

**A Guide for Understanding the
2008 Physician Quality Reporting Initiative (PQRI) Incentive Payment
June 30, 2009**

This document describes how the 2008 PQRI incentive payment was calculated. Only Medicare Part B claims that contained an individual National Provider Identifier (NPI) were included in the 2008 incentive payment calculation, available October 2009. Medicare Part B claims that contained a legacy UPIN and no NPI were NOT included in the incentive payment calculation.

Incentive amounts were calculated using the following steps for each incentive-eligible provider (NPI within a practice [i.e., TIN/NPI]). Incentive payments were aggregated for all NPIs within the TIN and distributed at the TIN level in a lump-sum payment.

Step 1: Apply the Completion Factor
<ul style="list-style-type: none"> • The 2008 Medicare Part B Physician Fee Schedule (PFS) total estimated allowed charges were increased to account for claims submitted by eligible professional (EPs) on or before February 27, 2009, but were not included in the National Claims History (NCH) database as final-action claims when the data was obtained for 2008 PQRI analyses. • The Completion Factor for the 12-month reporting period is 1.036% and for the 6-month reporting period is 1.069%.
Step 2: Identification of the Reporting Period and Reporting Method
<ul style="list-style-type: none"> • Identify the reporting period and method in which the EP participated: <ul style="list-style-type: none"> ○ 12 Months Claims: Individual Measures ○ 6 Months Claims: Consecutive Measures Groups ○ 6 Months Claims: 80% Measures Groups ○ 12 Months Registry: Individual Measures ○ 12 Months Registry: Consecutive Measures Groups ○ 12 Months Registry: 80% Measures Groups ○ 6 Months Registry: Individual Measures ○ 6 Months Registry: Consecutive Measures Groups ○ 6 Months Registry: 80% Measures Groups • In the event an EP achieves satisfactory reporting under more than one method, the EP will receive a single lump-sum incentive payment equivalent to 1.5% of 2008 Medicare Part B Physician Fee Schedule (PFS) total estimated allowed charges for covered professional services furnished to Medicare Part B beneficiaries for the most advantageous reporting period for which the EP qualifies.
Step 3: Calculate the Incentive for Each Incentive-Eligible TIN/NPI
<ul style="list-style-type: none"> • All Medicare Part B PFS total estimated allowed charges (with the completion factor applicable to the reporting period) on claims for each incentive-eligible TIN/NPI combinations were identified for inclusion or exclusion (See information below). • The 1.5% incentive amount was calculated by: <ul style="list-style-type: none"> ○ Adding Medicare Part B PFS total estimated allowed charges (with the completion factor applied) for each TIN/NPI; then ○ Multiplying by 0.015, giving the incentive amount.

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Completion Factor

A percentage increase that was applied to the Medicare Part B PFS total estimated allowed charges to account for claims submitted by EPs on or before February 27, 2009, but were not included in the NCH database as final-action claims when the data was obtained for 2008 PQRI analyses.

Identified Inclusions for Medicare Part B PFS Total Estimated Allowed Charges:

- First expense date and last expense date were between 1/1/2008 and 12/31/2008 for the 12-month reporting period OR 7/1/2008 and 12/31/2008 for the 6-month reporting period
- Data from participating registries (for individual measures and measures groups) was received by 3/31/2009
- Claims-based individual measures and measures groups NCH processing date must be on or before 2/27/2009
- Claims must be marked as “final” in the Part B claims database
- Split claims in the NCH file HCPCS service lines were rejoined
- Line-items identified by HCPCS and modifier(s)
- Technical components of diagnostic services and anesthesia services (note: radiopharmaceuticals will be included in the basis of total estimated allowed charges on which the 1.5% incentive bonus is calculated)

Identified Exclusions for Medicare Part B PFS Total Estimated Allowed Charges:

- Denied claims or denied line items
- Amount billed above the PFS for assigned and non-assigned claims
- Services payable under fee schedules or methodologies other than the Medicare Part B PFS were not included in PQRI. Refer to information on Eligible Professionals at:
http://www.cms.hhs.gov/PQRI/10_EligibleProfessionals.asp#TopOfPage

Incentive Earned Calculation by Individual EPs Satisfying 2008 PQRI Reporting Criteria

The incentive earned by each individual EP satisfying reporting criteria for 2008 was 1.5% of the EPs total estimated Medicare Part B PFS allowed charges for covered professional services billed under the individual’s NPI during the January-December OR July-December, 2008 reporting period.

Key Terms as Used in PQRI Analysis and Documentation:

“TIN” – Taxpayer Identification Number or “Tax ID Number”

For PQRI, “TIN” includes all of the following types of identifiers:

- (1) Individual Social Security Number/Social Security Account Number (SSN/SSAN);
- (2) Employer Identification Number (EIN), also known as a “Tax ID Number”, typically held by businesses or other organizations with employees; and
- (3) Individual Taxpayer Identification Number (I-TIN), issued by the IRS to individuals who do not need an EIN and do not wish to use their individual SSN/SSAN for certain business transactions.

Medicare Part B PFS Total Estimated Allowed Charges

For purposes of PQRI analysis, the Medicare Part B PFS total estimated allowed charges were used to account for claims submitted by EPs on or before February 27, 2009, but were not included in the NCH database as final-action claims when the data was obtained for 2008 PQRI analyses. For more information on the PFS and Physician Reimbursement Rules, please refer to the CMS website at:
<http://www.cms.hhs.gov/quarterlyproviderupdates/downloads/cms1385fc.pdf>.

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NPI – National Provider Identifier

The individual NPI representing the EP was used to determine PQRI incentive eligibility for the 2008 PQRI. The Medicare Carrier/MAC routes to each TIN a lump-sum incentive payment equal to the sum of incentive earned by each EP who satisfactorily reported under that TIN for the 2008 PQRI reporting period.

TIN/NPI

The key unit of analysis for the 2008 PQRI incentive payment eligibility and amount was the individual NPI within a TIN. *(If an individual EP furnished services for which reimbursement was claimed under more than one TIN, the EPs PQRI reporting rates and allowed charges were analyzed under each TIN separately).*

Valid Instance of PQRI Reporting

A PQRI measure's quality-data (CPT Category II or G-) code submitted on a claim that also contained any combination of applicable CPT Category I service code and ICD-9-CM diagnosis code that defines a reportable instance for the measure, as identified by the measure's detailed specifications. *(The full, detailed specifications for all 2008 PQRI quality measures, as implemented in 2008, are available for download from the CMS PQRI web site).*

- Individual Measure Specifications for 2008 PQRI can be found at:
<http://www.cms.hhs.gov/apps/ama/license.asp?file=/PQRI/downloads/2008PQRIQualityMeasures.zip>
- Measures Group Specifications for 2008 PQRI can be found at:
<http://www.cms.hhs.gov/PQRI/Downloads/PQRI2008ClaimsBasedMeasuresGroupsHandbook.pdf>

See posted FAQs related to the 2008 PQRI on the CMS PQRI web site for more information.