

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services



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- [“Medicare Shared Savings Program and Rural Providers”](#), Fact Sheet, ICN 907408, downloadable

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Related Change Request (CR) #: CR 8667

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Implementation Date: October 6, 2014

### Posting the Limiting Charge after Applying the Electronic Health Record (EHR) and Physician Quality Reporting System (PQRS) Negative Adjustments

**Note:** This article was revised on January 15, 2015, to correct a typo on page 4. The reference should have stated “2% EHR negative adjustment \$1.90 (95 x.02).” It incorrectly stated “2% PQRS.” All other information remains the same.

#### Provider Types Affected

This MLN Matters® Article is intended for Medicare eligible professionals (EPs) submitting professional claims to Medicare Administrative Contractors (MACs) for services to Medicare beneficiaries.

#### Provider Action Needed

This article is based on Change Request (CR) 8667, whose purpose is to place the Electronic Health Record (EHR) and Physician Quality Reporting System (PQRS) Negative Adjustment Limiting Charge amounts on MAC websites and hard copy disclosure reports. EPs under the Medicare EHR Incentive Program include: Doctor of medicine or osteopathy, Doctor of oral surgery or dental medicine, Doctor of podiatry, Doctor of optometry, and Chiropractor. Be sure your billing staffs are aware of these changes.

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## Background

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### ***Electronic Health Record (EHR)***

Beginning January 1, 2015, Section 1848(a)(7) of the Social Security Act as amended by Section 4101(b) of the HITECH Act, requires that EPs that are not meaningful EHR users are subject to the EHR negative adjustment.

Specifically, Section 1848(a)(7) of the Act states that: “If the eligible professional is not a meaningful EHR user (as determined under Subsection (o)(2)) for an EHR reporting period for the year, the fee schedule amount for such services furnished by such professional during the year (including the fee schedule amount for purposes of determining a payment based on such amount) shall be equal to the applicable percent of the fee schedule amount that would otherwise apply to such services under this subsection (determined after application of paragraph (3) but without regard to this paragraph).”

### ***Physician Quality Reporting System (PQRS)***

Beginning on January 1, 2015, Section 1848(a)(8) of the Social Security Act, as added by Section 3002(b) of the Affordable Care Act, requires that EPs who do not satisfactorily report data on quality measures for covered professional services for the quality reporting period of the year are subject to the PQRS negative adjustment.

Specifically, Section 1848(a)(8) of the Act states that: “If the eligible professional does not satisfactorily submit data on quality measures for covered professional services for the quality reporting period for the year (as determined under Subsection (m)(3)(A)), the fee schedule amount for such services furnished by such professional during the year (including the fee schedule amount for purposes of determining a payment based on such amount) shall be equal to the applicable percent of the fee schedule amount that would otherwise apply to such services under this subsection (determined after application of paragraphs (3), (5), and (7), but without regard to this paragraph).”

The negative payment adjustment applies to all EPs, regardless of whether the EP elects to be “participating” or “non-participating” for purposes of Medicare payments.

Non-participating (Non-Par) EPs in the Medicare program may choose either to accept or not accept assignment on Medicare claims on a claim-by-claim basis. If EPs choose not to accept assignment, they may not charge the beneficiary more than the Medicare limiting charge for unassigned claims for Medicare services. The limiting charge is 115 percent of the MPFS amount. The beneficiary is not responsible for billed amounts in excess of the limiting charge for a covered service.

Non-participating EPs that do not accept assignment on a claim may choose to collect the entire limiting charge amount up front from the beneficiary at the time of service.

Submission of a non-par, non-assigned Medicare Physician Fee Schedule (MPFS) service with a charge in excess of the Medicare limiting charge amount constitutes a violation of the limiting charge. A physician or supplier who violates the limiting charge is subject to a civil

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monetary penalty of not more than \$10,000, an assessment of not more than 3 times the amount claimed for each item or service, and possible exclusion from the Medicare program. Therefore, it is crucial that EPs are provided with the correct limiting charge they may bill for a MPFS service.

Your MAC will list and display the limiting charge amount after applying the EHR and PQRS negative adjustment on their website. Specifically, they will add the following to their website:

- EHR Limiting Charge;
- PQRS Limiting Charge;
- EHR/2014 eRx Limiting Charge;
- EHR + PQRS Limiting Charge; and
- EHR/2014 eRx + PQRS Limiting Charge.

### *Examples*

#### **Non-Par Non-Assigned Claim No EHR/PQRS Adjustment:**

Original Fee Schedule Amount: \$100

5% non-PAR status: \$5 (100 x .05)

Adjustment Total \$5.00

MPFS Allowed Amount \$100-\$5.00= \$95.00

Limiting Charge Allowed= \$95.00 x 115%= \$109.25

#### **Non-Par Non-Assigned Claim with EHR Adjustment:**

Original Fee Schedule Amount: \$100

5% non-PAR status: \$5 (100 x .05)

1% EHR negative adjustment \$.95 (95 x .01)

Adjustment Total \$5.95

MPFS Allowed Amount \$100-\$5.95= \$94.05

Limiting Charge Allowed= \$94.05 x 115%= \$108.16

#### **Non-Par Non-Assigned Claim with PQRS Adjustment:**

Original Fee Schedule Amount: \$100

5% non-PAR status: \$5 (100 x .05)

1.5% PQRS negative adjustment \$1.43 (95 x .015)

Adjustment Total \$ 6.43

MPFS Allowed Amount \$100-\$6.43= \$93.57

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Limiting Charge Allowed=  $\$93.57 \times 115\% = \$107.61$

**Non-Par Non-Assigned Claim with EHR + e-prescribing:**

Original Fee Schedule Amount: \$100

5% non-PAR status:  $\$5 (100 \times .05)$

2% EHR negative adjustment  $\$1.90 (95 \times .02)$

Adjustment Total \$ 6.90

MPFS Allowed Amount  $\$100 - \$6.90 = \$93.10$

Limiting Charge Allowed=  $\$93.10 \times 115\% = \$107.07$

**Non-Par Non-Assigned Claim with EHR without 2014 e-Prescribing Adjustment + PQRS:**

Original Fee Schedule Amount: \$100

5% non-PAR status:  $\$5 (100 \times .05)$

1% EHR negative adjustment  $\$.95 (95 \times .01)$

EHR Adjustment Total \$5.95

MPFS Allowed Amount  $\$100 - \$5.95 = \$94.05$

1.5% PQRS negative adjustment  $\$1.41 (\$94.05 \times .015)$

PQRS Adjustment Total  $\$94.05 - \$1.41 = \$92.64$

MPFS Allowed Amount \$92.64

Limiting Charge Allowed=  $\$92.64 \times 115\% = \$106.54$

**Non-Par Non-Assigned Claim with EHR with 2014 e-Prescribing Adjustment + PQRS:**

Original Fee Schedule Amount: \$100

5% non-PAR status:  $\$5 (100 \times .05)$

2% EHR negative adjustment  $\$1.90 (95 \times .02)$

EHR Adjustment Total \$6.90

MPFS Allowed Amount  $\$100 - \$6.90 = \$93.10$

1.5% PQRS negative adjustment  $\$1.40 (93.10 \times .015)$

PQRS Adjustment Total  $\$93.10 - \$1.40 = \$91.70$

MPFS Allowed Amount \$91.70

Limiting Charge Allowed=  $\$91.70 \times 115\% = \$105.46$

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## Additional Information

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Information about the EHR Incentive Programs is available at <http://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/index.html> on the Centers for Medicare & Medicaid Services (CMS) website.

Information about “Physician Quality Reporting System (PQRS) Payment Adjustment Information” is available at <http://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/PQRS/Payment-Adjustment-Information.html> on the CMS website.

The official instruction, CR 8667, issued to your MAC regarding this change, may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R1384OTN.pdf> on the CMS website.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/index.html> under - How Does It Work. You can also find a link to your MAC's website at this page.

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