

Medicare Part B Drugs and the Merit-based Incentive Payment System (MIPS) Payment Adjustment

The Quality Payment Program, established by the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA), is a quality payment incentive program for physicians and other eligible clinicians, which rewards value and outcomes in one of two ways: through the Merit-based Incentive Payment System (MIPS) and Advanced Alternative Payment Models (APMs).

Medicare Part B clinicians participating in the MIPS will get a MIPS performance-based payment adjustment to their Medicare Part B payments. As required by the MACRA statute, the MIPS payment adjustment applies to Medicare Part B items and services, which may include Part B drugs.

MIPS replaces three legacy programs – the Physician Quality Reporting System (PQRS), Physician Value-Based Payment Modifier, and the Medicare Electronic Health Record Incentive Program for eligible professionals. Under these programs, payment adjustments only applied to services paid under the Medicare Physician Fee Schedule (PFS), which included the administration of Part B drugs, but did not apply to the drug costs themselves.

MACRA legislation now requires that MIPS payment adjustments be made to payments for both items and services under Medicare Part B, including Part B drugs. For each MIPS payment year, the MIPS payment adjustment factor, and, if applicable, the additional MIPS payment adjustment factor for exceptional performance¹ are applied to Medicare Part B payments for items and services furnished by MIPS eligible clinicians during the year. These adjustments apply to all of the Medicare Part B items and services furnished by, and billed under, the combined Taxpayer Identification Number (TIN)/National Provider Identifier (NPI) of a MIPS eligible clinician and not only to services paid under the Medicare PFS.

When the MIPS payment adjustment applies to Part B drugs

There are times when Medicare Part B drugs link directly to charges where the MIPS payment adjustment may apply, such as when billing Part B drugs under the PFS using modifiers. For example, the following scenario may apply to individual MIPS eligible clinicians, groups or virtual groups participating in MIPS.

¹ MIPS eligible clinicians who are exceptional performers in MIPS, as shown by the information that they submit, are eligible for an additional positive adjustment for each year of the first 6 years of the program. For 2017, MIPS eligible clinicians who achieve a final score of 70 or higher will be eligible for the exceptional performance adjustment, funded from a pool of \$500 million.

Scenario	Result
1. You keep medication in the office and then bill Medicare for the drug as well as the office visit to administer the drug.	2. The cost of the drug itself and the administration of the drug are directly attributed to you by TIN/NPI.

Instances when the MIPS payment adjustment does not apply to Part B drugs

Several categories of Medicare Part B clinicians are excluded from participating in MIPS and will not receive a MIPS payment adjustment:

- Clinicians who are newly enrolled in Medicare
- Clinicians who meet the low-volume threshold exclusion
- Clinicians who participate sufficiently in Advanced APMs to become Qualifying APM Participants and certain Partial Qualifying APM Participants
- Clinicians who are not among the types of clinicians included in the QPP in performance years 2017 and 2018 (physicians, physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists, and groups that include such clinicians)

For clinicians who are not excluded from MIPS for one of the reasons listed above, but reassign all of their billing rights to a facility, such as a Federally Qualified Health Centers and/or a Rural Health Clinic, the MIPS payment adjustment won't apply to Part B items and services billed by the facility under the facility's all-inclusive payment methodology or prospective payment system methodology.

However, if the clinician bills Medicare Part B outside of these facilities, even part-time, payment for those items and services may be subject to the MIPS payment adjustment.

Quality Payment Program's Low-Volume Threshold

The low-volume threshold is based partly on the amount of Medicare Part B allowed charges that a clinician claims during the applicable determination period. Such charges for drugs and other Medicare Part B items and services are included in the calculation of the low-volume threshold and may be subject to MIPS payment adjustments.

Please note that MIPS payment adjustments may be subject to sequestration as required by law.

To learn more about the Quality Payment Program, visit qpp.cms.gov.