

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicare
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MEDICARE PLAN PAYMENT GROUP

DATE: February 27, 2015

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

FROM: Cheri Rice /s/
Director, Medicare Plan Payment Group

SUBJECT: Physician Quality Reporting System 2013 Payment File

A Medicare Advantage Organization (MAO) is required to pay a non-contract provider that provides a service to one of the MAO's enrollees at least the amount that the provider would have received for that service under the Medicare Fee-for Service (FFS) program. The guidance in this memorandum will help MAOs determine whether such payments should be adjusted to account for payments under the Physician Quality Reporting System incentive program.

Physician Quality Reporting System

The Physician Quality Reporting System (PQRS) uses incentive payments to encourage eligible professionals to report specific quality measures to the Centers for Medicare & Medicaid Services (CMS). Eligible professionals who satisfactorily report quality-measures data for services furnished during a PQRS reporting period are eligible to earn an incentive payment equal to a percentage of the eligible professional's estimated total allowed charges for covered Medicare Part B Physician Fee Schedule (PFS) services provided during the reporting period. If an eligible professional also participates in the Maintenance of Certification (MOC) program, he or she is eligible for an additional incentive payment.

Incentive payments for each program year are issued separately as a single consolidated incentive payment in the following year. In August of 2014, CMS paid eligible professionals a PQRS incentive payment for the 2013 reporting period equal to 0.5% of allowed charges for covered Medicare Part B services provided in 2013. Additional information on the PQRS is available at:

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

PQRS and Medicare Advantage

When a non-contract provider (including a provider who is “deemed” to be contracting under a private FFS plan) provides a service to a Medicare Advantage (MA) enrollee, the regulations at 42 CFR § 422.214 require the enrollee’s MAO to pay the provider at least the amount he or she would have received for that service under the FFS program. If a non-contract provider is entitled to a PQRS incentive payment, the MAO must also make that payment to the provider.

An MAO is required to pay a lump sum PQRS incentive payment to providers for the 2013 reporting period when all of the following conditions are met:

- The MAO does not have an existing contract with the provider;
- The provider treats one of the MAO’s enrollees out-of-network; and
- The provider is eligible to receive a PQRS incentive payment under the FFS program (i.e., the provider is an eligible professional).

Physicians who are eligible for the PQRS incentive payment can also receive an additional 0.5% incentive payment when the MOC program requirements have been met. This physician-only incentive must be paid at the same time as the 2013 PQRS incentive payment. A physician cannot receive more than one MOC incentive payment in a given payment year, even if he or she completes a MOC program in more than one specialty.

Eligible professionals who did not satisfactorily report or satisfactorily participate while submitting data on PQRS quality measures in the 2013 program year are subject to a payment adjustment. The adjustment applies to all of an eligible professional’s Medicare Part B covered professional services under the PFS. An MAO is not required to apply negative PQRS adjustments. Although the PQRS adjustment is currently being applied in the FFS program to claims from eligible professionals with dates of service from 1/1/2015 through 12/31/2015, CMS is continuing to examine how the adjustment should apply to non-contracted providers who are reimbursed by MAOs.

Additional information on the PQRS payment adjustment is available at:

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

Identifying an Eligible Professional

CMS pays PQRS incentive payments to eligible professionals or group practices participating in the group practice reporting option (GPRO) that satisfactorily report data on quality measures for covered PFS services furnished to Medicare Part B FFS beneficiaries.

An MAO can identify an eligible professional by matching the provider’s Taxpayer Identification Number (TIN) and National Provider Identifier (NPI) to the TIN/NPI codes provided in the 2013 PQRS incentive payment file discussed in the “File Description and Access” section below. The TIN/NPI combination must be an exact match. If a provider reports using the GPRO option, an MAO must rely solely on the TIN to identify the group practice, and must pay the incentive payment to the group practice entity that bills the MAO. A “GPRO participation flag” appears on PQRS file discussed below if a provider reports using the GPRO option.

Calculating the PQRS Incentive Payment

Under the PQRS incentive program, an eligible professional is entitled to receive a 0.5% incentive payment on the Medicare Part B total estimated allowed charges for non-contract services provided in 2013. An eligible professional who is entitled to receive the PQRS incentive payment is also entitled to receive an additional 0.5% incentive payment if he or she participates in the MOC program. If an eligible professional participates in the MOC program, a “MOC participation flag” appears on PQRS file discussed below.

If an eligible professional does not participate in the MOC program, the formula used to calculate the PQRS incentive payment for the 2013 program year is: Part B total estimated allowed charges for non-contract services provided in 2013 * (0.005).

If an eligible professional participates in the MOC program, the formula used to calculate the PQRS incentive payment for the 2013 program year is: Part B total estimated allowed charges for non-contract services provided in 2013 * (0.01).

The PQRS incentive payment is calculated on 100 percent of the physician fee schedule amount, and the allowed charge must include the beneficiary cost sharing as part of the calculation. Otherwise, the amount a provider receives from an MAO will not equal the amount it would've received if the individual were enrolled in FFS.

Some providers report quality measures to CMS on a 12 month basis, while others report during the last six months of a calendar year. An MAO must pay incentive payments on claims for dates of service between January 1 and December 31, 2013 to eligible professionals who report using the 12 month option. An MAO must pay an incentive payment on claims for dates of service between July 1 and December 31, 2013 to eligible professionals that report using the six month option. The PQRS file discussed below indicates whether an eligible professional reports on a twelve or six month basis.

The MAO is not required to make a PQRS incentive payment if the total amount owed is less than one dollar.

Notification and Timeline

CMS expects an MAO to explain the reason why a provider is receiving a PQRS payment when one is made by the MAO. Doing so will allow the provider to track the source and reason for the payment.

MAOs must make the 2013 PQRS incentive payments within 60 days of the date of this memorandum.

File Description and Access

The PQRS incentive payment file includes the list of providers who are entitled to receive the PQRS incentive payment and the MOC incentive payment during 2013. The file contains five fields:

- Tax Identification number (TIN)
- National Provider Identification Number (NPI)
- Maintenance of Certification Participation Flag
- Maintenance of Certification Incentive Eligibility Flag
- Number of Months
- GPRO Participation Flag

Due to the sensitivity of some 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" under Step One, "2013" under Step Two, and "Download" under Step Three.

Additional Information:

If you encounter technical difficulties when downloading the PQRS 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.