

GAO Highlights

Highlights of [GAO-18-428](#), a report to congressional requesters

Why GAO Did This Study

In 2017, CMS phased out three legacy payment incentive programs and consolidated them into MIPS to further incentivize efficient, high quality care. Stakeholders have raised questions about small and rural physician practices' readiness and ability to participate in MIPS.

GAO was asked to review a number of aspects related to small and rural practices' participation in legacy programs and in MIPS. This report describes (1) how small and rural physician practices performed in legacy Medicare programs and the projected effect of MIPS; (2) stakeholders' views on challenges that small and rural practices experienced in Medicare legacy programs and on how CMS can aid small and rural practices' participation in MIPS; and (3) CMS's efforts to help small and rural practices participate in MIPS.

GAO analyzed the most recently available CMS data on legacy programs and MIPS. GAO interviewed 23 stakeholders, including small and rural physician practices, and physician associations; and CMS officials. GAO identified stakeholders through research and referrals from other stakeholders interviewed.

The Department of Health and Human Services provided technical comments on a draft of this report, which GAO incorporated as appropriate.

View [GAO-18-428](#). For more information, contact James Cosgrove at (202) 512-7114 or cosgrovej@gao.gov.

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MEDICARE

Small and Rural Practices' Experiences in Previous Programs and Expected Performance in the Merit-based Incentive Payment System

What GAO Found

According to 2015 data from the Centers for Medicare & Medicaid Services (CMS)—the most recent available at the time of GAO's review—small physician practices with 15 or fewer providers in rural or non-rural areas were more likely to receive a negative payment adjustment in legacy Medicare payment incentive programs GAO reviewed than were larger practices. These legacy programs, which paid physicians in part based on reporting quality information and providing high-quality, efficient care rather than the traditional approach of paying only based on the volume of care, have been consolidated into the Merit-based Incentive Payment System (MIPS) in 2017. MIPS is designed to further incentivize efficient, high-quality care. CMS projected the effect of MIPS in 2017 and 2018 for practices using legacy program data and estimated that a higher percentage of larger practices would be successful in MIPS (defined by GAO as positive or neutral payment adjustments) than small practices. CMS also projected that small practices would be more successful in MIPS than they had been in the legacy programs. CMS assumed that small practices would increase their participation in MIPS because of the flexibilities built into the program that would help make practices successful. If CMS assumed that small practices would participate in MIPS at historical legacy program participation rates, a lower percentage of small practices would be expected to receive a positive or neutral payment adjustment under MIPS.

Based on interviews with 23 stakeholders, GAO identified challenges faced by small and rural practices that participated in Medicare legacy programs. GAO categorized challenges into three categories.

Examples of Challenges Faced by Small and Rural Physician Practices, by Key Topic Area

Category	Example of challenge
Technology	Practices may purchase electronic health record systems that are not the best suited to meet their needs
Financial and staff resources	Practices lack the financial resources to hire additional staff to manage program participation
Legacy program requirements	Practices with fewer staff to monitor changing program requirements may have difficulty staying current

Source: GAO analysis of stakeholder interviews. | GAO-18-428

In addition, stakeholders suggested actions related to the design of MIPS, technical assistance, and outreach and education efforts that CMS could take to improve small and rural practice participation.

CMS officials told GAO that they heard challenges and suggestions related to small and rural practices' participation in MIPS similar to those GAO heard for legacy programs. Additionally, CMS officials told GAO that CMS has actions underway that they believe address these challenges. For example, CMS has developed educational resources; contracted with organizations to provide technical assistance to small and rural practices; and incorporated flexibility into MIPS, such as allowing practices with 10 or fewer providers to participate as a virtual group that can work together and share resources.