Long a target of Speaker of the House Paul Ryan, these mandatory programs are already being eyed for a coordinated, systematic overhaul under reconciliation procedures—the same mechanism used to alter the Affordable Care Act and the tax code—by Congress and the White House, according to a recent *Politico* report.

Also, discretionary spending, a broad category of funding for agencies and programs ranging from the military to health research, will be targeted for cuts. In a July 7, 2017, memo to the heads of federal agencies, Office of Management and Budget Director Mick Mulvaney promised that the FY19 budget would “build on the ambitious plans laid out in the President's first budget” and instructed that FY19 budget requests only include proposals in line with the “President's commitment to reprioritize spending and redefine the proper role of the Federal Government.” If the President's FY18 budget is an indication of the administration's spending priorities, health and research may bear the



brunt of this reprioritization effort. Rumors on Capitol Hill corroborate this intelligence, with both Democrats and Republicans hinting that in FY19, programs and agencies will be lucky just to keep their funding steady. ■