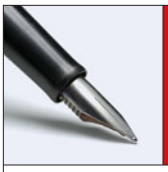


LETTER FROM THE EDITOR-IN-CHIEF

The MIPS Mess

It should not be terribly surprising to anyone that the massive government effort to incentivize quality has run into some serious challenges. Adjudicating quality has always been a briar patch of exceptions, confounders, red tape, and bias. To make matters worse, as with large government efforts, you end up with a whole bunch of unintended consequences that typically add cost and effort to the very practices that can handle it the least.

As we all learned in high school physics, every action has an equal and opposite reaction. And the Merit-based Incentive Payment System (MIPS) is a classic example of Newton's famous third law of motion. Consider the following:

For every incentive, there is an equal and opposite disincentive

- MIPS only incentivizes Medicare visits, which already are heavily burdened by paperwork and sicker patients. With reimbursement typically lower than commercial rates and compliance risk higher, there already exists a disincentive to increase your Medicare mix
- MIPS has not demonstrated that the "juice is worth the squeeze," further disincentivizing the expansion of your Medicare mix
- The end result is a shift away from MIPS and Medicare entirely, reducing access and doing nothing for improving quality

For every "winner" there is an equal and opposite "loser"

- Like most government programs, MIPS is complicated and time-consuming, and requires more sophisticated tools to track and additional personnel to manage
- Small practices with limited Medicare volume simply cannot justify the investment. They get punished under MIPS
- Large group practices and large health systems that have the infrastructure to support management of complex initiatives can invest in the people and resources to "win"
- Gaming the system, not quality improvement, becomes the goal. And the big systems are simply better at winning these games

"It looks like MIPS will turn into another ill-fated penalty avoidance game that has no material impact on much of anything."

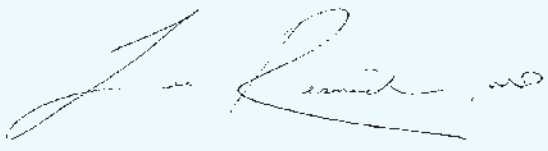
For every rule there is an equal and opposite loophole

- Because of the complex nature of healthcare delivery in this country, you cannot create a single ruleset for anything
- This creates the opportunity for exceptions; as the exceptions grow, the more participants seek to be one
- These loopholes dilute the program and declaw the penalties
- The MIPS mandate to be cost-neutral falls apart and...
- The incentive payments are reduced (making the whole program an expensive and exhausting exercise for nothing)

In July of this year, CMS released the preliminary data from the first full year of the program, and they trumpeted that 97% of 2018 participants will receive a payment adjustment in 2020. Problem is the bonus for these practices will max out at 1.88%. In addition, the aforementioned "cost-neutrality" will always curtail the bonuses unless the penalty pool increases. And this is unlikely to happen anytime soon if you believe, like I do, that the exceptions, delays, and protestations will continue to delay and dilute the objectives of the program.

Like many other well-intentioned government initiatives intent on improving care or reducing cost, MIPS appears to be headed for a predictable fate: more time, more hassle, more confusion, more changes, and more exceptions. All with little to no impact on cost or quality and limited incentives for performance. In fact, it looks like MIPS will turn into another ill-fated penalty avoidance game that has no material impact on much of anything.

Perhaps we could have predicted this using another of Newton's discoveries: What goes up, must come down! ■



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