



Client Alert

Contact Attorney Regarding
This Matter:

Jason E. Bring
404.873.8162 - tel
404.873.8163 - fax
jason.bring@agg.com

Arnall Golden Gregory LLP
Attorneys at Law
171 17th Street NW
Suite 2100
Atlanta, GA 30363-1031
404.873.8500
www.agg.com

Possible Changes Afoot for the Physician Quality Reporting Initiative ("PQRI")

Citing low participation rates and lack of successful reporting by those physicians who were participating, the Centers for Medicare & Medicaid Services ("CMS") is considering a number of changes to the PQRI program for calendar year 2011, including perhaps even borrowing from a reporting system in Minnesota.

Under the existing PQRI program, in which participation is voluntary, eligible professionals may report the performance of certain "quality measures" associated with select covered professional services for which payment is made for services furnished to Medicare beneficiaries enrolled in the Part B Fee-For-Service plan. Eligible professionals who report successfully may earn a bonus payment as a small percentage of their total allowed charges (i.e., that portion of the submitted charges approved for Medicare payment, including the deductible and coinsurance) for Medicare fee-schedule services rendered during the reporting period. For the 2007 and 2008 reporting periods, however, only about half of the eligible professionals who submitted quality data actually received an incentive payment.

The bonus is based on all of the professional's Physician Fee Schedule Medicare Part B billings, not merely the services for which PQRI reports were made. The bonus payments are made in a lump sum mid-way through the year following the reporting year and will be paid to the taxpayer identification number under which the incentive-earning professional submitted PQRI claims

In PQRI's first two annual reporting periods, the bonus payment was one-and-a-half percent of allowed charges. For services furnished during the 2009 reporting period, CMS raised the incentive payment to two percent of allowed charges for eligible professionals who satisfactorily reported quality measures data. Again, in 2010, eligible professionals who meet the criteria for satisfactory submission of PQRI quality measures data will qualify to earn an incentive payment of two percent of their total allowed charges.

Under Section 3002 of the Patient Protection and Affordable Care Act, PQRI incentive payments for 2011 will be reduced to just one percent, with additional staggered half percent increases thereafter for years 2012 through 2014 for those professionals who participate via a "continuous assessment program." Beginning in 2015, eligible professionals who fail to report will begin to incur financial penalties resulting in their payment being adjusted downward to 98.5 percent in 2015 and 98 percent in subsequent years.

In addition to the revisions mandated under the health reform legislation, CMS is considering the following changes for 2011:

- adding twenty new individual PQRI measures and one new measure group in order to make reporting more accessible to more professionals;
- reducing the reporting sample requirements for individual measures from 80 percent to 50 percent, which would significantly improve the chances of a reporting professional actually receiving an incentive payment;
- adding twelve new measures for reporting through electronic health records systems; and
- creating a new group practice reporting option for those physician groups with fewer than two hundred professionals.

See 2011 Medicare Physician Fee Schedule Proposed Rule, 75 FED. REG. 40,168 et seq. (July 13, 2010).

CMS has recognized that “there continues to be a number of limitations associated with claims-based reporting since the claims processing system was developed for billing purposes and not for the submission of quality data.” See id. Therefore, as discussion of improvements to the PQRI system continue, some are looking to Minnesota’s “Bridges to Excellence” program as a possible model for the evolution of PQRI. The Bridges to Excellence program offers financial incentives for practitioners who meet stringent outcome measures for various diseases, and it has been touted as part of a Senate spending bill that would increase data-collection funding in 2011 by \$110 million.

For now and at least through 2015, the PQRI program will continue to be an important component of CMS’s transformation to value based purchasing, moving from a passive payor to an active purchaser of high quality health care services. Nevertheless, with the continued reluctance of physicians to participate and the meager incentive payments, CMS may continue to struggle to obtain meaningful participation levels unless Congress lends more financial support.