

Payment Penalties under Medicare's Pay-for-Reporting Program

Beginning in 2015, the Patient Protection and Affordable Care Act (ACA) requires that the Centers for Medicare and Medicaid Services (CMS) assess a payment penalty for a physician's failure to successfully participate in the Physician Quality Reporting System (PQRS), formerly the Physician Quality Reporting Initiative (PQRI).

The Medicare pay-for-reporting program, known as PQRS, entails physicians reporting on how the care they furnish aligns with evidence-based clinical guidelines for a variety of medical conditions, e.g. diabetes, heart disease. Physicians report this information through quality measures. Physicians report by submitting specially designated quality measure billing codes when submitting the claim with the procedure code describing the associated service, e.g. an evaluation and management (E/M) service office visit, for which Medicare would make payment when the PQRS program started in July 2007. The options available for PQRS reporting have increased beyond this single approach as the program has evolved in subsequent years.

The ACA establishes a penalty of 1.5 percent in 2015 and 2 percent in 2016 and each subsequent year for a physician's failure to successfully participate in the program. This payment penalty will be determined by applying the percentage in place for that performance year to your Medicare revenue for that year. CMS has yet to determine the operational manner in which it would assess the payment penalty. The agency will establish that process closer to the 2015 performance year payment penalty effective date.

To avoid the 2015 PQRS payment adjustment, individual professionals and group practices participating in the PQRS Group Practice Reporting Option (GPRO) will have to satisfactorily report data on quality measures for services provided in 2013. PQRS reporting during 2013 will be used to determine the PQRS payment adjustment in 2015. Physicians have various options to successfully report on PQRS. In addition to the traditional reporting mechanisms (including claims, registries, electronic health records (EHRs), and GPRO web-interface), CMS will allow reporting through an administrative claims reporting mechanism for PQRS in 2015. This option provides a feasible alternative for physician and groups to participate in the program, particularly if they have not been able to effectively use the traditional reporting mechanism. Further, the availability of the 0.5 percent bonus payment amount for meeting requirements pertaining to Maintenance of Certification also ceases in 2014, meaning that it cannot be used to offset a payment penalty for failure to successfully report related to quality measures in 2015 and subsequent years.

The law, however, does allow CMS to incorporate successful completion of a MOCP as a component of its program that adjusts payments for individual physician based on how his or her quality and cost of care compares to peers beginning that begins in 2015. CMS has yet-to-determine how it will assess physician quality and cost.

Additional Resources

- *CMS resources on PQRS.*

<http://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/PQRS/index.html>

- *American College of Physicians resources on PQRS.*

http://www.acponline.org/running_practice/payment_coding/pqrs/

- *American College of Physicians “Physician and Practice Timeline”*: An at-a-glance summary of upcoming important dates related to a variety of regulatory, payment, educational, and delivery system changes and requirements.

http://www.acponline.org/running_practice/physician_practice_timeline/