

2015 Physician Quality Reporting System (PQRS): Understanding 2017 Medicare Quality Program Payment Adjustments

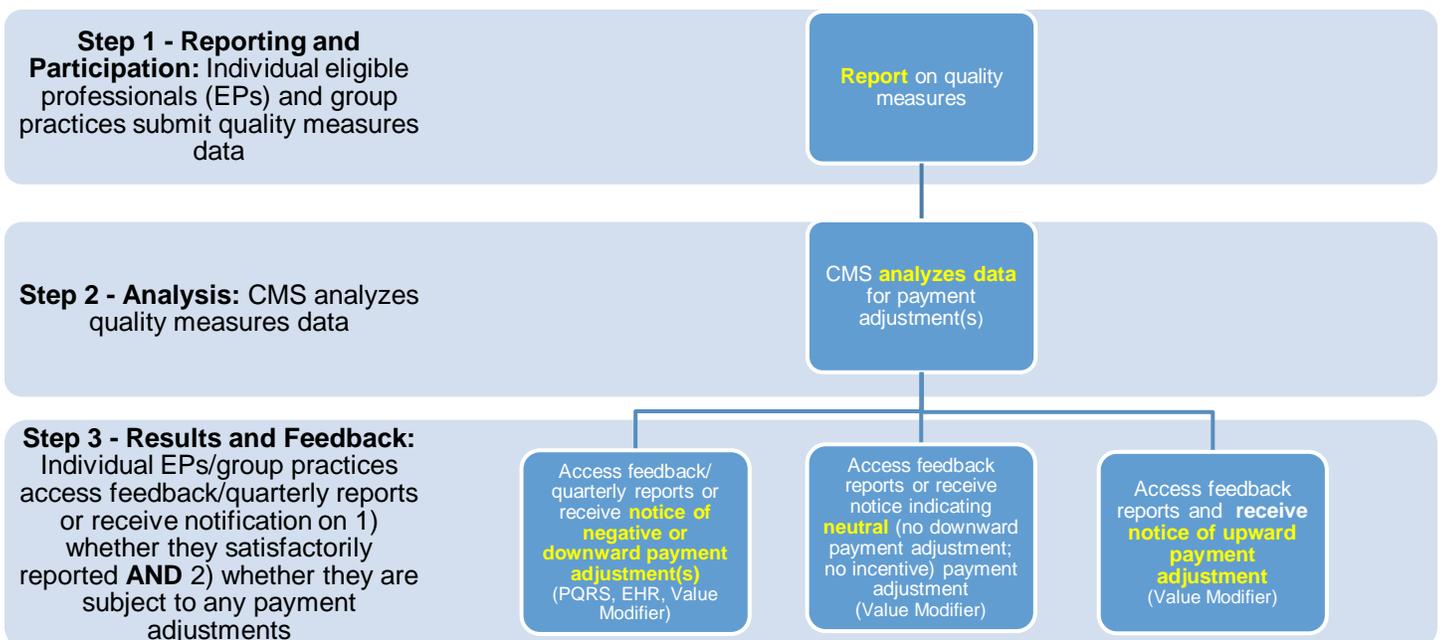
October 2015

This guide provides a general overview of the 2017 payment adjustments for the Centers for Medicare & Medicaid Services (CMS) Medicare quality programs. Learn how to meet quality reporting requirements, earn an upward, neutral, or downward adjustment based on performance under the Value Modifier, and avoid negative or downward payment adjustments in 2017 for the following programs:



Process

Shown below are the three high-level steps for aligned participation in the 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 reanalyze 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 Initiative](#), [Pioneer Accountable Care Organization Model](#)), please check the program's requirements for information on how to report quality data avoid the PQRS negative payment adjustment.

Step 1: Reporting and Participation

Who is eligible for a payment adjustment?

Individual eligible professionals (EPs) and group practices had the opportunity to report quality measures for Medicare quality programs (PQRS, the Medicare EHR Incentive Program, and Value Modifier) in 2015. Eligibility differs for each Medicare quality program and is summarized below.

PQRS	<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 "2015 PQRS List of Eligible Professionals" document posted on the CMS PQRS website.</p> <p>Read more about avoiding the 2017 PQRS negative payment adjustment.</p>
Medicare EHR Incentive Program	<p>Note that only individual EPs (and not group practices) can participate in the Medicare EHR Incentive Program.</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 Eligibility and Medicare EHR Program Payment Adjustments & Hardship Exceptions for Eligible Professionals.</p> <p>Medicare EPs or providers who are eligible to participate in either the Medicare or the Medicaid EHR Incentive Program may be affected by payment adjustments if they have not demonstrated meaningful use of certified EHR technology beginning in 2013.</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.</p>

Value Modifier	<p>In 2017, the Value Modifier will apply to physician payments under the Medicare Physician Fee Schedule for physician solo practitioners and physicians in group practices of 2 or more EPs. Calendar year 2015 is the performance period for the Value Modifier that will be applied in 2017.</p> <p>In 2017, the Value Modifier will also apply to physician solo practitioners and physicians in group practices that participate in the Medicare Shared Savings Program in 2015.</p> <p>In the 2016 Medicare Physician Fee Schedule Proposed Rule, we proposed to waive application of the Value Modifier to groups and solo practitioners that participate in the Pioneer ACO Model or the Comprehensive Primary Care initiative in 2015.</p> <p>Read more about the Value Modifier.</p>
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Why report?

Reporting quality measures for Medicare quality programs helps you to better understand your patient population, improve the quality of care provided to your Medicare patients, understand your relative performance on quality measures compared to your peers, and understand where your highest-cost patients are obtaining their care, even if you provided plurality of care, or a greater proportion of primary care services.

Below are additional reasons to report quality measures for 2015:

PQRS	Medicare EHR Incentive Program	Value Modifier
<ul style="list-style-type: none"> Avoid the 2017 PQRS negative payment adjustment Posting on Physician Compare website 	<ul style="list-style-type: none"> Satisfy the clinical quality measure (CQM) component of the EHR Incentive Program Avoid the downward 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 negative Value Modifier payment adjustment in 2017

More information:

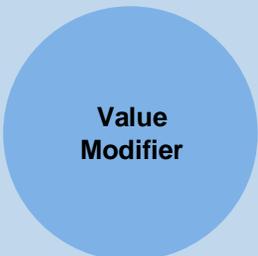
- Note that only individual EPs (and not group practices) can participate in the Medicare EHR Incentive Program. However, EPs can meet the CQM requirements under the EHR Incentive Program by reporting as a group practice through the PQRS group practice reporting option (GPRO) EHR or Web Interface reporting options.
- Learn more about reporting by reading [How to Report Once for 2015 Medicare Quality Reporting Programs](#), viewing the [March 2015 National Provider Call presentation](#) on the same topic, or referring to the Decision Trees in the [2015 PQRS Implementation Guide](#).
- 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 individual EPs (Medicare physicians, practitioners, therapists)	-2.0 percent of Medicare Physician Fee Schedule (MPFS)	2015 PY
Medicare EHR Incentive Program	Medicare physicians (if not a meaningful user)	-2.0% of MPFS	2015 CY
Value Modifier	All physicians in groups with 2 or more EPs and physicians who are solo practitioners	<p>PQRS Reporters</p> <ul style="list-style-type: none"> • Groups with 2-9 EPs and solo practitioners: Upward or neutral VM adjustment only based on quality-tiering (+0.0% to +2.0x of MPFS) • Groups with 10 or more EPs: Upward, neutral, or downward VM adjustment based on quality-tiering (-4.0% to +4.0x 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"> • Groups with 2-9 EPs and solo practitioners: Automatic -2.0% of MPFS downward adjustment • Groups with 10 or more EPs: Automatic -4.0% of MPFS downward adjustment 	2015 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 2017, the Value Modifier applies to physician payments under the MPFS for physicians in groups with 2 or more EPs and to physician solo practitioners based on their performance in 2015. An individual EP or group practice could be subject to one or more of the payment adjustments.

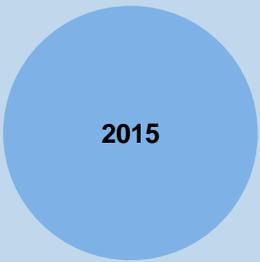
Program	Description
 <p>PQRS</p>	<ul style="list-style-type: none"> In order to avoid the negative payment adjustment under PQRS, individual EPs and group practices must meet the requirements for satisfactorily reporting or participation as defined in the 2015 PQRS measure specifications. For more information relating to the PQRS negative payment adjustment for both individual EPs and group practices, view the PQRS Payment Adjustment webpage.
 <p>Medicare EHR Incentive Program</p>	<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 2017 calendar/fiscal payment adjustment year. View more information about how to demonstrate meaningful use in 2015.
 <p>Value Modifier</p>	<ul style="list-style-type: none"> In order to earn an upward, neutral, or downward payment adjustment based on performance and avoid the automatic negative Value Modifier payment adjustment in 2016, physician groups with 2 or more EPs have the option to participate in the PQRS Group Practice Reporting Option (GPRO) in 2015 and meet the criteria to avoid the 2017 PQRS 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 2017 PQRS payment adjustment, and physician solo practitioners must participate in the PQRS as individuals and meet the criteria to avoid the 2017 PQRS payment adjustment. Physician groups and physician solo practitioners that avoid the automatic negative Value Modifier payment adjustment in 2017 are subject to 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 in groups with 10 or more EPs could receive an upward, neutral (meaning no adjustment), or downward adjustment in 2017 under quality-tiering. Physicians in groups with between 2 and 9 EPs and physician solo practitioners could receive an upward or neutral adjustment in 2017 and are held harmless from any downward adjustment under quality-tiering. Read more about the Value-Based Payment modifier.

** Only individual EPs (and not group practices) can participate in the Medicare EHR Incentive Program. EPs can meet the CQM requirements under the EHR Incentive Program by reporting as a group practice through the PQRS GPRO EHR or Web Interface reporting options.*

Step 3: Results and Feedback

When will I receive feedback on my performance and 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	Description
 2015	<ul style="list-style-type: none"> For PQRS claims-based reporting, individual EPs and group practices report on quality measures for 2015 MPFS services. For Medicare EHR Incentive Program*, EPs report on quality measures for 2015 MPFS services.
 2016	<ul style="list-style-type: none"> For 2015 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 2015 MPFS services (submit during the first quarter of 2016). All EPs that participate in the PQRS as individuals in 2015 can access their PQRS feedback reports in the fall of 2016) or access EHR Incentive Program feedback via the attestation system. Groups and solo practitioners subject to the 2017 Value Modifier can access their 2015 Annual Quality and Resource Use Reports (QRUR) in the fall of 2016 to receive notice of upward, neutral, or downward adjustment under the 2017 Value Modifier. The QRURs serve as the PQRS feedback report for groups that participate in the PQRS GPRO in 2015. Individual EPs and group practices who did not successfully report 2015 PQRS receive a negative payment adjustment notification letter and information on the Informal Review Process (Late Fall 2016).
 2017	<ul style="list-style-type: none"> Individual EPs and group practices who reported 2015 data receive Remittance Advice Codes (beginning January 1, 2017) indicating applicable payment adjustment(s). Payment adjustment is applied to individual EPs and group practices who are subject to a negative or downward payment adjustment for PQRS or the EHR Incentive Program (January 1, 2017). Beginning in January 1, 2017, a Value Modifier payment adjustment is applied to physicians in groups with 2 or more EPs and physician solo practitioners that are subject to an upward or downward adjustment under quality-tiering or subject to the automatic negative Value Modifier payment adjustment.

** Only individual EPs (and not group practices) can participate in the Medicare EHR Incentive Program. EPs can meet the CQM requirements under the EHR Incentive Program by reporting as a group practice through the PQRS GPRO EHR 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 page](#).

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 2017 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 2017 or not.

Participants in 2015 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 2015 PQRS GPRO)</i>	X <i>(via 2015 PQRS GPRO)</i>	X <i>(As a professional)</i>

Scenario 1: During 2015, 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 2016, Dr. Smith accessed her 2017 PQRS Payment Adjustment Feedback Report and receives 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 2015, 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 FFS patients (and EPs who see 1 Medicare patient in a face-to-face encounter must also report 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 so she will be subject to the 2017 PQRS payment adjustment.

Dr. Smith also accessed her 2015 Quality and Resource Use Report (QRUR) which notified her that a 2017 Value Modifier automatic downward adjustment also applies. As 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 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 before the 2017 calendar year.

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

- **2015: Reporting**
 - Reported on measures for 2015 for PQRS
- **2016: Received feedback**
 - Accessed the 2017 PQRS Feedback Report and the 2015 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 attestation system indicating she has achieved meaningful use
- **2017: 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 2017 payment adjustment codes based on the CARC and RARC
 - The 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 2015 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 2016, 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 eCQMs 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 negative payment adjustment.

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

- **2015: Reporting**
 - Electronically reported measures for 2015 PQRS and the Medicare EHR Incentive Program.
- **2016: Received feedback**
 - Accessed the 2015 Annual QRUR for PQRS and Value Modifier, and checked attestation status in the EHR Attestation System.
 - Received negative payment adjustment letter for PQRS and received VM automatic downward payment adjustment notification in QRUR.
- **2017: 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 2017 Part B MPFS. An additional EHR Incentive Program negative adjustment is applied to all of Dr. Jones' 2017 Part B MPFS reimbursements as he did not achieve meaningful use.
 - Dr. Jones can identify the 2017 payment adjustment codes based on the CARC and RARC.
 - 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 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 2015 Medicare Quality Reporting Programs](#)
 - [March 2015 National Provider Call presentation](#) – “How to Report Once for 2015 Medicare Quality Reporting Programs”
 - How to Avoid the 2017 Negative Payment Adjustments for CMS Medicare Quality Reporting Programs – September 2015 MLN Connects™ National Provider Call
- **Policy**
 - [2015 Medicare Physician Fee Schedule Final Rule](#) – This details the criteria for satisfactorily reporting data on quality measures in 2015 to avoid the 2017 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.
 - [2015 PQRS Implementation Guide](#) – 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 Incentive Program Payment Adjustment: What Providers Need to Know](#)

- **Value-based Payment Modifier**

- [Value-Based Payment Modifier Webpage](#) – This webpage provides a summary and links to resources related to the Value Modifier
- [Physician Value-Based Payment Modifier \(VM\): How will the VM Impact Your Practice?](#) – Describes how the Value Modifier will impact a physician's practice.
- [Background of Value-Based Payment Modifier Webpage](#) – This webpage provides a summary of the background and a timeline related to Value Modifier.
- [The Physician Value-Based Payment Modifier under the 2015 Medicare Physician Fee Schedule](#) – This National Provider Call presentation from December 2014 discusses policies to expand the application of the Value Modifier in 2017 based on performance in 2015.

- **Other**

- [Payment Adjustments & Hardship Exceptions Tipsheet for Eligible Professionals](#)
- [Payment Adjustments & Hardship Exceptions for Eligible Hospitals and CAHs](#)
- [Critical Access Hospitals Electronic Health Record Incentive Payment Calculations](#)

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.