Non-Contracted Providers -
Merit-Based Incentive Payment System Payment Adjustments

As a Medicare Advantage Organization (MAO), HAP is required to implement the Merit-Based Incentive Payment System (MIPS) for non-contracted providers. This is a Centers for Medicare & Medicaid Services quality incentive program for Medicare participating providers.

Per CMS, MAOs are required to issue positive MIPS adjustments to non-contracted, Medicare participating providers who render services to members reimbursable under the HAP Medicare Advantage plan covering that member. Plans are permitted to impose negative adjustments as well though not obligated to do so.

HAP Reimbursement Process

Since this CMS directive was issued, HAP has reimbursed the MIPS adjustment as a retroactive claim adjustment for non-contracted providers, issuing only positive adjustments for eligible clinicians. Effective January 1, 2021, CMS updated its directive to impose the additional requirement that MIPS adjustments must be paid (or recouped) within 30 days of the receipt of a clean claim, with HAP continuing its policy of adjusting positive payments retroactively, post-adjudication while issuing such adjustments within the 30-day timeframe.

Effective November 1, 2021, HAP will no longer issue MIPS adjustments retroactively. Instead, we will adjust the allowed amount at the time of claim adjudication to reflect all MIPS adjustments (positive and negative). Specifically, we will:

- Pay the full amount owed to non-contracted providers under Medicare Fee for Service with positive or negative MIPS adjustments factored into the calculated allowed amount[1]
- Apply member deductible, coinsurance and copay based on the final MIPS adjusted, fee-for-service allowed amount

If you have any questions, please contact HAP Provider Inquiry at **(866) 766-4661**.

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[1] CMS requires Medicare-participating providers to accept as payment in full what they would have received under Medicare FFS from MAOs they have not contracted with. Under Medicare FFS, the MIPS adjustment is only applied to the portion of the fee schedule payment that Medicare pays. With a standard 20% coinsurance, 80% of the fee schedule amount is adjusted by the MIPS adjustment factor, and the remaining 20% of the fee schedule amount is added back to calculate the final post-MIPS allowed amount. Example: With a base fee schedule amount of $100 and a negative MIPS adjustment of 5%, a provider will receive ($80 * 95%) + $20 = $96.