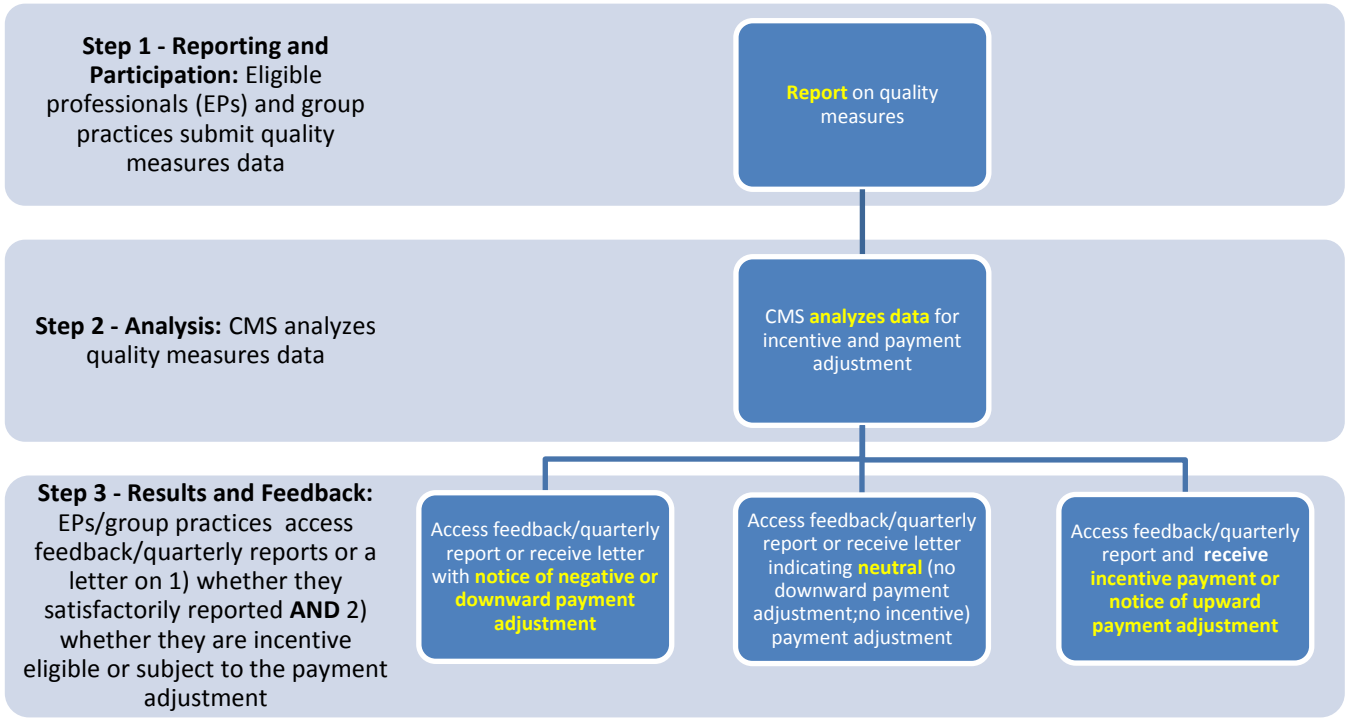
“How Do I Avoid the 2016 Medicare Quality Reporting Payment Adjustments?”

This guide provides a general overview of the 2016 payment adjustments for the Centers for Medicare & Medicaid Services (CMS) Medicare quality reporting programs. Learn about the 2016 negative or downward payment adjustment for the following programs:

Process

Shown below are the three high-level steps for aligned participation in the PQRS, Medicare EHR Incentive Program, and VM reporting programs.



Note: All PQRS quality appeals (including eReported eCQMs and VM data based on PQRS quality measures) will go through PQRS' informal review process. If an informal review is requested, CMS will reanalyze data to determine whether proper conclusions were made.

Disclaimer: If reporting for PQRS through another CMS program (such as the Medicare Shared Savings Program, Comprehensive Primary Care Initiative, Pioneer Accountable Care Organizations), please check the program's requirements for information on how to report quality data to earn a PQRS incentive and/or avoid the PQRS payment adjustment.

STEP 1: Reporting and Participation

Who is eligible for a payment adjustment?

Eligible professionals (EPs) and group practices had the opportunity to report quality measures for Medicare quality reporting programs (PQRS, the Medicare EHR Incentive Program, and VM) in 2013. Eligibility differs for each Medicare quality reporting program and is summarized below.

PQRS	CMS identifies Medicare physicians, practitioners, and therapists as EPs who are eligible and able to participate in PQRS. For more details, view the "List of Eligible Professionals" document posted on the CMS PQRS website. Read more about avoiding the 2016 PQRS payment adjustment.
Medicare EHR Incentive Program	**Note that only EPs (and not group practices) can participate in the Medicare EHR Incentive Program.** The following Medicare professionals are eligible for incentive payments for the "meaningful use" of certified EHR technology, if all program requirements are met: • Doctors of medicine or osteopathy • Doctors of dental surgery or dental medicine • Doctors of podiatry • Doctors of optometry • Chiropractors Read more about Medicare EHR Incentive Program Eligibility and Medicare EHR Program Payment Adjustments & Hardship Exceptions for Eligible Professionals. Medicare EPs or providers who are eligible to participate in either the Medicare or the Medicaid EHR Incentive Program may be affected by payment adjustments if they have not demonstrated meaningful use of certified EHR technology beginning in 2013. Eligible professionals can use the Hardship Exception Tool (PDF) to determine if they will avoid the 2016 Medicare EHR Incentive Program payment adjustments by demonstrating meaningful use, or if they should apply for a hardship exception. **Please note that payments and adjustments are not based solely on the submission of quality measures. See what other criteria must be met for the Medicare EHR Incentive Program.**
VM	Physicians in group practices of 10 or more EPs who participate in Fee-For Service Medicare under a single TIN will be subject to the value modifier in 2016, based on their performance in calendar year 2014. For 2016, the Value Modifier does not apply to groups of physicians in which any of the group practice's physicians participate in the Medicare Shared Savings Program, Pioneer ACOs, or the Comprehensive Primary Care Initiative. Read more about VM, including quality tiering, quality benchmarks for the 2016 value modifier, and the 2014 Quality and Resource Use Reports (QRURs), as well as the 2016 value modifier.

Why report?

Reporting quality measures for CMS Medicare quality reporting helps you to better understand your patient population, understand your relative performance on quality measures compared to other physicians, and understand where your highest-cost patients are obtaining their care, even if you provided plurality of care, or a greater proportion of primary care services. Below are additional reasons to report quality measures for 2014:

PQRS	VM	EHR Incentive Program
• Become incentive eligible for the 2014 PQRS • Avoid the 2016 PQRS negative payment adjustment	• Satisfy requirements for the 2014 VM • Avoid the 2016 automatic downward VM adjustment • Performance on quality measures used to calculate upward, neutral, or downward adjustments	• Satisfy the clinical quality measure (CQM) component of the EHR Incentive Program • Avoid the downward adjustment • Earn a 2014 incentive

More information:

- Note that only EPs (and not group practices) can participate in the Medicare EHR Incentive Program.
- For the 2016 VM, quality tiering is mandatory for groups with 10 or more EPs. Under the quality tiering methodology, physician payments may be adjusted depending how they perform on PQRS measures and other measures of quality and cost. Physicians in groups of 10 to 99 EPs will be subject to an upward or neutral payment adjustment, while groups of physicians with 100 or more EPs will be subject to an upward, neutral, or downward payment adjustment.
- Groups who do not report as a group in 2014 must ensure that at least 50% of the EPs in their group meet the criteria to avoid the 2016 PQRS payment adjustment in order for the group to avoid the automatic -2.0% VM payment adjustment and to be eligible for VM upward adjustments in 2016.
- Learn more about reporting by reading How to Report Once for 2014 Medicare Quality Reporting Programs (PDF), viewing the March 2014 National Provider Call presentation on the same topic, or referring to the Decision Trees in the 2014 PQRS Implementation Guide.
- Refer to the Resources section at the end of this document to view resources related to payment adjustments for various Medicare quality reporting programs.

What are the different payment adjustment amounts?

Program	Applicable to	Adjustment Amount	Based on Program Year (PY)
PQRS	All EPs (Medicare physicians, practitioners, therapists)	-2.0 percent of Medicare Physician Fee Schedule (MPFS)	2014
Medicare EHR Incentive Program	Medicare physicians (if not a meaningful user)	-2.0% of MPFS	2014
Value-Based Payment Modifier	All Medicare physicians in groups of 10+ EPs	**Groups with 10-99 EPs:** Upward or neutral VM adjustment based on quality tiering for 2016. **Groups with 100+ EPs:** Upward, neutral, or downward VM adjustment based on quality tiering for 2016.	2014

STEP 2: Analysis

In this step, CMS analyzes the submitted quality measures data for each program. The PQRS and EHR adjustments apply to all of the EP's Part B covered professional services under the Medicare Physician Fee Schedule (MPFS) and the VM payment adjustment applies to Medicare payments to physicians for items and services furnished under the MPFS. An EP or group practice could be subject to one or more of the payment adjustments.

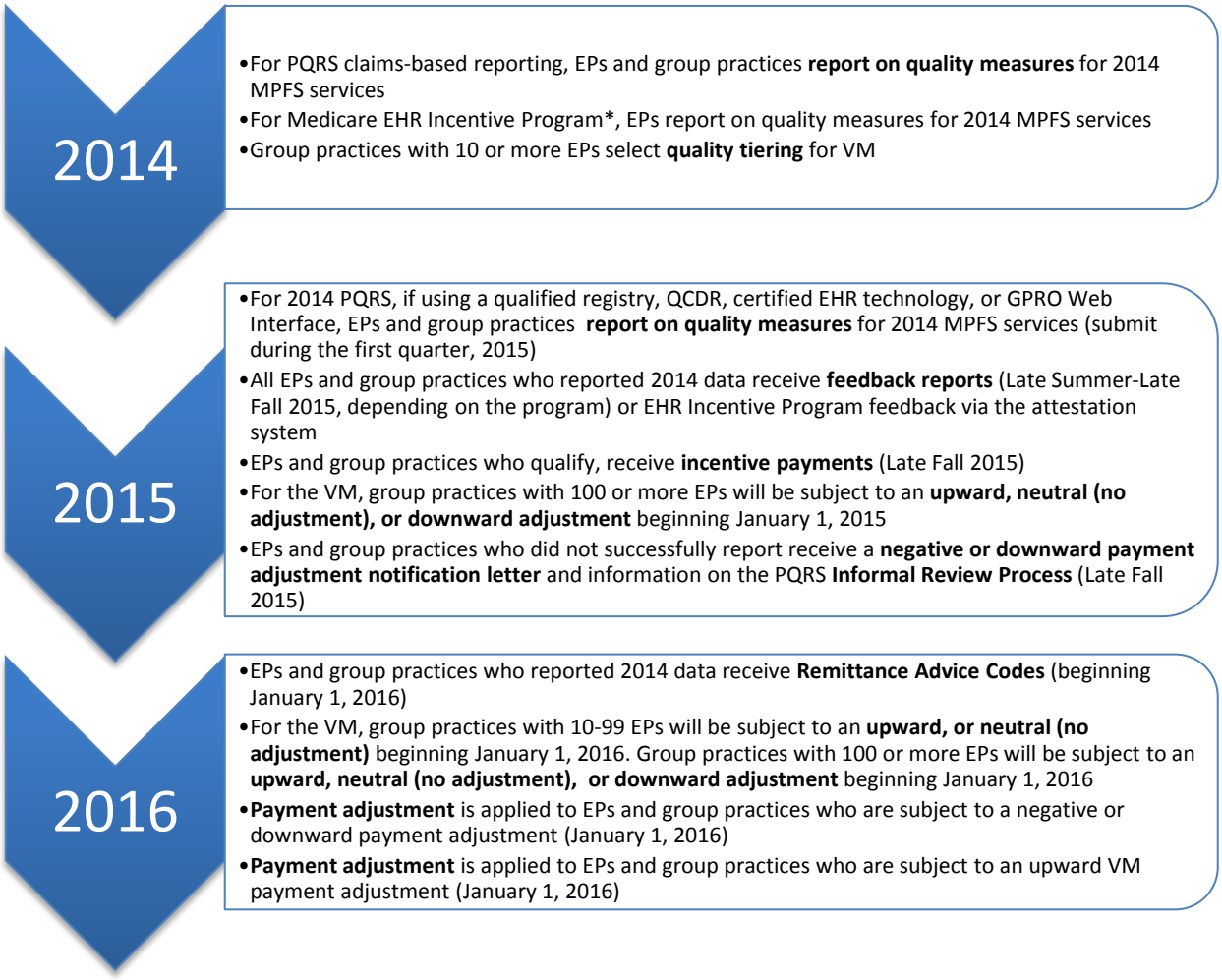
PQRS	•In order to avoid the negative payment adjustment under the PQRS, EPs must: meet the requirements for satisfactorily reporting as defined in the 2014 PQRS measure specifications; report at least one valid measure via claims, participating registry, or participating/qualified EHR (data submission vendors and direct EHRs), OR one valid measures group via registry, regardless of incentive eligibility. •For more information relating to the PQRS payment adjustment for both EPs and group practices, view the PQRS Payment Adjustment webpage.
VM	•In order to avoid an automatic downward adjustment under the VM, a group or solo practitioner must meet the criteria to avoid the PQRS downward adjustment. •For groups of 10 to 99 eligible professionals that successfully participate in PQRS, there is an opportunity to earn an upward or neutral adjustment depending on performance on PQRS and other quality and cost measures. •For groups of 100 or more EPs that successfully participate in PQRS, performance on those PQRS and additional quality and cost measures will result in an upward, downward, or neutral adjustment under the VM. •Read more about the Value-Based Payment modifier.
Medicare EHR Incentive Program	•In order to avoid payment adjustments under the Medicare EHR Incentive Program, EPs* must be meaningful users of EHR technology and demonstrate meaningful use prior to the 2016 calendar/fiscal payment adjustment year. •View more information about how to demonstrate meaningful use in 2014.

** Only EPs (and not group practices) can participate in the Medicare EHR Incentive Program.*

STEP 3: Results and Feedback

When will I receive feedback on whether or not I successfully reported and my performance?

The illustration below outlines when EPs and group practices can expect to receive feedback reports, a negative or downward payment adjustment notification letter, Remittance Advice codes, and when their incentive payments and/or payment adjustment(s) would be applied.



** Only EPs (and not group practices) can participate in the Medicare EHR Incentive Program.*

Note: For more information on the PQRS submission timeframe, please view the PQRS Spotlight webpage. For more information on the EHR Incentive Program submission timeframe, please view the EHR Incentive Program Getting Started webpage. For more information on the VM submission timeframe, please view the VM Self-Nomination/Registration page.

How will I know if my claim was adjusted?

A claim adjustment reason code (CARC) and a remittance advice remark code (RARC) are code sets used to report payment adjustments on an EP's or group practice's Remittance Advice. Both of these code sets are updated three times a year.

The PQRS, EHR Incentive Program, and VM currently use CARC 237 – Legislated/Regulatory Penalty, to designate when a negative or downward payment adjustment will be applied. At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT) in combination with the following RARCs:

- **PQRS – N699** – Payment adjusted based on the Physician Quality Reporting System (PQRS) Incentive Program.
- **EHR – N700** – Payment adjusted based on the Electronic Health Records (EHR) Incentive Program.
- **VBM – N701** – Payment adjusted based on the Value-based Payment Modifier.

Example Scenarios

Follow two reality-based characters in their journey of quality reporting and learn what to do if you become subject to a 2016 payment adjustment.

Sally and Bob are physicians participating in CMS quality reporting programs. Take a look at their situations and how they reported their quality measures in 2014.

2014 Reporting	PQRS	VM	EHR
Sally	X		
Bob	X	X	X

** Blue shading and "X" indicates program participation.*

Scenario 1: Sally, an Individual EP, is subject to a PQRS negative payment adjustment, as she did not submit at least 3 measures covering 1 domain.

Sally reported in 2014 for PQRS. In November 2015, she received feedback from CMS, which indicated that she will be subject to a negative PQRS payment adjustment due to unsatisfactory reporting. The 2016 VM does not apply to Sally because she is not in a group of 10 or more EPs. Here is the order of events:

- 2014: Reporting
  - Reported on measures for 2014 for PQRS
- 2015: Feedback is received
  - Access feedback report
  - Received negative adjustment notification letter and does not submit an informal review request
- 2016: Payment adjustment is applied
  - Negative payment adjustment is applied to Part B Medicare Physician Fee Schedule reimbursements.
  - Sally can identify the 2016 payment adjustment codes based on the claim adjustment reason code (CARC) and a remittance advice remark code (RARC).
    - The PQRS, EHR Incentive Program, and VM currently use CARC 237 – Legislated/Regulatory Penalty, to designate when a negative or downward payment adjustment will be applied.
    - At least one Remark Code will be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT) in combination with the PQRS RARC, N699.

Scenario 2: Bob is a physician in a group practice that participated in 2014 GPRO (group size of 50 EPs). Bob is subject to PQRS, EHR Incentive Program, and VM payment adjustments in 2016 as he did not satisfactorily report to avoid the adjustments.

Bob reported in 2014 for PQRS and Medicare EHR Incentive Program. In September 2015, the group accessed their feedback from CMS, which indicated that the TIN will be subject to a negative payment adjustment for PQRS and an automatic downward payment adjustment for VM, in addition to Bob receiving the payment adjustment for the Medicare EHR Incentive Program. He

decides not to request an informal review/reconsideration of the payment adjustment determinations. Here is the order of events:

- 2014: Reporting
  - Reported on measures for 2014 for PQRS and Medicare EHR Incentive Program
- 2015: Feedback is received
  - Accessed feedback reports for PQRS and VM and checked attestation status in the EHR Attestation System
  - Received negative and downward payment adjustment notification letters for PQRS, EHR and VM
- 2016: Payment adjustments are applied
  - PQRS and VM negative/downward payment adjustments are applied to Medicare payments for items and services furnished under the 2016 Part B MPFS. An additional EHR Incentive Program negative adjustment is applied to Bob's 2016 Part B MPFS reimbursements.
  - Bob can identify the 2016 payment adjustment codes based on the claim adjustment reason code (CARC) and a remittance advice remark code (RARC).
    - The PQRS, EHR Incentive Program, and VM currently use CARC 237 – Legislated/Regulatory Penalty, to designate when a negative or downward payment adjustment will be applied.
    - At least one Remark Code will be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT) in combination with the following RARCs:
      - PQRS, N699
      - EHR, N700
      - VM, N701

Resources

- Reporting
  - How to Report Once for 2014 Medicare Quality Reporting Programs (PDF)
  - March 2014 National Provider Call presentation – "How to Report Once for 2014 Medicare Quality Reporting Programs"
  - How to Avoid the 2016 Negative Payment Adjustments for CMS Medicare Quality Reporting Programs – September 2014 MLN Connects™ National Provider Call
- Policy
  - 2014 Medicare Physician Fee Schedule Final Rule – This details the criteria for satisfactorily reporting data on quality measures in 2014 to avoid the 2016 PQRS payment adjustment.
- PQRS
  - PQRS Payment Adjustment Information Webpage – This webpage provides a summary and links to resources related to PQRS payment adjustment.
  - 2014 Physician Quality Reporting System (PQRS): 2016 PQRS Payment Adjustment (PDF) - This fact sheet provides information on the 2016 PQRS payment adjustment and guidance on how individual eligible professionals and group practices can avoid

the 2016 PQRS payment adjustment. Information provided in this fact sheet is based on the 2014 MPFS Final Rule.
    - PQRS: What's New for 2014 - This fact sheet provides information on the 2016 PQRS payment adjustment and guidance on how individual eligible professionals and group practices can avoid the 2016 PQRS payment adjustment (Appendix 3). Information provided in this fact sheet is based on the 2014 MPFS Final Rule.
- EHR Incentive Program
    - EHR Incentive Program Payment Adjustment: What Providers Need to Know (PDF)
    - Medicare EHR Incentive Program: Interactive Hardship Exception Tool for Eligible Professionals (PDF) – Physicians can use this tool to determine if they will avoid the upcoming 2015 and 2016 Medicare EHR Incentive Program payment adjustments by demonstrating Meaningful Use.
- Value-based Payment Modifier (VM)
    - Value-Based Payment Modifier Webpage – This webpage provides a summary and links to resources related to the VM
    - Background of Value-Based Payment Modifier Webpage – This webpage provides a summary of the background and a timeline related to VM.
    - The Physician Value-Based Payment Modifier under the 2014 Medicare Physician Fee Schedule (PDF) – This National Provider Call presentation from December 2013 discusses policies to expand the application of the Value-based Modifier (VM) in 2016 based on performance in 2014.
- Other
    - Payment Adjustments & Hardship Exceptions Tipsheet for Eligible Professionals (PDF)
    - Payment Adjustments & Hardship Exceptions for Eligible Hospitals and CAHs (PDF)
    - Critical Access Hospitals Electronic Health Record Incentive Payment Calculations (PDF)