

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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DATE: October 26, 2009

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) 2008 Data File

Physicians and other qualified professionals are eligible to receive lump sum bonus incentive payments in 2009 that are contingent on the reporting of quality measures on claims incurred in 2008. This is called the Physician Quality Reporting Initiative (PQRI) bonus, and is a 1.5% bonus on all physician fee schedule payments to a particular physician or qualified professional for covered professional services provided during 2008.

In 2008, eligible professionals earned an incentive payment of 1.5% of their total allowed charges for Physician Fee Schedule covered professional services furnished during the reporting period. 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 was based on a national average per measure payment amount, there is no “cap” on incentive payments authorized under the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) (P.L. 110-173) 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 2008, for payments due from PFFS and non-contracting MA plans in 2009, please follow the instructions below. Note that participation by physicians and qualified practitioners in the PQRI program was limited in 2008 to less than 85,000 physician/practitioner participants.

A registered HPMS user, who is designated as the Medicare Compliance Officer, 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 where the Excel file can be downloaded. 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. Note that Article IX.A. of your CMS contract and 42 CFR 422.504(h) require you to comply with Federal laws and regulations designed to prevent or ameliorate fraud, waste and abuse.

A physician or qualified practitioner who is eligible to receive 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 2009 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, such an MA organization must now make bonus payments based on the attached file.

MA organizations should include an explanation with PQRI incentive payments in order to explain the source and reason for the payments.

Computation of Bonus Due in 2009

All providers are entitled to a full 1.5% PQRI bonus from “deemed” and non-contracting MAOs for paid physician fee schedule claims. 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). Remember the PQRI bonus is due on 100% of the physician fee schedule amount, including member cost sharing. The third column of the Excel spreadsheet entitled “1.5% of FFS Allowed Charges” is for informational purposes only.

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.

PQRI Medicare Advantage FAQ

Question: Can eligible professionals (physicians and non-physicians) get paid a Physician Quality Reporting Initiative (PQRI) incentive payment and a separate e-prescribing incentive payment for charges submitted for care rendered to Medicare Advantage (MA) patients?

Answer: Payments to physicians/non-physicians who have contracted with Medicare Advantage (MA) organizations generally are governed by the terms of the contract between the provider and the MA organization. It is up to the MA organization and the provider whether eligibility for a PQRI or e-prescribing incentive payment under the original Medicare program affects the amount the MA organization owes a provider under a contract.

On the other hand, if the MA organization offers a private fee-for-service (PFFS) plan that meets access requirements through the “deeming” of qualified professionals, or when the MA organization is reimbursing a non-contracting provider, then that MA organization is required to pay the same as original Medicare for covered services.

In such a non-contracting or “deemed” case, if the physician/non-physician meets incentive eligibility for either the PQRI or the e-prescribing programs under original Medicare, then the MA organization is required to pay a similar bonus amount. The amount of the incentive payment is calculated the same as for original Medicare (as a percentage of Medicare Part B estimated total allowed charges).

Physicians/non-physicians, both who have contracted with an MA plan and who have not so contracted, are not eligible for either PQRI or e-prescribing incentive bonuses from original Medicare for the MA plan members they treat. Providers are only entitled to incentive payments for services provided to MA plan enrollees from MA organizations.