

The Yaffe & Company Approach to Physician Services

Physician compensation design is changing as healthcare reform evolves. CMS intends that by 2018, the great majority of its payments to physicians will be based on demonstrated clinical value or outcomes ("value-based payment"), rather than Fee For Service payments. Because hospitals and health systems have increasingly aligned with physicians through a variety of financial relationships, including professional services agreements and employment models, it is incumbent on health system leadership to understand MACRA's impact.

Organizations must ensure that:

- Their organizations are aligned to prosper under new governmental and commercial insurer payment models.
- Physician and other provider compensation models comply with various governmental and market regulations.
- Provider compensation models facilitate the recruitment, retention, and retirement of the physician.
- Provider compensation programs are subject to appropriate oversight by the organization's governing body.

Yaffe & Company can assist healthcare organizations with the strategic, operational and regulatory issues inherent with physician alignment and employment in non-profit settings:

- Executive and Provider Compensation design and implementation
- Leadership Development programs for Board members, Executives, and Physicians
- Education and Advisory Services:
 - Health System – Physician Relationships
 - Physician / Board Governance
- Physician Practice Operations: assess, benchmark, and improve performance
- Fair Market Value Assessment
- MACRA Readiness & Incentive Alignment

Are You Ready for MACRA? UNDERSTANDING & ALIGNMENT

A MACRA READINESS PRIMER FROM YAFFE & COMPANY, INC.

The Centers for Medicare & Medicaid Services (CMS) is overhauling the payment systems for physician and provider services through Medicare Access & CHIP Reauthorization Act (MACRA) legislation. Providers will be required to participate in one of two tracks: Alternative Payment Models (APMs) and Merit-based Incentive Payment System (MIPS). For physician groups and healthcare organizations whose providers are not part of an APM, such as an Accountable Care Organization, planning for MACRA is increasingly urgent. The first year of reporting begins in January of 2017, and substantial upside and downside financial implications begin in 2019.

Yaffe & Company Can Guide You and Your Team.

Yaffe & Company, Inc. is in a unique position to educate Board members and Executives of hospitals and health systems about MACRA and its impact, and provide guidance to align health system and physician goals with MACRA incentives.

Especially with the changing political landscape, health system leadership teams need a reliable source for the most up-to-date information, in order to adapt to the latest legislative developments. Whatever may come, we will be that trusted source.

Our team is led by Dr. Rick Lopes, who draws on his experience as a physician executive, and Rick Borschuk, a leader in practice operations. They can guide clients on how to best prepare for the changes inherent in MACRA legislation, even if it evolves or is altered over time. Dr. Lopes and Mr. Borschuk urge hospitals, health systems, and physician groups to take inventory of CMS Programs in which they currently participate, and assess your readiness to thrive under MACRA.

MACRA is more than a replacement for SGR, and blends elements from current CMS programs such as Meaningful Use (MU), Physician Quality Reporting System (PQRS), and Value-Based Payment Modifier (VBPM). Are you prepared?

These Questions Help Evaluate Risk and Guide Future Actions.

1. Are your Board and Executive Leaders knowledgeable about MACRA rollout, its potential rewards and penalties, and the need to align health system components to your advantage?
2. Does your Physician Enterprise qualify under Track 1, the Merit-Based Incentive Payment System ("MIPS"); or Track 2, the Advanced Alternative Payment Model ("APM")?
3. Which of your Hospital-Based or community physicians qualify as "Eligible Clinicians" under MACRA?
4. Which MIPS Track 1 reporting level do your affiliated physicians satisfy, and what are the financial implications for them? Rewards or penalties range from 4% in 2019 to 9% in 2022, with an additional 10% bonus payment available.
5. Have you quantified rewards or penalties under APM or MIPS Track, and taken steps to adjust physician compensation programs to reflect the financial implications of MACRA?
6. Are your IT systems capable of reporting MIPS data: Quality, Clinical Practice Improvement Activity ("CPIA"), and Advancing Care Information ("ACI") in 2019; and adding Cost data in 2020?



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About Rick Lopes, M.D.

Richard T. Lopes, MD, MBA joins Yaffe & Company as a Senior Consultant focusing on provider services. Dr. Lopes brings more than thirty years of experience in medical group, hospital and health system administration. He recently retired from SCL Health where he served as Executive Vice-President and Chief Population Health Officer. He is board certified in Internal Medicine and his career has included leadership roles in large multispecialty group practice, clinical effectiveness program development, health plan management, hospital and health system governance and leadership development, clinical quality and safety, and clinical information systems. He will be focused on helping client organizations develop, grow and refine their provider strategies and infrastructure.



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About Rick Borschuk

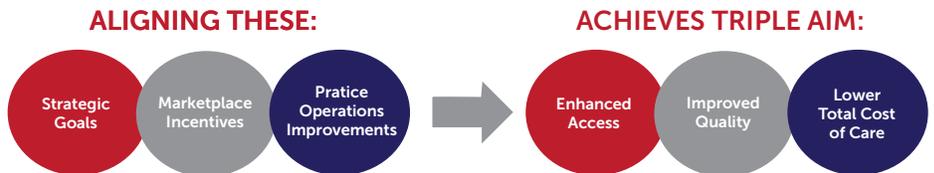
Rick Borschuk has more than 25 years of experience in health system and physician group consulting and executive management. He has designed and implemented his own distinctive strategic and tactical solutions as a former CEO, COO, CFO and Executive Director for a wide array of healthcare entities throughout the United States. He has mentored many managers for future leadership roles.

In his most recent roles as the Physician Practice Leader for Sage Growth Partners and as CFO of University Medicine Foundation (Providence, RI), Mr. Borschuk developed physician delivery networks organically and through affiliation, and has managed advanced payment networks and health system ambulatory strategies. He graduated from the University of Iowa with a dual major in accounting and finance, and received his CPA through the University of Illinois. He served in the U.S. Army Artillery Intelligence during the Vietnam War and was honorably discharged. Along with Dr. Lopes, Mr. Borschuk will focus on helping client organizations achieve clear alignment, solid return on investments, and steady strategic growth.

- If your physicians qualify as an Advanced APM, do they meet the Qualifying (5% annual payment bonus 2019-2024) or Partial Qualifying (MIPS exemption, no bonus payments) thresholds for Medicare payments and patient volume?
- Under Track 2 APM, are data systems able to document the requirements of Quality Reporting, Certified EHR, and Nominal Risk requirements under one of the five APM models available for 2017?

Dr. Lopes and Mr. Borschuk believe that the MACRA program provides an opportunity for hospital, health system, and physician group executives to think differently about how they provide care and reward their employees for clinical, operational, and financial results. Because of Medicare's significance to the health care industry, MACRA will have a profound impact on revenue, particularly for those organizations with a meaningful number of employed physicians and other ambulatory providers.

We can Align Your System and Achieve Goals...



At Yaffe & Company, our core strength is alignment. We can help identify, communicate, implement, and measure your strategic goals, marketplace incentives, and practice operations improvements to achieve the Triple Aim of health reform: Enhanced Access, Improved Quality, and Lower Total Cost of Care. We have a long history of providing this extended support from an executive compensation perspective.

...And Guide Your Team Through 4 Clear Steps:

- Board & Executive Education, including Physician Enterprise Leadership
- Analyze Current Physician Compensation Models, Incentives, and Strategic Plans
- Develop an Action Plan, including modeling different scenarios
- Implement and execute at the operating level of the organization

Yaffe & Company, Inc. can help your organization understand, prepare for, and take advantage of the significant changes MACRA brings to your organization. Our goal is to help position you to realize improved cost and payment dynamics, while avoiding the potential penalties inherent in MACRA.

MACRA Merit-Based Incentive Payment System (MIPS): Critical Milestones

MACRA will replace the current patchwork of PQRS, SGR, the Value Modifier Program, and the Medicare Electronic Health Record (HER) Incentive Programs with MIPS.

MACRA REPORTING YEARS		
2016	2017	2018
Current Reporting Methods Conclude	MACRA Performance Reporting Begins	MACRA Performance Reporting Continues
The final reporting period for PQRS, the Value-Based Modifier Program, and the Medicare EHR Incentives concludes December 31, 2016.	The first performance reporting period for MACRA will take place for a 90-day period chosen by the Physician Group during Calendar Year 2017.	The second performance reporting period for MACRA will take place during a period to be determined by CMS during Calendar Year 2018.

MACRA PAYMENT ADJUSTMENT YEARS			
Medicare Part B Physician Payments Will Be Adjusted Based on Performance Reporting During Years 2017 - 2018 in Increasing Percentage Amounts as Indicated Below.			
2019	2020	2021	2022
+ / - 4%	+ / - 5%	+ / - 7%	+ / - 9%
For 2019 - 2022, CMS has set aside \$500 Million / Year to Reward Physician Groups Demonstrating Exceptional Performance up to 10% Additional Part B Payments.			