Physician Quality Reporting System Enters Penalty Phase: Practices Urged to Prepare Now to Avoid Medicare Payment Reductions

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Oncologists who provide services that are paid under the Medicare Physician Fee Schedule (PFS) are likely familiar with the Physician Quality Reporting System (PQRS). For several years, successful submission of PQRS quality measures to the Centers for Medicare & Medicaid Services (CMS) has resulted in a small bonus payment. More recently, CMS has implemented other reporting programs along with PQRS, including the Electronic Prescribing Program and the EHR [electronic health record] Incentive Program.

Uptake of these voluntary CMS programs has been fairly slow across eligible providers in the United States—including oncology providers—reflecting the time and resources required for successful participation. The CMS reporting programs are complex, and the criteria change annually. Consequently, many providers have evaluated the effort required and concluded that it is not worth pursuing the modest bonus.

Now, these CMS reporting programs are entering penalty phases, and participation implications should be carefully reconsidered. The first payment adjustment, a 1.5% decrease in PFS payment, will go into effect in 2013 for eligible providers who did not participate in the Electronic Prescribing Incentive Program in 2012. Perhaps more important, decisions regarding 2013 reporting will determine payment reductions in 2014 and 2015. Table 1 summarizes the implications of participation in CMS reporting programs in 2012 and 2013.

This article reviews eligibility and requirements for the PQRS program. Additional information about PQRS, e-Prescribing, and EHR Incentive programs can be found on the ASCO Web site at www.asco.org/CMSreporting.

Who Is Eligible for PQRS Incentives and Subject to Penalties?

Eligible professionals (EP) for PQRS are those who provide services that are paid under or based on the PFS. EPs are Medicare physicians, practitioners (including physician assistants, nurse practitioners, and clinical social workers), and therapists. Exceptions include providers paid under the Medicare PFS billing Medicare fiscal intermediaries/MACs, who are ineligible for PQRS.

What Are the PQRS Reporting Options?

Individual Providers or Group Practices

There are two ways to enter the PQRS program: as an EP, or as a group practice.

- EPs: Individual providers can report by using one of the measure submission options described below. Individual reporting does not require advance registration with CMS.

- Group practices: Practices wishing to participate using the PQRS group practice reporting option (GPRO) must submit a self-nomination to CMS in January. In 2012, all GPRO sites selected by CMS reported on a set of 29 measures for a sample of Medicare beneficiaries determined by CMS. The 29 measures in the GPRO set are primary care focused; thus, the GPRO has not been applicable to most oncology providers' care settings.

Measure Submission Options

EPs can select three measures from among more than 200 offered for PQRS reporting. The PQRS measures cover primary care and multiple specialties; thus, only a small subset is specific to or directly relevant to cancer care. Depending on the reporting mechanism, EPs must report the three selected measures on at least 50% or at least 80% of the eligible cases they see during the year. Failure to meet this threshold results in a loss of the PQRS bonus payment.

Alternatively, EPs can select one measure group for reporting. PQRS measure groups include five or more measures applicable to a common patient population (eg, five measures for patients with diabetes). When reporting a measure group, providers have the option of reporting on a fixed number of patients—30 patients for 2012—negating the need to track whether percentage thresholds are met. Measure groups are generally considered less burdensome for PQRS reporting than individual measures, especially when reporting through registries. To date, however, PQRS has not included a cancer measure group.

Reporting of PQRS individual quality measures or measure groups can be accomplished by:

- Claims-based reporting: Current Procedural Terminology category II codes and/or G codes that are defined in each measure are used to report the measure on claims.
- Registry-based reporting: CMS-approved registries can submit PQRS measures to CMS on the behalf of EPs. Overall, providers who report to PQRS via registries have higher success rates in obtaining their PQRS incentive payments than those who use claims-based reporting.
- EHR-based reporting: Qualified EHR vendors can submit PQRS measures that have been specified for EHR reporting to CMS. CMS is testing alignment of PQRS reporting through EHRs with the clinical quality measure reporting requirements for the EHR Incentive Program.

Table 1. Implications of 2012 and 2013 Participation in CMS Reporting Programs

CMS Reporting Program	2012	2013
Physician Quality Reporting System	Reporting: <ul style="list-style-type: none"> ● 0.5% PFS payment increase ● Participation noted on CMS Physician Compare 	Reporting: <ul style="list-style-type: none"> ● 0.5% PFS payment increase ● Participation noted on CMS Physician Compare Nonreporting: <ul style="list-style-type: none"> ● 1.5% PFS payment reduction in 2015
e-Prescribing Incentive Program*	Reporting: <ul style="list-style-type: none"> ● 1.0% PFS payment increase ● Participation noted on CMS Physician Compare Nonreporting: <ul style="list-style-type: none"> ● 1.5% PFS payment reduction in 2013 	Reporting: <ul style="list-style-type: none"> ● 0.5% PFS payment increase ● Participation noted on CMS Physician Compare Nonreporting: <ul style="list-style-type: none"> ● 2.0% PFS payment reduction in 2014
EHR Incentive Program*	Reporting: <ul style="list-style-type: none"> ● Incentive payments through Medicare or Medicaid (varies depending on program and year of initiation) 	Reporting: <ul style="list-style-type: none"> ● Incentive payments through Medicare or Medicaid (varies depending on program and year of initiation)

Abbreviations: CMS, Centers for Medicare & Medicaid Services; EHR, electronic health record; PFS, Physician Fee Schedule.

* Eligible professionals cannot receive incentives from both the e-Prescribing and EHR Incentive programs, but must report to the e-Prescribing program to avoid penalties.

Table 2. PQRS Reporting Payment Adjustments

2013	+ 0.5% of PFS payment (based on 2013 reporting)
2014	+ 0.5% of PFS payment (based on 2014 reporting)
2015	− 1.5% of PFS payment (based on 2013 reporting)
2016	− 2.0% of PFS payment (based on 2014 reporting)
2017	− 2.0% of PFS payment (based on 2015 reporting)

Abbreviation: PFS, Physician Fee Schedule; PQRS, Physician Quality Reporting System.

What Are the Financial Implications of PQRS Reporting?

Table 2 summarizes bonus payments and payment reductions based on PQRS reporting in the next 5 years. After 2014, there will be no bonus payments under the PQRS. Penalties will be assessed for nonreporters in 2014 and beyond.

What Changes Can Be Expected for 2013?

At the time of this writing, the CMS 2013 Medicare PFS final rule had not been released. Updated information regarding CMS reporting programs for 2013 can be accessed at www.asco.org/CMSreporting.

The 2013 Medicare PFS proposed rule includes some important potential changes to the PQRS program for oncology providers. If these changes are reflected in the final rule, they could significantly affect oncology providers' PQRS reporting. Selected proposed changes are reviewed below.

- Including a cancer measure group for PQRS registry reporting. The cancer measure group combines eight existing PQRS measures.
- Limiting measure group reporting to 20 patients (reduced from 30 patients in 2012).
- Expanding the GPRO option to allow any group of two or more EPs to self-nominate as a GPRO, and to allow use of claims, registry, and EHR-based reporting mechanisms for GPROs of 99 or fewer EPs.

- Adding an administrative claims option to avoid the PQRS penalty (this option is not proposed as a way to achieve the bonus payment). For EPs or groups that opt in, CMS will calculate performance on a small number of PQRS measures using data available from existing claims. No cancer measures are included.
- Initial reporting of performance information on the CMS Physician Compare Web site.

The proposed rule also outlines a highly concerning implementation plan for the Value Based Modifier (VBM) Program, which is required by the Affordable Care Act. This payment modifier will be based on quality and cost information, and will affect select groups of providers starting in 2015. Participation in the 2013 PQRS using the GPRO reporting option would be a core component of the VBM. According to the proposed rule, practices with 25 or more EPs will receive an additional 1% negative payment adjustment in 2015 if they do not participate in PQRS using GPRO in 2013.

Taken together, these proposed changes could facilitate the use of registries for oncology providers' PQRS reporting. If CMS' proposals are reflected in the final rule—especially the addition of the cancer measure group—ASCO will be able to meaningfully evaluate the use of the Quality Oncology Practice Initiative as a mechanism for PQRS reporting in 2013. The changes could also put oncology practices with 25 or more EPs at risk of additional payment reductions in 2015 in conjunction with the VBM program.

Be Informed and Take Action

ASCO urges oncology providers to carefully consider the costs and benefits of participation in PQRS in 2013, taking into account the negative adjustments in 2015. ASCO will be hosting and recording national webinars in late 2012 and early 2013 to provide updated information and resources to assist in decision making; details can be found at www.asco.org/CMSreporting.

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