

# Quick Reference Guide for Payment Adjustments



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This payment adjustment chart summarizes covered professional services under the various fee schedules used by Medicare to pay physicians or other health care professionals. Payment adjustments communicate why a claim or service was paid differently than it was billed.

**Helpful Resource:** [Understanding the 2015 Medicare Payment Adjustments](#)

**Please note:** The information in this publication applies only to the Medicare Fee-For-Service Program (also known as Original Medicare).



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## Physician Quality Reporting System (PQRS)

PQRS is a reporting program that uses a combination of incentive payments and negative payment adjustments to encourage eligible professionals (EPs) to report quality information. EPs must satisfactorily report data on quality measures for covered professional services to avoid negative payment adjustments.

Beginning January 1, 2015, the Centers for Medicare & Medicaid Services (CMS) began applying a negative payment adjustment to any EPs and PQRS group practices that are not satisfactory reporters under the PQRS. The negative payment adjustment in 2015 (based on 2013 reporting) applies to all EPs' Medicare Physician Fee Schedule (PFS) services and will result in the EPs receiving 98.5 percent of the Medicare PFS amount that would otherwise apply to such services during 2015. For 2016 and subsequent years, the applicable adjustment is 98 percent. For example, beginning in 2015, the program applies a negative payment adjustment to EPs and PQRS group practices that did not satisfactorily report data on quality measures for Medicare PFS covered professional services in 2013. Those who report satisfactorily for the 2015 program year will avoid the 2017 PQRS negative payment adjustment.



### Online Resources

PQRS Quality Program Website:

- <https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/PQRS>

Check PQRS Eligibility:

- <https://www.cms.gov/Apps/eHealth-Eligibility/eHealth-Eligibility-Assessment-Tool.aspx>

Publications:

- <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/MLN-Publications-Items/ICN909056.html>
- [https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/PQRS/Downloads/2015\\_PQRS\\_Registry\\_Reporting\\_Made\\_Simple.pdf](https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/PQRS/Downloads/2015_PQRS_Registry_Reporting_Made_Simple.pdf)
- [https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/PQRS/Downloads/2014PQRS\\_\\_Avoiding2016PQRS-PaymentAdjustment\\_F03-27-2014.pdf](https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/PQRS/Downloads/2014PQRS__Avoiding2016PQRS-PaymentAdjustment_F03-27-2014.pdf)
- <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2015-Transmittals-Items/SE1508.html>

## Value-Based Payment Modifier

Starting January 1, 2015, Medicare began applying the Value-Based Payment Modifier (Value Modifier) to physician payments under the Medicare PFS for physicians in groups with 100 or more EPs. A physician group is identified by its Medicare-enrolled Taxpayer Identification Number (TIN). Calendar year 2013 was the performance period for the Value Modifier applied in 2015.

To avoid an automatic –1.0 percent Value Modifier payment adjustment in 2015, physician groups subject to the Value Modifier were required to register for a PQRS Group Practice Reporting Option (GPRO). The physician groups also had to report at least one measure via the GPRO Web Interface or a registry or elect the CMS-calculated administrative claims option in 2013. Groups that did not meet these requirements received an automatic –1.0 percent Value Modifier payment adjustment to their Medicare PFS e-payments in 2015.

In 2015, physician groups could elect to have their Value Modifier calculated using quality-tiering. That means their 2015 Medicare PFS payments could be adjusted up, down, or remain unchanged, depending on their performance on quality and cost measures in 2013.

### Online Resources

Medicare FFS Physician Value-Based Payment Modifier Website:

- <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeedbackProgram/ValueBasedPaymentModifier.html>



## Medicare Electronic Health Records (EHR) Incentive Program

In the American Recovery and Reinvestment Act of 2009 (ARRA), Congress mandated that if a provider is eligible to participate in the Medicare EHR Incentive Program, they must demonstrate meaningful use in either the Medicare or Medicaid EHR Incentive Programs. If the provider doesn't demonstrate meaningful use, they may be subject to a negative payment adjustment. Providers who are only eligible to participate in the Medicaid EHR Incentive Program are not subject to these payment adjustments. There is also a hardship exception if demonstrating meaningful use would result in significant hardship.

In 2015, EPs who did not successfully demonstrate meaningful use for an EHR reporting period will have a –1.0 percent payment adjustment on their Medicare Part B claims.

### Online Resources

EHR Incentive Program Website (including information on the Hardship Exception):

- <https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms>

Check your EHR Incentive Program Eligibility:

- <https://www.cms.gov/Apps/eHealth-Eligibility/eHealth-Eligibility-Assessment-Tool.aspx>
- [https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Downloads/FAQs\\_Apr\\_2014.pdf](https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Downloads/FAQs_Apr_2014.pdf)



## e-Prescribing (eRx) Incentive (expired in 2014)

The Electronic Prescribing (eRx) Incentive Program was a reporting program that used a combination of incentive payments and payment adjustments to encourage electronic prescribing by EPs. In 2012, for the first time, this program applied a payment adjustment to EPs who were not successful electronic prescribers on their Medicare Part B services. A hardship exemption existed. This incentive ended in 2014.

### Online Resources

eRx Incentive Program:

- <https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/ERxIncentive>

## Sequestration

The Budget Control Act of 2011 requires, among other things, mandatory across-the-board reductions in Federal spending, also known as sequestration. With the issuance of a Presidential sequestration order, as required by law, Medicare Fee-For-Service claims with dates of service or dates of discharge on or after April 1, 2013, incur a 2 percent reduction in Medicare payment. The claims payment adjustment is applied to claims after determining coinsurance, any applicable deductible, and any applicable Medicare Secondary Payment adjustments.

### Online Resources

Publications:

- <https://www.cms.gov/Outreach-and-Education/Outreach/FFSProvPartProg/Downloads/2013-03-08-Standalone.pdf>
- <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2013-Transmittals-Items/R2739CP.html>

## Health Professional Shortage Area (HPSA) Bonus Payment

HPSAs are geographic areas or populations within geographic areas that lack sufficient health care providers to meet the health care needs of the area or population. Areas are designated as HPSAs by the Health Resources and Service Administration (HRSA). CMS uses the designations for primary care and mental health geographic HPSAs. CMS provides a 10 percent bonus payment when physicians furnish Medicare-covered services to beneficiaries in a geographic HPSA. The bonus is paid quarterly and is based on the amount paid for a professional area. If an area has more than one designation, only one HPSA bonus is paid. If an area does not have a geographic primary care HPSA designation but does have a geographic mental health HPSA designation, then only psychiatrists furnishing services to Medicare beneficiaries in the designated area are eligible for the 10 percent bonus.

### Online Resources

Physician Bonuses:

- <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HPSAPSAPhysicianBonuses>

Health Professional Shortage Areas & Medically Underserved Areas/Populations:

- <http://www.hrsa.gov/shortage>

Publication:

- <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/MLN-Publications-Items/CMS1246598.html>

## HPSA Surgical Incentive Payment (HSIP)

Effective January 1, 2011, through December 31, 2015, physicians serving in designated HPSAs will receive an additional 10 percent bonus for major surgical procedures with a 10- or 90-day global period.



### Online Resources

Physician Bonuses:

- <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HPSAPSAPhysicianBonuses>

Health Professional Shortage Areas & Medically Underserved Areas/Populations:

- <http://www.hrsa.gov/shortage>

Publications:

- <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/MLN-Publications-Items/CMS1246598.html>
- <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM7063.pdf>

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## Non-participating Physician Payment Reduction

Non-participating physicians are paid 5 percent less on their Medicare PFS claims. This reduction is unrelated to other payment adjustments.

### Online Resources

Publication:

- <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/MLN-Publications-Items/CMS1252814.html>

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## Primary Care Incentive Payment (PCIP)

Effective January 1, 2011, through December 31, 2015, a quarterly incentive payment will be made for primary care services when furnished by primary care practitioners. Primary care practitioners with a Medicare specialty designation of family medicine, geriatric medicine, pediatric medicine, internal medicine, nurse practitioner, clinical nurse specialist, or physician assistant are eligible for the incentive payment if primary care services (CPT codes 99201 through 99215 and 99304 through 99350) accounted for at least 60 percent of the practitioner's total allowed charges under the Medicare PFS in the qualifying calendar year.

### Online Resources

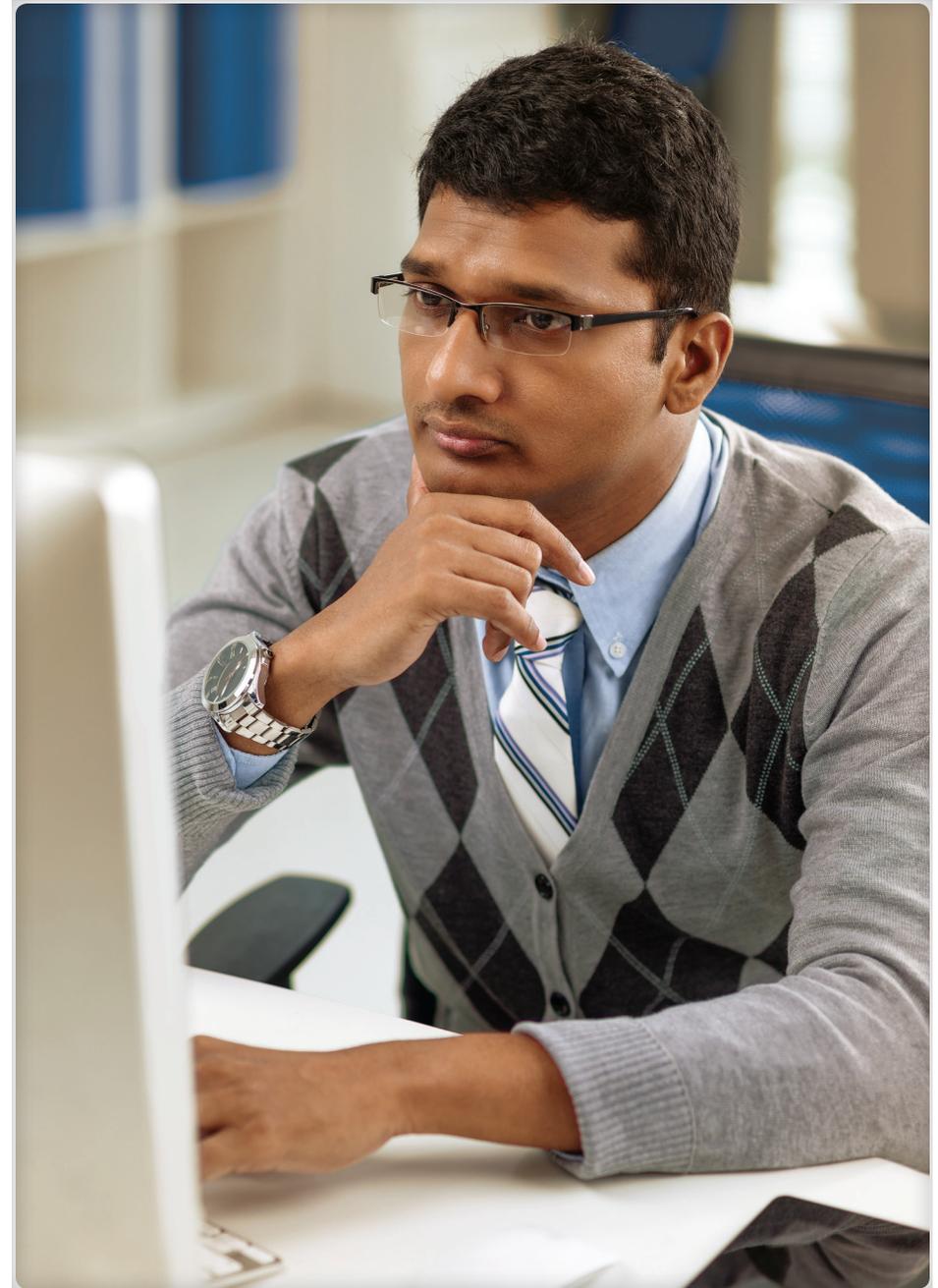
Policies:

- <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2011-Transmittals-Items/CMS1244829.html>
- <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2011-Transmittals-Items/CMS1246115.html>
- <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2011-Transmittals-Items/CMS1244191.html>

Publication:

- <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/Downloads/PCIP-2011-Payments.pdf>

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## Ambulance Fee Schedule Add-on Payments

Section 203 of the Medicare Access and CHIP Reauthorization Act (MACRA) of 2015 extended payment provisions of previous legislation. Section 203(a) extends the provision increasing Ambulance Fee Schedule amounts by 2 percent for services originating in urban areas and by 3 percent for services originating in rural areas. (Originating areas are defined by the ZIP code of the point of pickup.) This provision extends the add-on payments through December 31, 2017.

Section 203(b) extends the provision relating to payment for ground ambulance services that increased the base rate for transports originating in an area that is within the lowest 25th percentile of all rural areas arrayed by population density (known as the “super rural” bonus). This provision extends the add-on payments through December 31, 2017.

### Online Resources

Policy:

- <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2011-Transmittals-Items/CMS1253028.html>

Publication:

- <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/MLN-Publications-Items/CMS1243658.html>



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