

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



DATE: January 31, 2014

TO: All Medicare Advantage Organizations, Cost Plans, PACE Organizations and Demonstrations

FROM: Cheri Rice, Director
Medicare Plan Payment Group

SUBJECT: Physician Quality Reporting System (PQRS) 2012 Payment File

This memo provides payment guidance on the Medicare PQRS Incentive Payment programs. It is for use in situations when a Medicare Advantage Organization is required to pay at least the original Medicare rate for out of network services.

Please note that we are changing the file naming convention associated with this release going forward. We renamed the file that includes data for the 2012 program year to 2012. This file was labeled 2013 when we initially released the file on January 3, 2014. None of the information in the previously issued file is changed – only the file name is changed to more accurately reflect the contents of the file.

Incentive Program	File Name (January 3, 2014)	File Name (today going forward)	Program Year Data
PQRS	PQRS HPMS File 2013.xlsx	PQRS HPMS File 2012.xlsx	2012 (release on 1/3/2014) 2012 (today's release)

Physician Quality Reporting System (PQRS)

The Physician Quality Reporting System (PQRS) uses incentive payments to encourage eligible health care professionals (EP) to report on specific quality measures. Eligible professionals who satisfactorily report quality-measures data for services furnished during a PQRS reporting period are eligible to earn an incentive payment equal to a percentage of the eligible professional's estimated total allowed charges for covered Medicare Part B Physician Fee Schedule (PFS) services provided during the reporting period. Physicians that participate in the Maintenance of Certification program are eligible for an additional 0.5% incentive payment.

Incentive payments for each program year are issued separately as a single consolidated incentive payment in the following year. In August of 2013, CMS paid eligible professionals a PQRS incentive payment for the 2012 reporting period equal to 0.5% of allowed charges for covered Medicare Part B services provided in 2012.

More information on the PQRS is available at:

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

PQRS and Medicare Advantage

When a MA organization does not have an existing contract in place governing payment amounts, a provider is entitled to Fee-for-Service rates with respect to any MA enrollee it provides services to. The requirement is for a Medicare Advantage Organization to pay non-contracted providers (including providers who are “deemed” to be contracting under private fee for service (PFFS) plans) the original Medicare payment amount. Therefore, a Medicare Advantage Organization (MAO) is required to pay PQRS Incentive Program payments to non-contract providers who qualify for these payments under original Medicare. This includes eligible professionals that do not participate in the Medicare Fee-For-Service program.

Physicians who are incentive eligible for PQRS can receive an additional 0.5% incentive payment when Maintenance of Certification Program Incentive requirements have been met. This physician-only incentive will be paid at the same time as the 2012 PQRS incentive for those physicians who qualify. Physicians cannot receive more than one additional 0.5% Maintenance of Certification Program Incentive, even if they complete a Maintenance of Certification Program in more than one specialty.

A MAO is required to pay a lump sum PQRS Incentive Payments to providers for the 2012 reporting period when all of the following conditions are met:

- MAO does not have an existing contract with provider
- Provider treats MA enrollee out of network
- Provider eligible to PQRS incentive payment under original Medicare (i.e., eligible professional)

How to Identify an Eligible Professional

CMS pays incentive payments to practices with EPs (identified on claims by their individual National Provider Identifier [NPI] and Tax Identification Number [TIN]), or group practices participating in the group practice reporting option (GPRO) who satisfactorily report data on quality measures for covered Physician Fee Schedule (PFS) services furnished to Medicare Part B Fee-for-Service (FFS) beneficiaries. A MAO can identify an eligible professional by using a specific TIN/NPI combination but must rely on a TIN alone to identify a group practice. For providers who report using the Group Practice Reporting Option (GPRO), an MAO must pay the incentive payment to the same entity that bills them.

Physicians that participate in the Maintenance of Certification program are eligible for an additional 0.5% incentive payment. When a “MOC participation flag” appears on the record, an MA plan must pay an additional 0.5% incentive payment. The HPMS file indicates whether an eligible professional qualifies for this additional incentive payment amount.

How to Calculate the PQRS Incentive Payment Amount Owed

An MA organization calculates the incentive bonus payment using the same formula as original Medicare. The incentive payment amount is calculated as a percentage of Medicare Part B estimated total allowed charges. For non-contract services provided in 2012, a PQRS eligible professional is entitled to receive a 0.5% on the Medicare Part B allowed charges. An MAO calculates a payment equal to 1% of the Medicare Part B allowed charge, when an eligible provider also qualifies for the Maintenance of Certification program.

Qualifies for PQRS incentive payment only

$\text{PQRS Incentive Payment}_{2012} = \text{Medicare Part B Allowed Charges}_{2012} * .005$

Qualifies for PQRS plus additional “Maintenance of Certification” incentive

$\text{PQRS Incentive Payment}_{2012} = \text{Medicare Part B Allowed Charges}_{2012} * .01$
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The PQRS incentive payment is calculated on 100 percent of the physician fee schedule amount. The allowed charge must include the beneficiary cost sharing as part of the calculation. Otherwise, the amount a provider receives from an MAO would not equal the amount they would receive if the individual were enrolled in original Medicare.

Some providers report quality measures to CMS on a 12 month basis but others report during the last six months of a calendar year. A MAO must pay incentive payments on claims for dates of service between January 1 and December 31, 2012 to eligible professionals who report using the 12 month option. An MAO must pay an incentive payment on claims for dates of service between July 1 and December 31, 2012 to eligible professionals that report using the six month option. The HPMS file indicates whether an eligible professional reports on a twelve or six month basis.

A Medicare Advantage Organization (MAO) is required to pay PQRS Incentive Program payments to non-contract providers unless the total amount owed is less than one dollar.

Notification & Timeline for PQRS Incentive Payments

CMS expects MA organizations to include an explanation to providers when they pay PQRS incentive payments. This allows provider to track the source and reason for the payment.

Payments are due within 60 days of the date of this HPMS notice.

File Access and Description

A registered HPMS user can visit the Data Extract Facility from the Home Page of HPMS. There will be a link entitled “Incentive Payments” on the left navigation bar, and then the user can select to download the file under PQRS. Due to the sensitivity of some of the information provided in the file, only your Medicare Compliance Officer will be able to access and download it.

The file includes five fields.

- Tax Identification number (TIN), text format

- National Provider Identification Number (NPI), text format
- Maintenance of Certification Participation Flag, text format
- Maintenance of Certification Incentive Eligibility, text format
- Number of Months, numeric format

If you have any questions regarding the PQRS program, please contact your CMS Account Manager. If you have any questions about this HPMS notice, please contact Jean Stiller at jean.stiller@cms.hhs.gov. If you encounter technical difficulties when downloading the PQRS file from HPMS, you may contact the HPMS Help Desk at hpms@cms.hhs.gov or 1-800-220-2028.