2015-2017 Value-Based Payment Modifier

Overview

The Value Modifier (VM) program assesses both the quality of care furnished and the cost of that care under the Medicare Physician Fee Schedule. CMS began phase-in of the VM in 2015, based on 2013 reporting, for groups of 100+ EP. Phase-in will be completed in 2017 when the VM will be applied to solo practitioners and groups of 2 or more EPs. Implementation of the VM is based, in part, on participation in Physician Quality Reporting System (PQRS).

Application of the Value Modifier in 2014

- CMS will apply the VM to groups of 10+ EPS in 2016, based on 2014 PQRS participation. Groups of 10+ EPS that do not avoid the PQRS penalty in 2014 (-2.0%), will automatically also be subject to the -2.0% VM penalty in 2016, applied at the claim level.
- Groups who do avoid the 2014 PQRS penalty may receive an upward, neutral, or downward VM payment adjustment based on performance scores:
    - Groups of 10-99 EPs will only be subject to an upward or neutral payment adjustment in 2016 based on 2014 performance scores. (see Quality Tiering section below).
    - Groups of 100+ EPs will be subject to an upward, neutral or downward adjustments based on performance scores. Those groups whose performance scores place them in lower quality/higher cost categories will have payment at risk under the VM of up to 2.0%.

See summary chart below.

Performance Year/VM Year	Group Size	Possible VM Outcomes
2013/2015	100+	• Downward Adjustment (-2.0%) • No Adjustment • Upward Adjustment (Budget Neutral) *of total Medicare Part B FFS Charges*
2014/2016	100+	• Downward Adjustment (-2.0%) • No Adjustment • Upward Adjustment (Budget Neutral) *of total Medicare Part B FFS Charges*
2014/2016	10+	• No Adjustment • Upward Adjustment (Budget Neutral) *of total Medicare Part B FFS Charges*
2015/2017	ALL INDIVIDUAL PHYSICIANS	• Downward Adjustment (TBD) • No Adjustment • Upward Adjustment (Budget Neutral) *of total Medicare Part B FFS Charges*

In 2014, participation by groups of 10+ EPs in any of the PQRS participation methods to report in clinical performance will result in a neutral or upward 2016 VM payment adjustment. Participation by groups of 100+ EPs can result in negative, neutral or upward 2016 VM payment adjustments

Quality Tiering

The VM is calculated for a group using a quality composite score and a cost composite score. The quality composite scores are derived from six quality domain scores; each domain score is based on performance scores for PQRS measures reported, using its associated domain. Quality tiering will determine if group performance is statistically better, the same or worse than the national mean, based on standard deviation.

	Low Quality	Average Quality	High Quality
Low Cost	**0.0%**	**+1.0x%***	**+2.0x%***
Average Cost	**-0.5%**	**0.0%**	**+1.0x%***
High Cost	**-1.0%**	**-0.5%**	**0.0%**

Notes:

- "x" refers to a payment adjustment factor yet to be determined.
- *higher performing groups serving high-risk beneficiaries (based on average risk scores) are eligible for an additional adjustment of +1.0x%

Using quality and cost composite scores, a group will be assigned to one of nine possible ratings as indicated in the table below. For groups without cost measure scores, CMS will consider the group's cost as "average", for purposes of the 2016 VM adjustments.

Physician Feedback Program and Quality Resource and Use Reports

For several years, through the Physician Feedback Program, CMS has been developing a set of reports known as Physician Quality and Resource Use Reports (QRURs) to provide comparative performance information to physicians and medical practice groups. CMS' goal for the Physician Feedback Program and the QRURs is to provide meaningful and actionable information to physicians so they can improve the care they deliver. With this, CMS is moving toward physician reimbursement that rewards value rather than volume.

As CMS further develops the QRURs, they will increasingly preview the performance scores that will be used in calculating the value-based payment modifier. In summer 2014, CMS will provide QRURs to groups of 10 or more EPs that will display relative information on PQRS measures reported by the group in 2013. CMS QRUR resources are listed below.

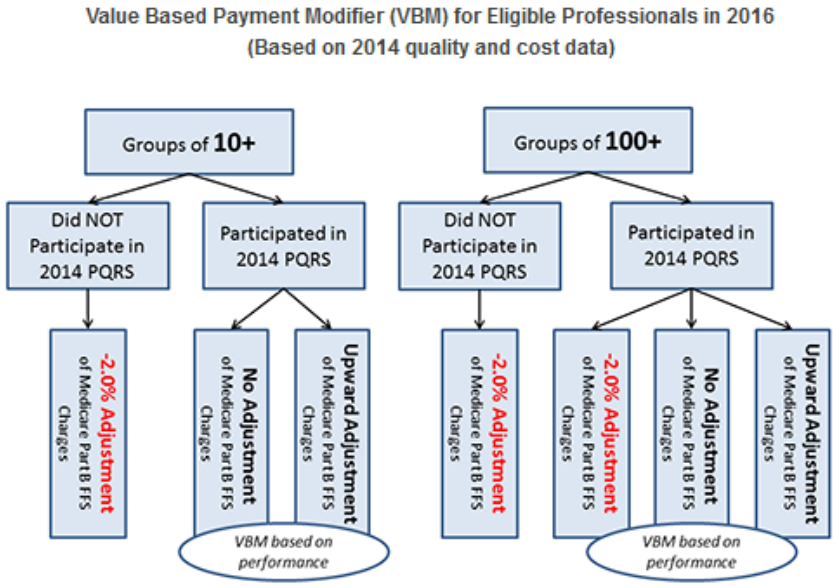
QRUR Resources

2012 QRUR: Template for Groups that were not GPRO or ACO Participants

2012 QRUR: Drill Down Template

PHYSICIAN VALUE BASED PAYMENT MODIFIER:

The Physician Value Based Payment Modifier or Value Modifier (VM) extends the PQRS program by basing, in part, Medicare Part B FFS reimbursement on comparative PQRS measure performance as well as on cost measure performance. CMS began implementing the VM program in 2013 for groups of 100+ eligible professionals. Smaller groups will be affected in 2014 as summarized in the below table.



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