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Washington Health Policy Week in Review

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Medicare May Soften Impact of Doctor Pay Rule on Small Practices

By Kerry Young, CQ Roll Call

May 20, 2016 -- Medicare intends to help doctors in solo or small practices adapt to the complex demands of a new system that will raise or lower their reimbursements, a federal official said.

The Centers for Medicare and Medicaid Services (CMS) is preparing to try to ease the burdens on small practices of the transition to a new physician payment system Congress created in an overhaul (PL 114-10) last year, said Kate Goodrich, director of the agency's Center for Clinical Standards and Quality, on Friday. Doctors could face cuts of as much as 4 percent in 2019 if they do poorly next year on reporting measures and other requirements of the new system, known as the merit-based incentive payment system.

The agency will soon put out a request for proposals for a \$100 million pool of funds for technical assistance for small and rural practices and those in areas with shortages of doctors, she said.

CMS also is seeking to establish informal partnerships with medical societies and companies that sell electronic health records systems to help doctors prepare for the change.

"We recognize that we can't do it all from Baltimore alone," Goodrich said at an Alliance for Health Reform meeting, referring to the location of CMS. "There's no way that's ever going to be successful."

Goodrich also said that the outlook for small and solo doctors in the new payment system is not as grim as CMS' own figures suggest. Many doctors and medical groups were alarmed at a CMS estimate that about 87 percent of doctors in solo practice would see their Medicare pay reduced if their results for 2017 were similar to 2014, CMS said. Only about 18 percent of those in practices of 100 or more doctors would be so penalized.

Many doctors in small practices simply opted not to participate in certain quality reporting efforts in 2014, skewing this data, according to Goodrich. In looking at data on small practices that did participate, it appears their performance on quality reporting systems is "fairly comparable" to that of larger ones, she told reporters after the meeting.

In many cases, small practices will be exempted entirely from the new system because they don't see many people enrolled in Medicare, she said. The draft rule proposes excluding doctors with less than \$10,000 in Medicare claims and fewer than 100 patients enrolled in the program for senior citizens and the disabled.

"We think that a lot of these practices don't see a lot of Medicare patients," Goodrich said. "They may meet the low-volume cutoff."

CMS will release its decision on criteria for this exemption in the final rule. This is one of myriad decisions that the agency will need to hash out in the months ahead in order to have the rule done in time for use next year. CMS is accepting comments on the 962-page draft rule through June 27.

"I am worried about CMS and how they are going to get ready," said Ashley Thompson, senior vice president for public policy analysis and development at the American Hospital Association, at the Alliance event. "The final rule has to be out by Nov. 1."

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