MILLER·MEEKS
IOWA'S 1ST DISTRICT

Background:
The Medicare Access and CHIP Reauthorization Act (MACRA) of 2015 consolidated three legacy quality reporting programs into the **Merit-based Incentive Payment System** (MIPS). Under MIPS, physicians must report on quality measures, health IT use, and improvement activities. The Centers for Medicare & Medicaid Services (CMS) also evaluates cost and population health using claims data.

Issue:
CMS combines these metrics into a composite score (0–100), which determines whether physicians receive a penalty, neutral adjustment, or bonus. The program is budget neutral, meaning penalties (up to -9%) fund bonuses. Most physicians are subject to MIPS unless they meet specific exemptions. MIPS has created significant challenges for physicians and does not effectively measure or improve care. MIPS has caused disproportionately more penalties on small and rural healthcare practices. MIPS causes:

- **Disproportionate penalties on small and rural practices**
  - ~50% of solo clinicians penalized
  - 29% of small practices and 18% of rural practices penalized
  - Nearly 30% of solo clinicians received the maximum **-9% penalty**
- **High administrative burden and cost**
  - ~$12,800 per physician annually
  - ~202 hours per year spent on compliance
- **Fails to accurately measure quality**
  - Performance scores are roughly equivalent to chance
  - Physicians serving sicker, lower-income patients often score worse despite delivering high-quality care
- **Limited relevance for specialists**
  - Too few meaningful specialty-specific measures
  - Current scoring discourages reporting on tailored metrics

Solution: The Medicare Physician Data-driven Performance Payment System Act

The **Data-Driven Performance Payment System (DPPS)** offers a better path forward. DPPS has been endorsed by the American Medical Association, as well as reflects principles supported by all state medical associations, and more than 100 specialty societies. It modernizes Medicare's approach by supporting small, rural, and safety net practices, reducing administrative burden, and improving the clinical relevance of quality and cost measures.

DPPS replaces the current "win-lose" structure with a more balanced and sustainable system and would reduce the maximum penalty from -9 percent to one-half of a physician's annual payment update. It would reinvest penalties in quality improvement and alternative payment model readiness by assisting under-resourced practices with their value-based care transformation helping protect hospitals with limited resources. DPPS would also freeze the performance threshold at 75 points for at least three years. DPPS strengthens accountability by ensuring physicians receive timely, actionable data:

- **Quarterly performance feedback from CMS**
  - Physicians can track and improve performance in real time
- **Protection from unfair penalties**
  - Physicians receiving fewer than three feedback reports are exempt from penalties
- **Greater transparency in cost attribution**
  - Clear data on assigned patients and cost responsibilities
  - Enables smarter clinical decisions and more efficient resource use

DPPS creates a more accurate, fair, and sustainable system that rewards meaningful, high-quality care, reduces burdens on physicians, supports vulnerable practices, and improves outcomes for patients while lowering costs for Medicare and taxpayers