

Highmark Reimbursement Policy Bulletin



HISTORY VERSION

Bulletin Number: RP-049
Subject: Merit-based Incentive Payment System (MIPS) for Out of Network Providers
Effective Date: May 21, 2019 **End Date:**
Issue Date: October 23, 2023 **Revised Date:** October 2023
Date Reviewed: October 2023
Source: Reimbursement Policy

| | | | | | | | | |
|---|----|-------------------------------------|------|-------------------------------------|----|-------------------------------------|----|-------------------------------------|
| Applicable Commercial Market | PA | <input type="checkbox"/> | WV | <input type="checkbox"/> | DE | <input type="checkbox"/> | NY | <input type="checkbox"/> |
| Applicable Medicare Advantage Market | PA | <input checked="" type="checkbox"/> | WV | <input checked="" type="checkbox"/> | DE | <input checked="" type="checkbox"/> | NY | <input checked="" type="checkbox"/> |
| Applicable Claim Type | UB | <input type="checkbox"/> | 1500 | <input checked="" type="checkbox"/> | | | | |

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Reimbursement Policy designation of Professional or Facility application is based on how the provider is contracted with the Plan. This Policy supersedes direction provided in Bulletins prior to the effective date of this policy.

PURPOSE:

This policy outlines application of the Merit-based Incentive Payment System (MIPS) Payment Adjustment to Medicare Advantage (MA) Out-of-Network (OON) Payments.

BACKGROUND:

On April 27, 2018, CMS issued a memorandum that provided guidance to Medicare Advantage organizations (MAOs) regarding the application of the MIPS payment adjustment to their payments to non-contract MIPS eligible clinicians. The guidance in this memorandum is not intended to apply to MAOs' payments to contract clinicians.

The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) (P.L. 114-10) created the Quality Payment Program to reform Medicare Part B payments by rewarding the delivery of high-quality patient care through two avenues: (1) the Merit-based Incentive Payment System (MIPS) and (2) Advanced Alternative Payment Models (Advanced APMs).

Merit-based Incentive Payment System (MIPS)

Section 101(b) of the MACRA consolidated certain aspects of three current incentive programs – the Medicare Electronic Health Record (EHR) Incentive Program for eligible professionals, the Physician Quality Reporting System (PQRS), and the Value-based Payment Modifier – into one program, called the Merit-based Incentive Payment System (MIPS).

Beginning in 2017, MIPS eligible clinicians are evaluated during a MIPS performance period across the following performance categories: Quality, Promoting Interoperability (formerly Advancing Care Information), Improvement Activities, and Cost. The performance categories have different “weights” and are added together to create a MIPS final score between 0 and 100 points. Based on their performance, MIPS eligible clinicians will receive a positive, neutral, or negative MIPS payment adjustment during the corresponding MIPS payment year. Performance in 2017 will be used to determine the MIPS payment adjustment that applies in the 2019 MIPS payment year. The MIPS payment adjustment will be applied to the amount otherwise paid for the clinician’s covered professional services (i.e., services furnished by the MIPS eligible clinician and paid under or based on the Medicare physician fee schedule (PFS)).

MIPS Payment Adjustments

The maximum positive and negative MIPS adjustments for each payment year are as follows: in 2019, +/- 4 percent; in 2020, +/- 5 percent; in 2021, +/- 7 percent; and in 2022 and subsequent years, +/- 9 percent. Positive MIPS adjustment factors may be increased or decreased by a scaling factor (not to exceed 3.0) to ensure that the adjustments are budget neutral. For payment years 2019 to 2024, MIPS eligible clinicians who are determined to be exceptional performers can receive an additional positive MIPS payment adjustment.

Application of MIPS Payment Adjustment to MA Non-Contract Provider Payments

When an MAO’s coverage responsibilities include payment for services furnished to an enrollee by a non-contract provider, the MA plan’s payment to the provider must be equal to the total dollar amount that would have been authorized for such services under Medicare Parts A and B, less any cost-sharing provided for under the plan. MA plan enrollees are responsible for plan-allowed cost-sharing for out-of-network services.

Calculating the 2019 MIPS Payment Adjustment

In the April 27, 2018 memorandum, CMS explained that when a MIPS eligible clinician furnishes services to an MA plan member on a non-contract basis, the combined payment that the clinician receives from the MA plan and the plan member must be no less than the total MIPS-adjusted payment amount that the clinician would have received under Medicare FFS.

MIPS payment adjustments are applied on a per-claim basis at the time of initial claim payment.

Effect on MA Plan Cost-Sharing

On November 8, 2018, CMS issued another memorandum that clarified their original guidance concerning the calculation of member cost-sharing and plan liability. Appendix B in this memorandum provided examples of how member cost-sharing and plan liability would be calculated under the approach discussed in CMS’ April 27 memorandum (Approach 1) and the alternative approach (Approach 2). MAOs are permitted to calculate member cost-sharing under either approach. CMS noted, however, that they expect bid pricing to be consistent with whichever approach a plan sponsor uses to operationalize the MIPS adjustments.

The Plan decided to implement Approach 1.

MIPS Adjustment File Access

The April 27, 2018 memorandum explained that for each MIPS payment year (starting with 2019), CMS will upload to the Health Plan Management System (HPMS) (<https://hpms.cms.gov>) a data file that contains the information MAOs can use to determine the amount of the MIPS payment adjustment that applies to each MIPS eligible clinician's payments for Medicare Part B covered professional services.

REIMBURSEMENT GUIDELINES:

MIPS Positive Adjustment Example: 30% coinsurance

| Step 1: Calculate total MIPS-adjusted payment amount under Medicare FFS | |
|--|-------------------------------------|
| MIPS adjustment percentage: | +4% |
| PFS allowed amount: | \$100.00 |
| Medicare-paid amount: | 80% * \$100.00 = \$80.00 |
| MIPS-adjusted Medicare-paid amount: | 104% * \$80.00 = \$83.20 |
| Medicare FFS cost-sharing: | 20% * \$100.00 = \$20.00 |
| Total MIPS-adjusted payment amount: | \$83.20 + \$20.00 = \$103.20 |
| Step 2: Calculate member cost-sharing and plan liability | |
| <i>Approach 1: Calculate member cost-sharing as a percentage of MIPS-adjusted payment amount</i> | |
| Member cost-sharing: | 30% * \$103.20 = \$30.96 |
| MA plan liability: | 70% * \$103.20 = \$72.24 |

MIPS Negative Adjustment Example: 30% coinsurance

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POLICY UPDATE HISTORY INFORMATION:

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| 5 / 2019 | Implementation |
| 7 / 2021 | Added new policy header with expanded regional checkboxes |
| 1 / 2021 | Added Delaware Medicare Advantage applicable to the policy |
| 9 / 2022 | Added New York Medicare Advantage applicable to the policy |
| 10 / 2023 | Administrative policy review with no changes in policy direction |

Highmark Reimbursement Policy Bulletin



HISTORY VERSION

Bulletin Number: RP-049
Subject: Merit-based Incentive Payment System (MIPS) for Out of Network Providers
Effective Date: May 21, 2019 **End Date:**
Issue Date: September 1, 2022 **Revised Date:** August 2022
Date Reviewed: August 2022
Source: Reimbursement Policy

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REIMBURSEMENT GUIDELINES:

MIPS Positive Adjustment Example: 30% coinsurance

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| 7 / 2021 | Added new policy header with expanded regional checkboxes |
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Subject: Merit-based Incentive Payment System (MIPS) for Out of Network Providers
Effective Date: May 21, 2019 **End Date:**
Issue Date: January 3, 2022 **Revised Date:** January 2022
Date Reviewed: October 2021
Source: Reimbursement Policy

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|---|----|-------------------------------------|------|-------------------------------------|----|-------------------------------------|----|--------------------------|
| Applicable Commercial Market | PA | <input type="checkbox"/> | WV | <input type="checkbox"/> | DE | <input type="checkbox"/> | NY | <input type="checkbox"/> |
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MIPS Positive Adjustment Example: 30% coinsurance

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Bulletin Number: RP-049
Subject: Merit-based Incentive Payment System (MIPS) for Out of Network Providers
Effective Date: May 21, 2019
Issue Date: July 29, 2021
Date Reviewed: July 2021
Source: Reimbursement Policy

End Date:
Revised Date: July 2021

Applicable Commercial Market

PA WV DE NY

Applicable Medicare Advantage Market

PA WV DE NY

Applicable Claim Type

UB 1500

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| Total MIPS-adjusted payment amount: | \$76.80 + \$20.00 = \$96.80 |
| Step 2: Calculate member cost-sharing and plan liability | |
| <i>Approach 1: Calculate member cost-sharing as a percentage of MIPS-adjusted payment amount</i> | |
| Member cost-sharing: | 30% * \$96.80 = \$29.04 |
| MA plan liability: | 70% * \$96.80 = \$67.76 |

REFERENCES:

- 2019 MIPS HPMS Memo (04-27-2018).pdf
Retrieved from <https://www.cms.gov/Research-Statistics-Data-and-Systems/Computer-Data-and-Systems/HPMS/HPMS-Memos-Archive-Weekly-Items/SysHPMS-Memo-2018-Week4-Apr-23-27.html>
- 2019 MIPS HPMS Memo (11-08-2018) Final.pdf
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POLICY UPDATE HISTORY INFORMATION:

| | |
|----------|---|
| 5 / 2019 | Implementation |
| 7 / 2021 | Added new policy header with expanded regional checkboxes |

HISTORY

Highmark Reimbursement Policy Bulletin



Bulletin Number: RP-049
Subject: Merit-based Incentive Payment System (MIPS) for Out of Network Providers
Effective Date: May 31, 2019 **End Date:**
Issue Date: June 17, 2019 **Revised Date:**
Date Reviewed: May 2019
Source: Reimbursement Policy

Applicable Commercial Market PA WV DE
Applicable Medicare Advantage Market PA WV
Applicable Claim Type UB 1500

Reimbursement Policy designation of Professional or Facility application is respective to how the provider is contracted with The Plan. Provider contractual agreement terms in direct conflict with this Reimbursement Policy may supersede this Policy's direction and regional applicability. This policy supersedes and replaces any prior Plan guidance, including bulletins, in direct conflict with the guidance provided in this Reimbursement Policy.

PURPOSE:

This policy outlines application of the Merit-based Incentive Payment System (MIPS) Payment Adjustment to Medicare Advantage (MA) Out-of-Network (OON) Payments.

BACKGROUND:

On April 27, 2018, CMS issued a memorandum that provided guidance to Medicare Advantage organizations (MAOs) regarding the application of the MIPS payment adjustment to their payments to non-contract MIPS eligible clinicians. The guidance in this memorandum is not intended to apply to MAOs' payments to contract clinicians.

The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) (P.L. 114-10) created the Quality Payment Program to reform Medicare Part B payments by rewarding the delivery of high-quality patient care through two avenues: (1) the Merit-based Incentive Payment System (MIPS) and (2) Advanced Alternative Payment Models (Advanced APMs).

Merit-based Incentive Payment System (MIPS)

Section 101(b) of the MACRA consolidated certain aspects of three current incentive programs – the Medicare Electronic Health Record (EHR) Incentive Program for eligible professionals, the Physician Quality Reporting System (PQRS), and the Value-based Payment Modifier – into one program, called the Merit-based Incentive Payment System (MIPS).

Beginning in 2017, MIPS eligible clinicians are evaluated during a MIPS performance period across the following performance categories: Quality, Promoting Interoperability (formerly Advancing Care Information), Improvement Activities, and Cost. The performance categories have different “weights” and are added together to create a MIPS final score between 0 and 100 points. Based on their performance, MIPS eligible clinicians will receive a positive, neutral, or negative MIPS payment adjustment during the corresponding MIPS payment year. Performance in 2017 will be used to determine the MIPS payment adjustment that applies in the 2019 MIPS payment year. The MIPS payment adjustment will be applied to the amount otherwise paid for the clinician’s covered professional services (i.e., services furnished by the MIPS eligible clinician and paid under or based on the Medicare physician fee schedule (PFS)).

MIPS Payment Adjustments

The maximum positive and negative MIPS adjustments for each payment year are as follows: in 2019, +/- 4 percent; in 2020, +/- 5 percent; in 2021, +/- 7 percent; and in 2022 and subsequent years, +/- 9 percent. Positive MIPS adjustment factors may be increased or decreased by a scaling factor (not to exceed 3.0) to ensure that the adjustments are budget neutral. For payment years 2019 to 2024, MIPS eligible clinicians who are determined to be exceptional performers can receive an additional positive MIPS payment adjustment.

Application of MIPS Payment Adjustment to MA Non-Contract Provider Payments

When an MAO’s coverage responsibilities include payment for services furnished to an enrollee by a non-contract provider, the MA plan’s payment to the provider must be equal to the total dollar amount that would have been authorized for such services under Medicare Parts A and B, less any cost-sharing provided for under the plan. MA plan enrollees are responsible for plan-allowed cost-sharing for out-of-network services.

Calculating the 2019 MIPS Payment Adjustment

In the April 27, 2018 memorandum, CMS explained that when a MIPS eligible clinician furnishes services to an MA plan member on a non-contract basis, the combined payment that the clinician receives from the MA plan and the plan member must be no less than the total MIPS-adjusted payment amount that the clinician would have received under Medicare FFS.

MIPS payment adjustments are applied on a per-claim basis at the time of initial claim payment.

Effect on MA Plan Cost-Sharing

On November 8, 2018, CMS issued another memorandum that clarified their original guidance concerning the calculation of member cost-sharing and plan liability. Appendix B in this memorandum provided examples of how member cost-sharing and plan liability would be calculated under the approach discussed in CMS’ April 27 memorandum (Approach 1) and the alternative approach (Approach 2). MAOs are permitted to calculate member cost-sharing under either approach. CMS noted, however, that they expect bid pricing to be consistent with whichever approach a plan sponsor uses to operationalize the MIPS adjustments.

The Plan decided to implement Approach 1.

MIPS Adjustment File Access

The April 27, 2018 memorandum explained that for each MIPS payment year (starting with 2019), CMS will upload to the Health Plan Management System (HPMS) (<https://hpms.cms.gov>) a data file that contains the information MAOs can use to determine the amount of the MIPS payment adjustment that applies to each MIPS eligible clinician's payments for Medicare Part B covered professional services.

REIMBURSEMENT GUIDELINES:

MIPS Positive Adjustment Example: 30% coinsurance

| Step 1: Calculate total MIPS-adjusted payment amount under Medicare FFS | |
|--|-------------------------------------|
| MIPS adjustment percentage: | +4% |
| PFS allowed amount: | \$100.00 |
| Medicare-paid amount: | 80% * \$100.00 = \$80.00 |
| MIPS-adjusted Medicare-paid amount: | 104% * \$80.00 = \$83.20 |
| Medicare FFS cost-sharing: | 20% * \$100.00 = \$20.00 |
| Total MIPS-adjusted payment amount: | \$83.20 + \$20.00 = \$103.20 |
| Step 2: Calculate member cost-sharing and plan liability | |
| <i>Approach 1: Calculate member cost-sharing as a percentage of MIPS-adjusted payment amount</i> | |
| Member cost-sharing: | 30% * \$103.20 = \$30.96 |
| MA plan liability: | 70% * \$103.20 = \$72.24 |

MIPS Negative Adjustment Example: 30% coinsurance

| Step 1: Calculate total MIPS-adjusted payment amount under Medicare FFS | |
|--|------------------------------------|
| MIPS adjustment percentage: | -4% |
| PFS allowed amount: | \$100.00 |
| Medicare-paid amount: | 80% * \$100.00 = \$80.00 |
| MIPS-adjusted Medicare-paid amount: | 104% * \$80.00 = \$76.80 |
| Medicare FFS cost-sharing: | 20% * \$100.00 = \$20.00 |
| Total MIPS-adjusted payment amount: | \$76.80 + \$20.00 = \$96.80 |
| Step 2: Calculate member cost-sharing and plan liability | |
| <i>Approach 1: Calculate member cost-sharing as a percentage of MIPS-adjusted payment amount</i> | |
| Member cost-sharing: | 30% * \$96.80 = \$29.04 |
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POLICY UPDATE HISTORY INFORMATION:

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|-----------|----------------|
| 05 / 2019 | Implementation |
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HISTORY