



Medicare Plan Payment Group

DATE: December 7, 2016

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

FROM: Cheri Rice /s/
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SUBJECT: Physician Quality Reporting System 2015 Payment Adjustment File

When a Medicare Advantage organization (MAO) arranges for an MA enrollee to receive a Medicare covered service from a non-contract provider (including a provider who is “deemed” to be contracting under a private fee for service (PFFS) plan), the MAO is required to pay at least the amount that the provider would receive for furnishing that service to an enrollee in the Medicare Fee-for Service (FFS) program. The guidance in this memorandum will help MAOs determine whether their payments to non-contract providers for services furnished in 2015 may be adjusted to account for negative payment adjustments under the Physician Quality Reporting System.

Physician Quality Reporting System

The Physician Quality Reporting System (PQRS) is a quality reporting program that encourages eligible professionals (EPs) and group practices to report specific quality measures to the Centers for Medicare & Medicaid Services (CMS). From 2007 to 2014, EPs and group practices that participated in the group practice reporting option (GPRO) could earn PQRS incentive payments for satisfactorily reporting data on quality measures for covered Medicare Physician Fee Schedule (PFS) services furnished to Medicare Part B FFS beneficiaries.

Under section 1848(a)(8)(A) of the Social Security Act (“Act”), starting in 2015, individual EPs and EPs in group practices participating in the GPRO who do not satisfactorily report data on PQRS quality measures are subject to a negative payment adjustment under Medicare FFS. Eligibility for PQRS negative payment adjustments is based on program participation during the calendar year that is two years prior to the payment adjustment year (e.g., 2015 PQRS payment adjustments are based on participation in 2013). The negative payment adjustment applies to all of the individual EP’s or group practice’s Part B covered professional services under the Medicare PFS. The final year for PQRS payment adjustments is 2018.

PQRS and Medicare Advantage

Under § 422.214(a)(1) of our regulations, a non-contract provider who furnishes services to a beneficiary enrolled in an MA plan must accept, as payment in full, the amount the provider

could collect if the beneficiary were enrolled in Medicare FFS. Section 422.214(a)(2) provides that the amount that a non-contract provider must accept as payment in full may be reduced to take into account statutory penalties that would apply to the provider's payment under Medicare FFS. Accordingly, an MAO may reduce its payments to non-contract providers who are subject to the PQRS negative payment adjustments to the same extent that their FFS payments are reduced. The authorized percentage reductions to Part B PFS payments in each PQRS payment adjustment year are as follows:

- 2015: 1.5%
- 2016: 2%
- 2017: 2%
- 2018: 2%

Identifying an Eligible Professional Subject to the 2015 PQRS Payment Adjustment

The 2015 PQRS Payment Adjustment File (discussed in the "File Description and Access" section below) lists the Taxpayer Identification Number (TIN) and National Provider Identifier (NPI) number for each EP who is subject to the 2015 PQRS negative payment adjustment. The 2015 PQRS Payment Adjustment File includes all EPs who are subject to the 2015 PQRS adjustment, including EPs who report individually as well as EPs who are members of group practices participate in the GPRO. An MAO can identify an EP who is subject for the 2015 PQRS payment adjustment by matching the EP's TIN/NPI combination to the TIN/NPI codes provided in the 2015 PQRS Payment Adjustment File. The TIN/NPI combination must be an exact match.

Calculating the 2015 PQRS Payment Adjustment

If an EP is subject to the 2015 PQRS payment adjustment, an MAO may, but is not required to, apply a 1.5% reduction to its payments to the EP for Part B covered services under the PFS with dates of service from 1/1/2015 through 12/31/2015 (an MAO cannot apply the 2015 PQRS payment adjustment to claims that are outside of the 1/1/2015 - 12/31/2015 date range). The formula used to calculate the 2015 PQRS payments adjustment is:

$$\text{Part B total estimated allowed charges for non-contract services provided in 2015} * (-0.015)$$

Notification and Timeline

MAOs should include an explanation to non-contract providers when applying PQRS payment adjustments so that the provider can understand the reason for the adjustment and track its source.

File Description and Access

The 2015 PQRS Payment Adjustment File includes the list of all EPs who are subject to the 2015 PQRS negative payment adjustment. The file contains four fields:

- Taxpayer Identification Number (TIN)
- National Provider Identifier (NPI) Number
- Start Date
- End Date

Due to the sensitivity of the information provided in the file, only the MAO's Medicare Compliance Officer will be able to access and download it. The Compliance Officer must be a registered Health Plan Management System (HPMS) user in order to obtain the file. The file can be downloaded from the Data Extract location in HPMS. The user should select the "Incentive Payments" link on the left navigation bar in the Data Extract location. After selecting the link, the user should select "PQRS File" under Step One, "2015" under Step Two, and "Download" under Step Three.

Additional Information

If you encounter technical difficulties when downloading the 2015 PQRS Payment Adjustment File from HPMS, you may contact the HPMS Help Desk at hpms@cms.hhs.gov or 1-800-220-2028.

If you have questions about the providers identified in the files please contact the QualityNet Help Desk at 1-866-288-8912 (TTY 1-877-715-6222) or Qnetsupport@sdps.org.

If you have questions about the PQRS program, please contact your CMS Account Manager.

If you have questions about this HPMS notice, please contact Sean O'Grady at sean.ogrady@cms.hhs.gov.