

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop C4-23-07
Baltimore, Maryland 21244-1850



DATE: June 27, 2008

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

FROM: Tom Hutchinson, Director
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SUBJECT: Physician Quality Reporting Initiative (PQRI) 2007 Data File

Physicians and other qualified professionals are eligible to receive lump sum transitional bonus incentive payments in 2008 that are contingent on the reporting of quality measures on claims incurred in the six months ending 12/31/07. This is called the Physician Quality Reporting Initiative (PQRI) bonus, and is limited to 1.5% of all physician fee schedule payments to a particular physician or qualified professional for covered professional services provided during the 6 month period 7/1/07 – 12/31/07. The actual payment to a specific provider in 2008 for 2007 services is further limited by a “cap” that was determined using national data. This “cap” is based on 300% of national costs per measure and was not known until the end of the reporting period in 2008.

Bonus payments for claims incurred in a given year are payable the following year in a lump sum. For example, bonuses earned for claims incurred in 2008 will be payable in 2009. Alternative reporting periods and alternative criteria for satisfactorily reporting quality measures for the 2008 and 2009 PQRI were required by the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) (P.L. 110-173).

In 2008, eligible professionals may again earn an incentive payment of 1.5% of their total allowed charges for Physician Fee Schedule covered professional services furnished during the respective alternative reporting periods based on data submitted via these mechanisms. Note that while the Tax Relief and Health Care Act of 2006 (P.L. 109-432) established a “cap” on incentive payments made in 2008 for 2007 services that is based on a national average per measure payment amount, there is no “cap” on incentive payments authorized under MMSEA for 2008 and 2009. More information on the PQRI bonus payment is available at <http://www.cms.hhs.gov/PQRI/>

Payment information for MA plans:

To obtain the composite PQRI bonus file for claims incurred in the last six months of 2007, for payments due from PFFS and non-contracting MA plans in 2008, please follow the instructions below. Note that participation by physicians and qualified practitioners in the PQRI program was relatively limited in 2007 - less than 60,000 physician/practitioner participants.

A registered HPMS user can visit the Data Extract Facility from the Home Page of HPMS. There will be a link entitled “PQRI File” on the left navigation bar. In addition to the data file itself, the user is provided the data file and record layout, below.

A physician or qualified practitioner who is eligible to receive up to a 1.5% PQRI bonus for services furnished to an original Medicare beneficiary not enrolled in an MA plan is also entitled to a PQRI bonus for services furnished to an MA plan enrollee for services provided under a “deemed” contract (PFFS only) or as a non-contracting physician/practitioner (all MA plan types). This is so because the physician or practitioner is entitled to the same amount that Medicare would have paid for the service.

If a physician or practitioner indicated that he or she was participating in the voluntary PQRI program, an MA organization may have decided to pay an extra 1.5% on all physician fee schedule services to that physician/practitioner - as they were incurred. The 1.5% PQRI bonus is due only on Medicare physician fee schedule services, and is paid on 100% of the fee schedule amount (including member cost sharing), and not just the plan’s portion of the payment.

Alternatively, if an MA organization chose to wait until 2008 to pay the PQRI bonus to “deemed” and non-contracting physicians/practitioners because it was not known at the time of service whether payment of the bonus was due, or if it was subject to the “cap,” such an MA organization must now make bonus payments based on the attached file.

Computation of Bonus Due

There are less than 1,000 records where the physician/practitioner is “capped.” “Capped” providers can be identified by a “Y” value in the “Incentive Capped?” column - column C. Where the physician/practitioner is “capped” the MAO is only required to pay a portion of the 1.5% PQRI bonus (see the formula below). All “non-capped” providers are entitled to a full 1.5% PQRI bonus from “deemed” and non-contracting MAOs for paid physician fee schedule claims. The range of bonuses due for “capped” physicians/practitioners is from 0.02% and 1.5%. Note that the computation and payment of PQRI bonuses is TAX ID/NPI specific. A given physician/practitioner (identified by NPI) might be due a different (or no) PQRI bonus in another practice (identified by a different TAX ID).

Formula: MAOs will need to perform a calculation to determine the ratio of PQRI bonus due for “capped” providers. The formula is $[(\text{Column E Value} / \text{Column D Value})] * 1.5\%$.

Example: For TIN 042704683/NPI 1881794873 (the first “capped” provider) the computation is $[(384.66 / 775.31) * 1.5\%] = 0.74\%$. For this TIN/NPI the non-contracting/deemed MAO is to pay an additional PQRI bonus of 0.74% of the total amount paid to the provider for claims incurred by its members with dates of service between July 1, 2007, and December 31, 2007. Remember the PQRI bonus is due on 100% of the physician fee schedule amount, including member cost sharing.

Data File and Record Layout

File Layout

Field Name	TAXID	NPI	Incentive Capped?	1.5% Allowed Charges Amount	Cap Amount	Cap Amount minus 1.5% Allowed Charges Amount
position	(1-10)	(11-29)	(30)	(31-40)	(41-50)	(51-60)
	123456789	102145296	N	100.00	175.00	75.00
	xxxxxxxxx	103122559	Y	500.00	177.00	0.00
	xxxxxxxxx	104277379	N	2.00	5.00	3.00
	xxxxxxxxx	114503009	N	0.03	1.00	0.97
	xxxxxxxxx	863173591	N	0.99	1.00	0.01
	xxxxxxxxx	925761844	Y	1972.00	1119.00	0.00
	xxxxxxxxx	932614884	N	7.00	15.00	8.00
	xxxxxxxxx	939295918	N	1965.00	8140.00	6175.00
	xxxxxxxxx	950154713	N	12.00	45.00	33.00
	xxxxxxxxx	990527181	N	76.00	300.00	224.00

Record Layout

FIELD NAME	START/END POSITION	PIC	COMMENT
Tax ID	1-10	X(5)	Left justified, one blank byte.
NPI	11-29	X(19)	
Incentive Capped?	30	X(10)	
1.5% Allowed Charges Amount	31-40	9(8)v99	
Cap Amount	41-50	9(8)v99	
Cap Amount Minus 1.5% Allowed Charges Amount	51-60	9(8)v99	
Filler	61-125	X(64)	

If you have any questions regarding the PQRI, please contact your CMS account manager. If you have any questions about this HPMS notice, please call Frank Szefflinski on (303) 844-7119.

If you encounter technical difficulties when downloading the PQRI file from HPMS, you may contact the HPMS Help Desk at hpms@cms.hhs.gov or 1-800-220-2028.