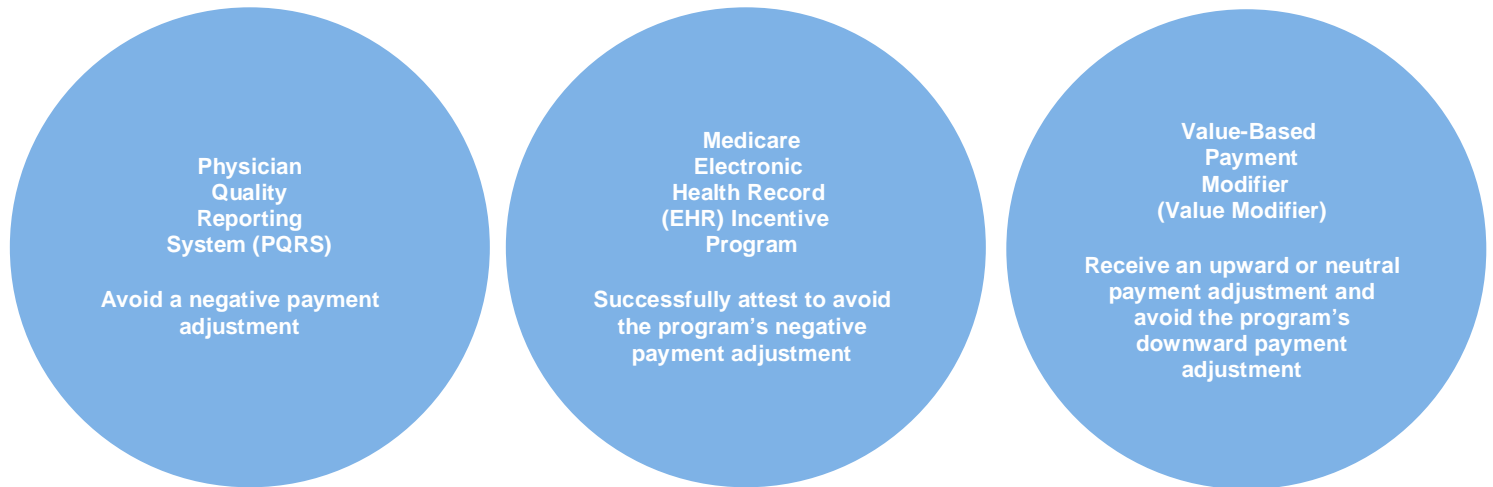


2016 Physician Quality Reporting System (PQRS): Understanding 2018 Medicare Quality Program Payment Adjustments

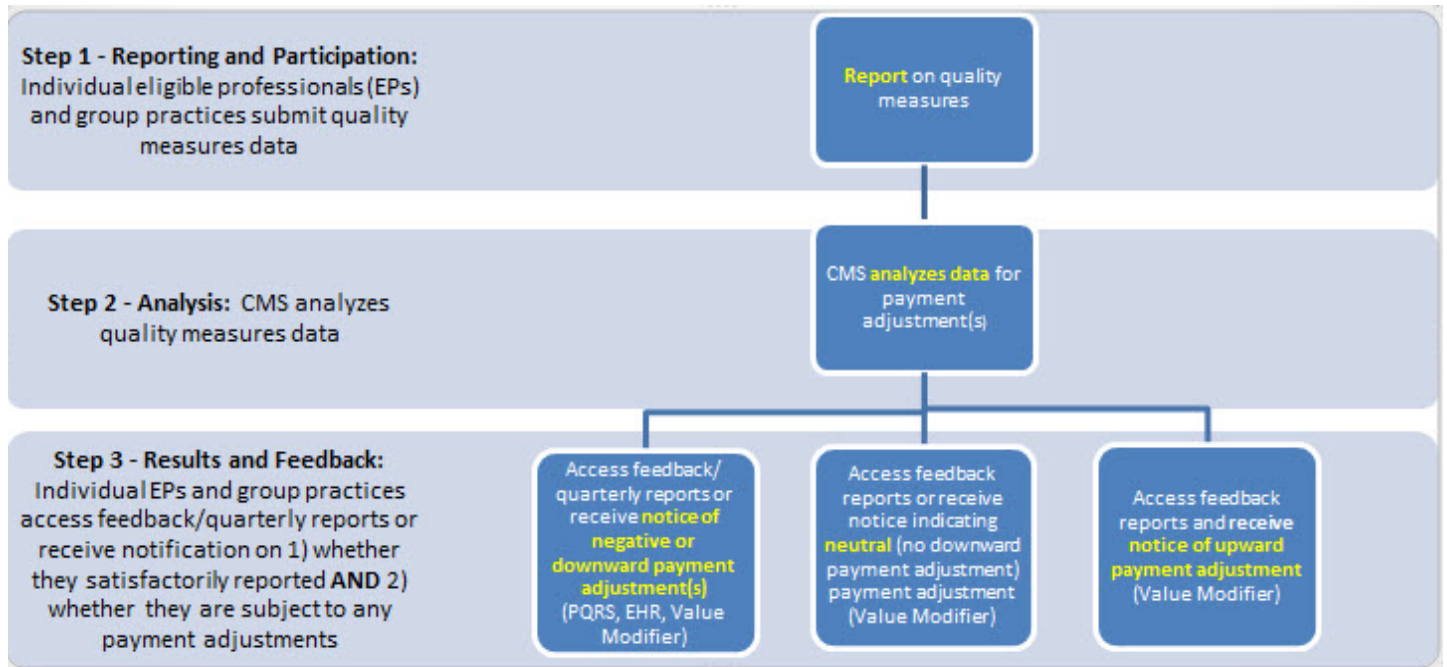
March 2016

This guide provides a general overview of the 2018 payment adjustments for the Centers for Medicare & Medicaid Services (CMS) Medicare quality programs. Learn how to meet quality reporting requirements for the following programs:



Process

Shown below are the three high-level steps for aligned participation in PQRS, Medicare EHR Incentive Program, and Value Modifier.



Note: All PQRS quality reviews (including electronically reported clinical quality measures (CQMs) and Value Modifier data based on PQRS quality measures) will go through PQRS' informal review process. If an informal review is requested, CMS will review data to determine whether proper conclusions were made. The informal review decision will be final, and there will be no further review.

Disclaimer: If reporting for PQRS through another CMS program (such as the [Medicare Shared Savings Program](#), [Comprehensive Primary Care \(CPC\) Initiative](#), [Pioneer Accountable Care Organization \(ACO\) Model](#), [Next Generation ACO Model](#)), please check the program's requirements for information on how to report quality data to avoid the PQRS negative payment adjustment.

Step 1: Reporting and Participation

Who is eligible for a payment adjustment?

Individual EPs and group practices have the opportunity to report quality measures for Medicare quality programs (PQRS, the Medicare EHR Incentive Program, and Value Modifier) in 2016. Eligibility differs for each Medicare quality program and is summarized below.

Program	Description
<p style="text-align: center;">PQRS</p>	<p>CMS identifies Medicare physicians, practitioners, and therapists as individual EPs who are eligible and able to participate in PQRS. For more details, view the “2016 PQRS List of Eligible Professionals” document posted on the PQRS How to Get Started webpage.</p> <p>Read more about avoiding the 2018 PQRS negative payment adjustment on the PQRS Payment Adjustment Information webpage.</p>
<p style="text-align: center;">Medicare EHR Incentive Program</p>	<p>Note that only individual EPs (and not group practices) can participate in the Medicare EHR Incentive Program. However, EPs can meet the CQM requirements under the EHR Incentive Program by reporting as a group practice through the PQRS group practice reporting option (GPRO) EHR or Web Interface reporting options.</p> <p>The following Medicare professionals are eligible for incentive payments for the “meaningful use” of certified EHR technology, if all program requirements are met:</p> <ul style="list-style-type: none"> • Doctors of medicine or osteopathy • Doctors of dental surgery or dental medicine • Doctors of podiatry • Doctors of optometry • Chiropractors <p>Read more about Medicare EHR Incentive Program on the EHR Incentive Programs webpage and information about payment adjustments and hardship exceptions for Eligible Professionals on the EHR Incentive Programs Payment Adjustments & Hardship Information webpage.</p> <p>EPs must demonstrate meaningful use every year in order to avoid Medicare payment adjustments. For example, an eligible professional that demonstrates meaningful use for the first time in 2013 will avoid the payment adjustment in CY 2015, but will need to demonstrate meaningful use again in 2014 in order to avoid the payment adjustment in CY2016.</p> <p>Please note that payments and adjustments are not based solely on the submission of quality measures. See what other criteria must be met for the Medicare EHR Incentive Program on the EHR Incentive Programs webpage.</p>

Program	Description
<p>Value Modifier</p>	<p>In 2018, the Value Modifier will apply to payments under the Medicare Physician Fee Schedule (MPFS) for physician and non-physician solo practitioners and physicians and non-physicians in group practices of 2 or more EPs. Calendar year 2016 is the performance period for the Value Modifier that will be applied in 2018.</p> <p>Includes:</p> <ul style="list-style-type: none"> • Physicians • Physician assistants (PAs) • Nurse practitioners (NPs) • Clinical nurse specialists (CNSs) • Certified registered nurse anesthetists (CRNAs) <p>Beginning in 2017, the VM will apply to EPs participating in a Shared Savings Program ACO.</p> <p>In 2017 and 2018, the application of the Value Modifier is waived for groups and solo practitioners, as identified by their taxpayer identification number (TIN), if at least one EP who billed for MPFS items and services under the TIN during the applicable Value Modifier performance period participated in the following:</p> <ul style="list-style-type: none"> • Pioneer ACO Model • CPC initiative • Or, other similar Innovation Center models (e.g., the Next Generation ACO Model, Oncology Care Model, Comprehensive ESRD Care Initiative) <p>Read more about the Value Modifier on the Value-Based Payment Modifier webpage.</p>

Why report?

Participating in CMS quality initiatives like PQRS helps measure the quality of care for Medicare beneficiaries. The data gathered through PQRS has a wide reach across other quality initiatives, such as demonstrating meaningful use using certified EHR technology (CEHRT), computing the Value Modifier, and presenting quality performance on the Physician Compare website. The measures reported by health care professionals inform the ability to provide high-quality health care and relate to the goal of effective, safe, efficient, patient-centered, equitable, and timely care. Below are additional reasons to report quality measures for 2016:

PQRS	Medicare EHR Incentive Program	Value Modifier
<ul style="list-style-type: none"> • Avoid the 2018 PQRS negative payment adjustment • Data will be publicly reported on Physician Compare website 	<ul style="list-style-type: none"> • Satisfy the clinical quality measure (CQM) component of the EHR Incentive Program • Avoid the payment adjustment 	<ul style="list-style-type: none"> • Earn an upward, neutral, or downward payment adjustment based on performance on quality and cost measures and avoid the automatic downward Value Modifier payment adjustment in 2018

More information:

- Note that only individual EPs (and not group practices) can participate in the Medicare EHR Incentive Program. However, EPs can meet the CQM requirements under the EHR Incentive Program by reporting as a group practice through the PQRS group practice reporting option (GPRO) EHR or Web Interface reporting options.
- Learn more about reporting by reading the “How to Report Once for 2016 Medicare Quality Reporting Programs” document posted on the [PQRS How to Get Started webpage](#), or referring to the Decision Trees in the “2016 PQRS Implementation Guide” posted on the [PQRS How to Get Started webpage](#).
- Refer to the Resources section at the end of this document to view resources related to payment adjustments for various Medicare quality programs.

What are the different payment adjustment amounts?

Program	Applicable To	Adjustment Amount	Based on Calendar or Program Year (CY/PY)
PQRS	All EPs (Medicare physicians, practitioners, therapists)	-2.0 percent of Medicare Physician Fee Schedule (MPFS)	2016 PY
Medicare EHR Incentive Program	Medicare physicians (if not a meaningful user)	-3.0% of MPFS	2016 CY

Program	Applicable To	Adjustment Amount	Based on Calendar or Program Year (CY/PY)
Value Modifier	<p>All physician and non-physician solo practitioners and physicians and non-physicians in group practices of 2 or more EPs</p> <p>Quality-tiering is mandatory</p> <ul style="list-style-type: none"> TINs that consist of non-physician EPs only will be held harmless from downward adjustments All other TINs will be subject to upward, neutral, or downward adjustments All TINs receiving an upward adjustment are eligible for an additional +1.0x if their average beneficiary risk score is in the top 25 percent of all beneficiary risk scores nationwide 	<p>PQRS Reporters</p> <ul style="list-style-type: none"> Physician and physicians and non-physicians in groups with 2-9 EPs: Upward neutral, or downward VM adjustment only based on quality-tiering (-2.0% to +2.0x of MPFS) Physicians and non-physicians in groups with 10 or more EPs: Upward, neutral, or downward VM adjustment based on quality-tiering (-4.0% to +4.0x of MPFS) Non-physician solo practitioners and groups consisting of non-physician EPs: Upward or neutral VM adjustment based on quality-tiering (0.0% to +2.0x of MPFS) Groups and solo practitioners receiving an upward adjustment under quality-tiering are eligible for an additional +1.0x if their average beneficiary risk score is in the top 25% of all beneficiary risk scores nationwide <p>Non-PQRS Reporters</p> <ul style="list-style-type: none"> Physician and non-physician solo practitioners and physicians and non-physicians in groups with 2-9 EPs: Automatic -2.0% of MPFS downward adjustment Physicians and non-physicians in groups with 10 or more EPs: Automatic -4.0% of MPFS downward adjustment 	2016 CY

Step 2: Analysis

In this step, CMS analyzes the submitted quality measures data for each program. The PQRS and EHR adjustments apply to all of the individual EP's Part B covered professional services under the MPFS. In 2018, the Value Modifier applies to payments under the MPFS for physicians and non-physicians in groups with 2 or more EPs and to physician and non-physician solo practitioners based on their performance in 2016. An individual EP or group practice could be subject to one or more of the payment adjustments.

Program	Description
PQRS	<ul style="list-style-type: none">• In order to avoid the negative payment adjustment under PQRS, individual EPs and group practices must meet the requirements for satisfactorily reporting or participation as defined in the 2016 PQRS measure specifications.• For more information relating to the PQRS negative payment adjustment for both individual EPs and group practices, view the PQRS Payment Adjustment Information webpage.
Medicare EHR Incentive Program	<ul style="list-style-type: none">• In order to avoid payment adjustments under the Medicare EHR Incentive Program, EPs* must be meaningful users of EHR technology and demonstrate meaningful use prior to the 2018 calendar payment adjustment year.• View more information about how to demonstrate meaningful use in 2016 on the EHR Incentive Programs webpage.

Program	Description
<p style="text-align: center;">Value Modifier</p>	<ul style="list-style-type: none"> • In order to earn an upward or neutral payment adjustment based on performance and avoid the automatic downward Value Modifier payment adjustment in 2018, physicians, PAs, NPs, CNs, and CRNAs in groups of physicians with 2 or more EPs and PAs, NPs, CNs, and CRNAs in groups consisting of non-physician EPs have the option to participate in the PQRS Group Practice Reporting Option (GPRO) in 2016 and meet the criteria to avoid the 2018 PQRS negative payment adjustment, or to have at least 50 percent of the EPs in the group participate in the PQRS as individuals and meet the criteria to avoid the 2018 PQRS negative payment adjustment, and physician and non-physician solo practitioners must participate in the PQRS as individuals and meet the criteria to avoid the 2018 PQRS negative payment adjustment. • Physician and non-physician groups and physician and non-physician solo practitioners that avoid the automatic downward Value Modifier payment adjustment in 2018 are subject to mandatory quality-tiering. Quality-tiering is the methodology that is used to evaluate a group or solo practitioner's performance on quality and cost measures for the Value Modifier. • Physicians, PAs, NPs, CNs, and CRNAs in groups of physicians with 10 or more EPs could receive an upward, neutral (meaning no adjustment), or downward adjustment in 2018 under quality-tiering. • Physicians, PAs, NPs, CNs, and CRNAs in groups of physicians with between 2 and 9 EPs and physician solo practitioners could receive an upward, neutral or downward adjustment in 2018 under quality-tiering. • Groups and solo practitioners consisting of non-physician EPs could receive an upward or neutral adjustment in 2018 under quality-tiering. <ul style="list-style-type: none"> ○ The Value Modifier will not be applied to TINs if either the Medicare Provider Enrollment, Chain, and Ownership System (PECOS)-generated list or claims analysis shows that the TIN consists only of non-physician EPs who are not PAs, NPs, CNSs, or CRNAs. • Read more about the Value Modifier on the Value-Based Payment Modifier webpage.

** Individual EPs within the group practice can meet the CQM requirements under the EHR Incentive Program by reporting as a group practice through the PQRS GPRO EHR, QCDR, or Web Interface reporting options.*

Step 3: Results and Feedback on the 2016 Reporting Year

When will I receive feedback on my performance, and learn whether or not I successfully reported?

The illustration below outlines when individual EPs and group practices can expect to receive or access feedback reports, a negative or downward, a neutral, or upward payment adjustment notification, Remittance Advice codes, and when their payment adjustment(s) would be applied.

Calendar Year	Activity/Description
2016	<ul style="list-style-type: none"> For PQRS claims-based reporting, individual EPs and group practices report on quality measures for 2016 MPFS services. For Medicare EHR Incentive Program*, EPs report on quality measures for 2016 MPFS services. For 2016 PQRS, if using a qualified registry, QCDR, certified EHR technology, or group practice reporting option (GPRO) Web Interface, individual EPs and group practices report on quality measures for 2016 MPFS services (submit during the first quarter of 2017).
2017	<ul style="list-style-type: none"> All EPs that participated in the PQRS as individuals in 2016 can access their PQRS feedback reports in the fall of 2017) or access EHR Incentive Program feedback via the attestation system. Groups and solo practitioners subject to the 2018 Value Modifier can access their 2016 Annual Quality and Resource Use Reports (QRUR) in the fall of 2017 to receive notice of upward, neutral, or downward adjustment under the 2018 Value Modifier. The QRURs serve as the PQRS feedback report for groups that participated in the PQRS GPRO in 2016. Individual EPs and group practices who did not satisfactorily report 2016 PQRS receive a negative payment adjustment notification letter and information on the Informal Review Process (late Fall 2017).
2018	<ul style="list-style-type: none"> Individual EPs and group practices who reported 2016 PQRS data receive Remittance Advice Codes (beginning January 1, 2018) indicating applicable payment adjustment(s). Payment adjustment is applied to individual EPs and group practices who are subject to a negative payment adjustment for PQRS or the EHR Incentive Program (January 1, 2018). Beginning January 1, 2018, a Value Modifier payment adjustment is applied to physicians, PAs, NPs, CNs, and CRNAs in groups of physicians, PAs, NPs, CNs, and CRNAs in groups consisting of non-physician EPS with 2 or more EPs and physician and non-physician solo practitioners that are subject to an upward or downward adjustment under quality-tiering or subject to the automatic downward Value Modifier payment adjustment.

** Individual EPs within the group practice can meet the CQM requirements under the EHR Incentive Program by reporting as a group practice through the PQRS GPRO EHR, QCDR, or Web Interface reporting options.*

Note: For more information on the PQRS submission timeframe, please view the [PQRS Spotlight webpage](#). For more information on the EHR Incentive Program submission timeframe, please view the [EHR Incentive Program Getting Started webpage](#). For more information on the Value Modifier submission timeframe, please view the [Value Modifier Self-Nomination/Registration webpage](#).

How will I know if my claim was adjusted?

A claim adjustment reason code (CARC) and a remittance advice remark code (RARC) are code sets used to report payment adjustments on an individual EP's or group practice's Remittance Advice. Both of these code sets are updated three times a year.

The PQRS, EHR Incentive Program, and Value Modifier currently use CARC 237 – Legislated/Regulatory Penalty, to designate when a negative or downward payment adjustment will be applied. At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT) in combination with the following RARCs:

- **PQRS – N699** – Payment adjusted based on the Physician Quality Reporting System (PQRS) Incentive Program.
- **EHR – N700** – Payment adjusted based on the Electronic Health Records (EHR) Incentive Program.
- **VBM – N701** – Payment adjusted based on the Value-based Payment Modifier.

Example Scenarios

Follow two reality-based characters in their journey of quality reporting and learn what happens if you become subject to a 2018 payment adjustment.

Dr. Sally Smith and Dr. Bob Jones are physicians participating in Medicare quality programs. The below table indicates under which Medicare quality programs these providers are eligible to participate in with an "X". Take a look at their situations and how their participation either led to a payment adjustment in 2018 or not.

Participants in 2016 Medicare Quality Reporting Programs	PQRS	Value Modifier	Medicare EHR Incentive Program
Dr. Sally Smith	X <i>(As an individual EP/ solo practitioner)</i>	X <i>(As an individual EP/ solo practitioner)</i>	X <i>(As a professional)</i>
Dr. Bob Jones	X <i>(via 2016 PQRS GPRO)</i>	X <i>(via 2016 PQRS GPRO)</i>	X <i>(As a professional)</i>

Scenario 1: During 2016, Dr. Sally Smith participated in both PQRS as an individual EP/solo practitioner and in the EHR Incentive Program as a professional by taking the following actions:

- For PQRS, she reported a couple PQRS measures that were of interest to her via the claims-based reporting mechanism.
- For the EHR Incentive Program, she attested to CQMs through the EHR Registration & Attestation System.

In November 2017, Dr. Smith accessed her 2018 PQRS Feedback Report and received a PQRS-related letter in the mail from CMS which indicated that she **will be subject to a PQRS negative payment adjustment due to unsatisfactory reporting**. During program year 2016, EPs were required to report on at least 9 measures covering 3 National Quality Strategy (NQS) domains for at least 50% of the EP's Medicare Part B Fee-for-Service (FFS) patients (and EPs who see 1 Medicare patient in a face-to-face encounter must have also reported on 1 cross-cutting measure). Since she submitted quality data for **less than 9** PQRS measures, her claims data underwent the Measure-Applicability Validation (MAV) process to determine if there were additional measures that she could have reported. Analysis determined that there were several other measures that she could have reported; therefore, her participation failed MAV and she will be subject to the 2018 PQRS negative payment adjustment.

Dr. Smith also accessed her 2016 Annual Quality and Resource Use Report (QRUR) which notified her that a 2018 Value Modifier automatic downward adjustment also applies. She **failed to meet the PQRS reporting requirements which is the criteria for avoiding the Value Modifier automatic downward payment adjustment.**

By accessing her EHR Incentive Program feedback via the EHR Registration & Attestation System, Dr. Smith saw that she is **not** subject to payment adjustments under that program as she is a meaningful user of EHR technology and demonstrated meaningful use for a reporting period in 2016.

Here is the order of events for Dr. Sally Smith:

- **2016: Reporting**
 - Reported on measures for 2016 PQRS
- **2017: Received feedback**
 - Accessed the 2018 PQRS Feedback Report and the 2016 Annual Quality and Resource Use Report (QRUR)
 - Received PQRS negative adjustment notification letter and does not submit an informal review request
 - Received VM automatic downward payment adjustment notification in QRUR
 - Accessed feedback in the EHR Registration & Attestation System indicating she has achieved meaningful use
- **2018: Separate payment adjustments are applied**
 - PQRS negative payment adjustment is applied to Part B MPFS reimbursements
 - Value Modifier automatic downward payment adjustment is applied to all Part B MPFS reimbursements
 - Dr. Smith can identify the 2018 payment adjustment codes based on the CARC and RARC
 - PQRS and Value Modifier currently use CARC 237 – Legislated/Regulatory Penalty, to designate when a negative or downward payment adjustment will be applied
 - At least one Remark Code will be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT) in combination with the following RARCs:
 - PQRS, N699
 - VM, N701

Scenario 2: Dr. Bob Jones is a physician who participated in 2016 PQRS via GPRO (group size of 50 EPs), and in the EHR Incentive Program as a professional. He participated in Medicare quality reporting programs by doing the following:

- PQRS: The group practice electronically reported 12 months of data via a direct EHR product
- EHR Incentive Program: Dr. Jones unsuccessfully attested to eQMs through the EHR Registration & Attestation System

In September 2017, the group accessed its feedback report from CMS, which indicated that the TIN **will be subject** to a negative payment adjustment for PQRS and an automatic downward payment adjustment for Value Modifier. The group practice is subject to these payment adjustments because they did not satisfactorily report at least 9 individual measures covering at least 3 NQS domains via a direct EHR product that is certified EHR technology (CEHRT) (or to report all measures for which there was Medicare patient data if the system did not have patient data for at least 9 measures covering at least 3 NQS domains). The group practice decides not to request an informal review/reconsideration of the payment adjustment determinations.

In addition, Dr. Jones received the payment adjustment for the Medicare EHR Incentive Program as he was not able to successfully attest. Through electronic reporting using an EHR product that is CEHRT, group practices can meet the CQM component of meaningful use and get credit for PQRS. Although Dr. Jones' group practice reported 12 months of eQMs via EHR, they failed to meet the CQM requirements, so he was unable to attest and is now also subject to the EHR Incentive Program payment adjustment.

Here is the order of events for Dr. Jones and his group practice:

- **2016: Reporting**
 - Electronically reported measures for 2016 PQRS and the Medicare EHR Incentive Program
- **2017: Received feedback**
 - Accessed the 2016 Annual QRUR for PQRS and Value Modifier, and checked attestation status in the EHR Registration & Attestation System
 - Received negative payment adjustment letter for PQRS and received Value Modifier automatic downward payment adjustment notification in QRUR
- **2018: Payment adjustments are applied**
 - PQRS negative payment adjustment and Value Modifier downward payment adjustment are applied to all Medicare payments for items and services furnished under the 2018 Part B MPFS. An additional EHR Incentive Program adjustment is applied to all of Dr. Jones' 2018 Part B MPFS reimbursements as he did not achieve meaningful use.
 - Dr. Jones can identify the 2018 payment adjustment codes based on the CARC and RARC
 - PQRS, EHR Incentive Program, and Value Modifier currently use CARC 237 – Legislated/Regulatory Penalty, to designate when a negative or downward payment adjustment will be applied.
 - At least one Remark Code will be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT) in combination with the following RARCs:
 - PQRS, N699
 - EHR, N700
 - VM, N701

Additional Information

- **Reporting**
 - “How to Report Once for 2016 Medicare Quality Programs” document posted on the [PQRS How to Get Started webpage](#).
- **Policy**
 - [2016 Medicare Physician Fee Schedule Final Rule](#) – This details the criteria for satisfactorily reporting data on quality measures in 2016 to avoid the 2018 PQRS negative payment adjustment.
- **PQRS**
 - [PQRS Payment Adjustment Information webpage](#) – This webpage provides a summary and links to resources related to PQRS negative payment adjustment.
 - “2016 PQRS Implementation Guide” posted on the [PQRS How to Get Started webpage](#) – Describes important reporting principles for all mechanisms of PQRS reporting and includes Decision Trees on reporting to avoid the payment adjustment.
- **EHR Incentive Program**
 - [EHR Payment Adjustments & Hardship Information webpage](#) – This webpage provides a summary and links to resources about hardship exceptions and payment adjustments applied to EPs that are not meaningful users of CEHRT under the Medicare EHR Incentive Program.
- **Value-based Payment Modifier**
 - [Value-Based Payment Modifier Webpage](#) – This webpage provides a summary and links to resources related to the Value Modifier

Questions?

For additional questions, contact the QualityNet Help Desk at 1-866-288-8912 (TTY 1-877-715-6222) from 7:00 a.m. to 7:00 p.m. Central Time, Monday through Friday, or via email at gnetsupport@hcqis.org. To avoid security violations, please do not include personal identifying information such as Social Security Number or Tax Identification Number in email inquiries to the QualityNet Help Desk.