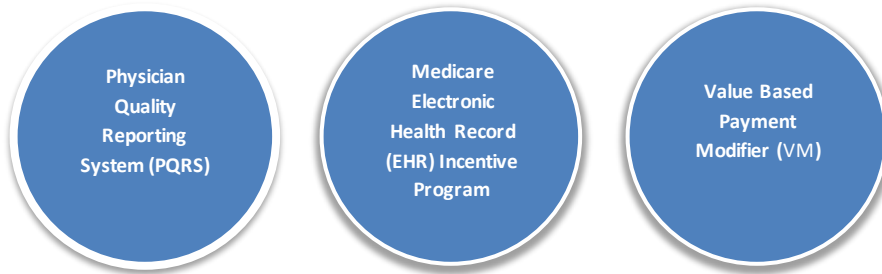




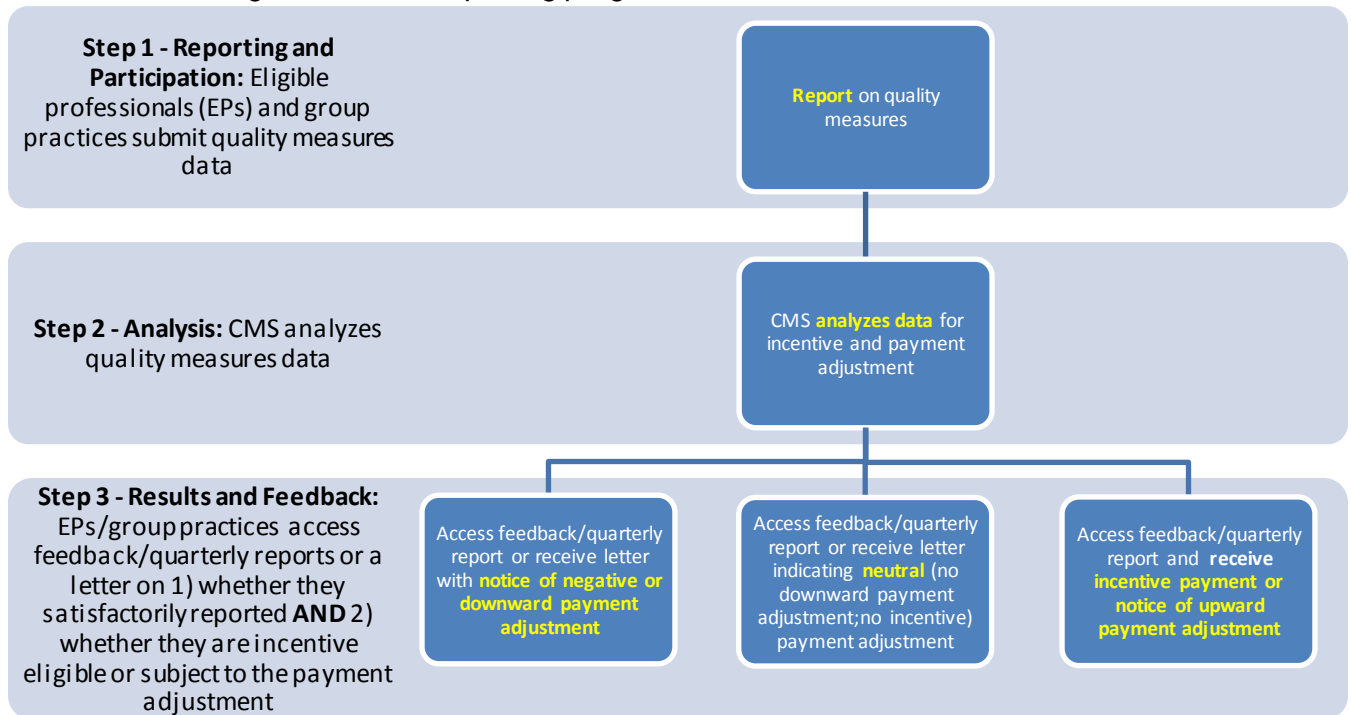
# Understanding the 2015 Medicare Payment Adjustments

This guide provides a general overview of the 2015 payment adjustments for the Centers for Medicare & Medicaid Services (CMS) Medicare quality reporting. Learn about the 2015 payment adjustments 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 informal review/reconsideration (including eReported CQMs and VM data based on PQRS quality measures) will go through PQRS' informal review process. There is a separate informal review or reconsideration process for each respective program. If an informal review or reconsideration is requested, CMS will reanalyze data to determine whether proper conclusions were made.*

**Disclaimer:** If a group is reporting for PQRS through another Centers for Medicare & Medicaid Services (CMS) program (such as the [Comprehensive Primary Care Initiative](#), [Medicare Shared Savings Program](#), or [Pioneer Accountable Care Organizations](#)), please check the program’s requirements for information on how to report quality data to avoid the PQRS payment adjustment. Please note: Although CMS has attempted to align or adopt similar reporting requirements across programs, EPs should look to the respective quality program to ensure they satisfy the requirements for each program (such as [PQRS](#), [EHR Incentive Program](#), [Value-based Payment Modifier \(VM\)](#), etc.) in which they participate.

## STEP 1: Reporting and Participation

### Who is eligible for a payment adjustment?

**Eligible professional (EP)** solo practitioners and group practices had the opportunity to report 2013 performance on quality measures for Medicare quality reporting programs (PQRS, the Medicare EHR Incentive Program, and VM) by the spring of 2014. Eligibility differs for each Medicare quality reporting program and is summarized below.

<p><b>PQRS</b></p>	<p>CMS identifies Medicare physicians, practitioners, and therapists as eligible professionals who are eligible and able to participate in the Physician Quality Reporting System (PQRS). For more details, view the “List of Eligible Professionals” document posted on the <a href="#">CMS PQRS website</a>.</p> <p>Read more about the <a href="#">2015 PQRS payment adjustment</a>, including eligibility and individual EP and group practice criteria for avoiding the 2015 PQRS payment adjustment. You could also learn about <a href="#">avoiding the 2016 PQRS payment adjustment</a>.</p>
<p><b>Medicare EHR Incentive Program</b></p>	<p><b>Note that only EPs (and not group practices) can participate in the Medicare EHR Incentive Program.</b></p> <p>The following Medicare eligible professionals (EPs) are eligible for incentive payments for the “Meaningful Use” of certified EHR technology, if all program requirements are met:</p> <ul style="list-style-type: none"> <li>• Doctors of medicine or osteopathy</li> <li>• Doctors of dental surgery or dental medicine</li> <li>• Doctors of podiatry</li> <li>• Doctors of optometry</li> <li>• Chiropractors</li> </ul> <p>Read more about <a href="#">Medicare EHR Incentive Program Eligibility</a> and <a href="#">Medicare EHR Program Payment Adjustments &amp; Hardship Exceptions for Eligible Professionals</a>.</p> <p>Medicare EPs who are eligible to participate in both the Medicare and the Medicaid EHR Incentive Programs may be affected by payment adjustments if they have not demonstrated Meaningful Use of certified EHR technology in one of the two programs beginning in 2013 or 2014 for first time participants. Eligible professionals can use the <a href="#">Hardship Exception Tool (PDF)</a> to determine if they will avoid the upcoming 2015 and 2016 Medicare EHR Incentive Program payment adjustments by demonstrating Meaningful Use, or if they should apply for a hardship exception.</p> <p><b>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 <a href="#">Medicare EHR Incentive Program</a>.</b></p>

<b>VM</b>	<p>Physicians in group practices of 100 or more EPs who submitted claims to Medicare under a single tax identification number (TIN) are subject to the value modifier in 2015, based on their performance in calendar year 2013.</p> <p>The 2015 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 during the 2013 performance period.</p> <p><a href="#">Read more about VM</a>, including quality tiering, quality benchmarks for the 2015 value modifier, and the 2013 Quality and Resource Use Reports (QRURs), as well as the 2016 value modifier.</p>
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## STEP 2: Analysis

In this step, CMS analyzes the submitted quality measures data for each program. Each program (PQRS, Medicare EHR Incentive Program, and VM) analyzes different factors, sometimes including cost and other objectives. The PQRS, EHR, and VM payment adjustments apply to all of the EP's or group practice's Part B covered professional services under the Medicare Physician Fee Schedule (MPFS). An EP or group practice could be subject to one or more of the payment adjustments.

### Summary of Payment Adjustments by Program

Program	Applicable to	Adjustment Amount for services rendered January 1, 2015 through December 31, 2015	Based on Program Year (PY)	
<b>PQRS</b>	All EPs and group practices who reported for PQRS (Medicare physicians, practitioners, therapists) or who provided services under MPFS in 2013	-1.5% of MPFS	2013	<a href="#">Read more about the 2015 PQRS payment adjustment.</a>
<b>Medicare EHR Incentive Program</b>	Medicare EPs (if not a meaningful user)	-1% of MPFS  <b>For those who were subject to the 2014 Electronic Prescribing (eRx) payment adjustment : -2% of MPFS</b>	2013	<a href="#">Read more about the Medicare EHR Incentive Program payment adjustments and hardship exceptions.</a>

Program	Applicable to	Adjustment Amount for services rendered January 1, 2015 through December 31, 2015	Based on Program Year (PY)	
<b>Value-Based Payment Modifier</b>	All Medicare physicians in groups of 100+ EPs	<p><b>Groups who did not self-nominate/register and choose one of the three PQRS group reporting mechanisms: web interface group reporting, a registry, or request that CMS calculate the group's performance on quality measures from administrative claims:</b> Automatic downward 1% value modifier adjustment.</p> <p><b>Groups of 100+ EPs who self-nominated/registered for and then participated in any of the above-mentioned mechanisms of reporting but did not elect quality tiering:</b> Neutral value modifier in 2015, which results in no impact on 2015 payments. In 2015, the value modifier will apply to both participating and non-participating Medicare physicians in groups of 100 or more EPs.</p> <p><b>Groups of 100+ EPs who elected quality tiering calculation:</b> Upward, neutral (no adjustment) or downward adjustment based on quality tiering.</p>	2013	Read more about <a href="#">VM</a> , including <a href="#">quality tiering</a> , and <a href="#">quality benchmarks for the 2015 value modifier and the 2013 QRURs</a> .

### STEP 3: Results and Feedback

How will I be notified of a payment adjustment and what will that mean for me?

- **PQRS**

The *2015 PQRS Payment Adjustment Feedback Report* is the final determination of whether the EP or group practice met at least one of the 2013 PQRS criteria for avoiding the 2015 PQRS payment adjustment. Individual EPs will be able to access the report through the [Physician and Other Health Care Professionals Quality Reporting Portal \(Portal\) with Individuals Authorized Access to the CMS Computer Services \(IACS\)](#). Group practices participating in PQRS GPRO will be able to access 2015 PQRS payment adjustment data through the CMS Physician Feedback Program QRUR, accessible through the [CMS Enterprise Portal with IACS login](#).

#### PQRS Informal Review

***If you are subject to the 2015 PQRS payment adjustment, you can request an informal review.*** To request that CMS reconsider applying the 2015 PQRS payment adjustment to your 2015 MPFS reimbursements, you can submit an informal review request. CMS must receive a valid informal review request via a web-based tool, the [Quality Reporting Communication Support Page](#) (Communication Support Page), during the informal review period, **January 1, 2015 through February 28, 2015**. For more information on the informal review process, see the *2013 PQRS: Incentive Eligibility and New 2015 PQRS Negative Payment Adjustment Informal Review Made Simple* document linked in the Resources section below.

**Note:** All PQRS quality appeals (including eReported CQMs 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.

- **Medicare EHR Incentive Program**

A returning Medicare EHR Incentive Program EP must demonstrate Meaningful Use for program year 2013 **or** receive an approved hardship to avoid the 2015 payment adjustment.

A new Medicare EHR Incentive Program EP must demonstrate Meaningful Use for program year 2014 by attesting no later than October 1, 2014, **or** receive an approved hardship to avoid the 2015 payment adjustment.

In December 2014, CMS will send notification letters to EPs that are impacted by the 2015 payment adjustment.

Read more information about the [Medicare EHR Incentive Program](#).

### **Reconsiderations**

Learn about EHR Incentive Program [Reconsiderations](#) and what you can do if you feel that a payment adjustment determination was made in error.

- **VM**

In early October 2014, CMS made QRURs available based on care provided in 2013 to all groups and physician solo practitioners. The 2013 QRURs display a group practice's quality and cost composite scores which are used to calculate the VM. For group practices of 100 or more EPs that elected quality tiering, the 2013 QRUR displays the group's 2015 value modifier payment adjustment. Read more about [VM, including QRURs and the quality tiering](#) option.

### **VM Informal Review**

If a physician group believes that CMS has made an error in the calculation of the group's Value Modifier then the group may request a correction of a perceived data error made by CMS in the determination of its VM no later than **February 28, 2015**. If, upon review, CMS determines that there was an error in the calculation of the quality composite then CMS will classify the TIN as "average quality".

If CMS determines an error was made in the calculation of the cost composite then CMS will recompute the cost composite to correct the error.

**When will I receive feedback on whether or not I satisfactorily reported?**

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) will be applied.

2013

- **PQRS, VM, and EHR Incentive Program:** EPs and group practices\*\* reported on quality measures for 2013 MPFS services (January 1, 2013-December 31, 2013)
- **VM:** Groups of 100 or more EPs must have registered to participate in the CY 2013 PQRS GPRO and reported at least one measure, or elected PQRS Administrative Claims to avoid the automatic negative one percent (-1.0%) Value Modifier payment adjustment in CY 2015. Quality tiering was voluntary for groups with 100 or more EPs.

2014

- **PQRS:** All EPs and group practices who reported in 2013 receive **feedback reports** (September/October 2014)
- **PQRS:** EPs and group practices who qualify receive PQRS **incentive payments** (September 2014). EPs and group practices who did not satisfactorily report receive a **negative payment adjustment notification letter\*** and information on the 2013 PQRS **Informal Review Process** (October 2014)
- **VM:** Groups with 10 or more EPs must register to participate in the CY 2014 PQRS GPRO and meet the PQRS reporting requirements as a group in CY 2014 to avoid the automatic negative two percent (" - 2.0%") Value Modifier payment adjustment in CY 2016. Or Groups with 10 or more EPs that did not register to participate in the PQRS GPRO in 2014, must have ensure that at least 50% of the EPs in their group participate in the PQRS as individuals in CY 2014 and meet the criteria to avoid the CY 2016 PQRS payment adjustment. Quality tiering is mandatory for groups of 10 or more EPs for the 2016 VM.
- **EHR Incentive Program:** CMS will send notification letters to EPs who are impacted by the 2015 payment adjustment.

2015

- **PQRS:** EPs and group practices receive **Remittance Advice Codes** and are reimbursed at a lower rate when they bill 2015 Medicare services (beginning January 1, 2015)
- **PQRS and EHR Incentive Program:** **Payment adjustment** is applied to EPs and group practices\*\* who are subject to a negative or downward payment adjustment (January 1, 2015)
- **VM:** **Group practices with 100 or more EPs will be subject to an upward, neutral (no adjustment), or downward adjustment (beginning January 1, 2015)**

\* Payment adjustment notification letters will be sent to the address that is on file with the Medicare Administrative Carriers.

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

### What are CARC and RARC codes?

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.

The PQRS, Medicare 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.
- **VM – N701** – Payment adjusted based on the Value-based Payment Modifier.



## Example Scenarios

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Follow these reality-based characters in their journey of quality reporting and learn what to do if you become subject to a 2015 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 2013.

2013 Reporting	PQRS	VM	EHR
Sally	X		
Bob	X	X	X

*\* Blue shading and "X" indicate 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 2013 for PQRS. In November 2014, she reviewed her feedback report from CMS indicating that she is subject to a negative PQRS payment adjustment due to unsatisfactory reporting. The VM does not, however, apply to Sally because she is not in a group of 100 or more EPs. Here is the order of events:

- 2013: Reporting
  - Reported on measures for 2013 for PQRS
- 2014: Feedback is received
  - Reviewed feedback report
  - Received negative payment adjustment notification letter
- 2015: Payment adjustment is applied
  - Negative payment adjustment is applied to Part B MPFS reimbursements.
  - Received remittance advice codes
  - Sally can identify the 2015 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 2013 GPRO (group size of 100 or more EPs). Bob is subject to PQRS, Medicare EHR Incentive Program, and VM payment adjustments in 2015, as he did not satisfactorily report to avoid the adjustments.

Bob reported in 2013 for PQRS and the Medicare EHR Incentive Program. In September 2014, he reviewed his QRUR, PQRS feedback report, and quarterly attestation report from CMS indicating that he is subject to negative payment adjustment for PQRS, and an automatic downward payment adjustment for VM. He is also notified he is subject to the 2015 Medicare EHR Incentive Program payment adjustment. He decides not to request an informal review of the PQRS or the Value Modifier payment adjustment determination. He also decides not to request reconsideration of his EHR payment adjustment determination. Here is the order of events:

- 2013: Reporting
  - Reported on measures for 2013 for PQRS and Medicare EHR Incentive Program
- 2014: Feedback is received
  - Reviewed 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
- 2015: Payment adjustments are applied
  - Negative payment adjustment is applied to Medicare payments for items and services furnished under the Part B MPFS
  - Bob can identify the 2015 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

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- Questions about PQRS, your feedback report, or IACS can be directed to:

**QualityNet Help Desk**

Monday–Friday; 7:00 a.m.–7:00 p.m. CST

Phone: 1-866-288-8912

TTY: 1-877-715-6222

Email: [Qnetsupport@hcqis.org](mailto:Qnetsupport@hcqis.org)

- Questions about the Value Modifier can be directed to:

**Physician Value (PV) Help Desk**

Monday – Friday: 8:00 am – 8:00 pm EST

Phone: 1 (888) 734-6433, press option 3

(TTY 1-888-734-6563)

Fax: (469) 372-8023

- PQRS:
  - [PQRS Webpage](#) – For information on CMS PQRS, including information on reporting requirements.
  - [PQRS Payment Adjustment Information Webpage](#) – This webpage provides a summary and links to resources related to PQRS payment adjustment.
  - [PQRS: What's New for 2014](#): This fact sheet includes information about changes to PQRS for 2014.
  - [2013 PQRS: Incentive Eligibility & New 2015 Negative Payment Adjustment Informal Review Made Simple](#) – Information on how to submit an informal review request for the 2015 PQRS payment adjustment.



- Medicare EHR Incentive Program:
  - [Medicare EHR Incentive Programs Educational Resources Webpage](#) – This webpage provides a summary and links to resources related to the Medicare EHR Incentive Program.
  - [Medicare EHR Incentive Program Payment Adjustments & Hardship Exceptions Tipsheet for Eligible Professionals \(PDF\)](#).
  - [Payment Adjustments & Hardship Exceptions Webpage](#) – Webpage provides more information about the Medicare EHR Incentive Program payment adjustment and process for applying for a hardship exception.
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- 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.
- Other
  - [Payment Adjustments & Hardship Exceptions Tipsheet for Eligible Professionals \(PDF\)](#).
  - [September 17, 2014 MLN Connects National Provider Call: How to Avoid 2016 Negative Payment Adjustments for CMS Medicare Quality Reporting Programs \(PDF\)](#)