



How to Determine the Approximate Bonus Amount You Could Earn

While the experience of reporting against quality measures that you would gain by participating in the Medicare Physicians Quality Reporting Initiative (PQRI) is likely to be a factor in your decision whether to participate, knowing approximately how large a bonus amount that you could earn would certainly help inform your decision. The information below provides a summary of how Medicare determines the bonus payment for each individual successful physician participant and—although you won't know the exact amount of your bonus until after the reporting period—provides guidance for determining the approximate bonus amount you could earn.

Centers for Medicare and Medicaid Services Method for Calculating the Bonus Payment Amount

The PQRI bonus payment is 1.5% of the sum of your Medicare allowed charges for the July 1 – December 31, 2007 reporting period—not just the allowed charges for the services for which you reported a quality measure. As required by the law, the Centers for Medicare and Medicaid Services (CMS) will determine the amount of allowed charges attributed to the physician by using claims for services performed during the July – December 2007 reporting period that are accepted into the CMS contractor claims systems by February 29, 2008 (in technical terms, this means that the claims have made it into the CMS Medicare Claims File History). Contractors accept “clean” claims into their system shortly after the physician submits them. Clean claims are those that contain all of the necessary information for the claim to be accepted by the automated claims processing system for adjudication, i.e. claims that are not returned to the physician as incomplete, or “unprocessable.” The reporting bonus is calculated based on the Medicare allowed charge amount for services furnished during the reporting period (and submitted by February 29, 2008); and not on claims submitted during the reporting period. The CMS aggregate allowed charges amount will be the number off which the 1.5% reporting bonus is calculated.

Services Included in Total Allowed Charges Computation

A physician's total allowed charges will be the sum of services paid to the physician under the Medicare physician fee schedule—E/M services, procedures, tests (including both the technical and professional components). Laboratory tests will not count as they are paid under the lab fee schedule. CMS reports that law precludes the agency from counting Health Professional Shortage Area (HPSA) and Physician Scarcity Area bonus payments toward the total physician allowed charges from which the bonus payment amount is determined.

A Hypothetical Bonus Payment to Qualifying Internist

ACP estimates, using national survey data, that an a typical internist receives \$200,000 in Medicare revenue, i.e. allowed charges, in a year. Using this estimate, the internist would receive a reporting bonus of 1.5% of the estimated \$100,000 in Medicare revenue for the six-month reporting period July – December 2007—if he or she qualified for the bonus—meaning that the internist’s bonus would be \$1,500.

Calculating Your Potential Bonus Payment Amount

You can use your 2006 Medicare allowed charges or your Medicare allowed charges for the first six months of 2007 as a proxy to determine the approximate amount of your potential PQRI bonus if you qualify. If you can conveniently access your charge figures, multiple one or more of following figures by 1.5% to get an idea how much you would receive in a Medicare reporting bonus:

- Medicare allowed charges for January – December 2006, divided by two to approximate the six months worth of charges;
- Medicare allowed charges for July – December 2006;
- Medicare allowed charges for January – June 2007.

The PQRI program includes a formula-derived cap on the bonus payment that each physician can receive that intends to limit the bonus amount paid to a physician who report quality measures very infrequently. While the cap cannot be determined until after the six month reporting period closes by the nature of the statutorily-defined formula, ACP calculates that the cap is extremely unlikely to limit the bonus amount paid to an internist.