The Hawthorn
CONNECTION

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PQRS

PQRS Penalties Start in 2015

By Stan Hosler

The Physician Quality Reporting System (PQRS) is a program administered under Medicare Part B. Physicians and medical professionals who bill Medicare are asked to add a quality data code (QDC) to claims for eligible encounters. QDCs are used for tracking and compliance purposes only, so they are added with a $0.01 amount. The Centers for Medicare and Medicaid Services (CMS) believes PQRS will improve care delivery and validate payment methods that reimburse for quality of care—rather than simply paying based on the volume of services.

Providers who deliver care under PQRS—such as physicians, nurse practitioners and physician assistants—are designated by CMS as eligible professionals (EPs). Beginning in 2015, the program will apply a negative payment adjustment of 1.5% to EPs who do not report quality data for covered professional services.

Jessica Burch is the Radiology Manager and PQRS Project Lead at Hawthorn Physician Services. She recently shared her perspectives on PQRS changes for 2015, as well as overall trends with the administration of the program by CMS.

Q: How exactly do the quality data codes measure quality of care?
A: The codes track the steps taken by physicians for specific health problems. CMS believes quality can be measured according to actions taken for various ailments and clinical conditions. For example, for diabetes there is a code associated with an eye exam, and another code associated with a foot exam. CMS is saying that diabetes patients that get eye exams and foot exams are receiving a higher quality of care. That's how they measure quality.

Q: Is Hawthorn assisting its physician partners with PQRS coding?
A: Yes. In some cases we assist with claims-based coding. Some physicians are adding quality codes with the charges they submit to Hawthorn, and in other cases we can add the QDCs based on information submitted with the charge. We're trying to reduce the reporting burden for our physicians. On the other hand, we're seeing a trend toward more registry-based reporting.

Q: Perhaps you could explain that term.
A: Certainly. There are two methods for reporting clinical data to CMS. We just talked

about claims-based reporting. It's probably important to mention that with claims-based reporting physicians are only required to report on 50% of their claims to qualify. With registry-based reporting the practice submits data electronically to approved registries that submit practice data to CMS in behalf of the EPs, and they charge a fee for this service. Physicians are also required to report 50% of their encounters when using registry-based reporting. CMS offers a list of approved registries on its website. It seems that CMS prefers registry-based reporting, so it is a growing trend.

Q: Explain the penalty when medical practices do not qualify for PQRS.
A: Medical practices that do not follow the program successfully will have their payments reduced by 1.5% in 2015, and the reduction will increase to 2.0% in 2016. The calculation for 2015 is actually based on results from 2013, so there is some lag time between program results and payments.

Q: Can you give me an example of how the penalty would work?
A: Sure. Let's say a physician submits a claim for $60 for a procedure based on an existing fee schedule. Then let's say Medicare normally reimburses that procedure at $9.00. When they apply the 2% penalty they would only pay $8.82. The penalty is not a large amount, but it does add up, so some practices would see a significant reduction in overall revenue.

Q: What other trends or changes have you observed for 2015 and beyond?
A: Well, the QDCs change every year, so someone has to be responsible for using the correct codes for 2015. It's also important to mention that the Value-Based Payment Modifier (VBM or VM) program will use 2015 results to calculate payment amounts in 2017. Once again, CMS will reduce payments for group practices that fail to meet the quality measures prescribed by VBM.

Q: So this is another program that can negatively affect Medicare payments?
A: Yes. VBM is a program that links to PQRS, and CMS says on their website that the program will help them make the transition from a passive payer to a purchaser of high-quality healthcare. For the past several years VBM has focused on large group practices, but the quality measures will eventually be applied to individual EPs. The foundation of the program is something called Physician Quality and Resource Use Reports (QRURs). The QRURs are issued by CMS, and they allow physicians to compare their results with other individuals and practices. These reports help establish benchmarks for quality of care and use of resources, and CMS will use the benchmarks to establish a value modifier (VM) and adjust Medicare payments accordingly. Once again, this program is being phased in over time, but 2015 results will be used to calculate 2017 payments.

Q: Thanks for taking time to answer these questions for the Hawthorn Connection. Do you have any final thoughts?
A: I think it's important to say that these programs are complex and dynamic. If our readers want to stay current with PQRS and VBM they can visit websites for CMS and the AMA. These sites provide detailed descriptions for program compliance.

CMS link: http://www.cms.gov/PQRS
AMA link: http://www.ama-assn.org/ama

Physician Payment

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Steep Medicaid rate cuts loom over practices in most states as federal funds set to expire

For many providers, Medicaid reimbursement rates are set to take a nosedive come 2015, and physician practices are being advised to plan accordingly. At the time of publication, 23 states and the District of Columbia are scheduled to discontinue the federally funded rate increases that have significantly boosted Medicaid payment rates during the past two years. Another 12 states are undecided.

2015 Primary Care Fee Increase by State
Check out this chart to determine whether your state will continue fully or partially paying for certain Medicaid services at Medicaid rates discontinue the program or is undecided.

Full or partial continuation: Alabama, Alaska, Colorado, Connecticut, Delaware, Hawaii, Iowa, Maine, Maryland, Michigan, Mississippi, Nebraska, Nevada, New Mexico, South Carolina

No continuation: California, Florida, Idaho, Illinois, Indiana, Kentucky, Louisiana, Massachusetts, Minnesota, Missouri, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Dakota, Tennessee, Texas, Utah, Washington, Washington DC

Undecided: Arizona, Arkansas, Georgia, Kansas, Montana, New Hampshire, Oregon, Vermont, Virginia, West Virginia, Wisconsin, Wyoming

For more information, please visit www.partbnews.com

Employee Spot Lights

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4th Qtr. Winner:

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Yearly Winner 2014:

Brad Michaelis

2014 Perfect Attendance:

Lisa Hugge, Linda Hackman, Brad Michaelis

100% on all audits for 2014:

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