Act now to avoid Medicare penalties in 2015

Over the past six years, the Centers for Medicare and Medicaid Services (CMS) has launched a number of initiatives that offer physicians the opportunity to increase their net revenue by participating in quality reporting programs. Until now, these programs have been voluntary and physicians have received bonuses for participating. That's about to change. Failure to participate now means physicians could face significant penalties.

The American Academy of Family Physicians estimates that participating in these initiatives in 2013, rather than waiting until 2014, could save a physician $19,000 in avoided penalties.

To help physicians understand the bonuses and penalties associated with key Medicare initiatives, the California Medical Association (CMA) recently hosted a webinar for members, "Quality Reporting Programs: What Physicians Need to Know and Do Now to Improve Care and Avoid Penalties." The webinar is now available for on-demand viewing in the CMA resource library at www.cmanet.org/webinars.

During the webinar, CMS Region 9 Chief Medical Officer, Betsy L. Thompson, M.D., discusses about the major quality reporting and e-health incentive programs currently underway for eligible professionals. The session covers the basics of the Physician Quality Reporting System, the Medicare and Medicaid Electronic Health Records Incentive Programs, the Medicare E-Prescribing Incentive Program and the new value-based payment modifier. The content is geared toward physicians, nurse practitioners and physician assistants and what they need to know, although other health care professionals and medical office may find the information useful, as well.

If you are not already familiar with each of these programs, the time to learn about them is now.

Below is a brief summary of the programs and key dates that were discussed in the CMA webinar.

**Meaningful Use**

Meaningful use is the set of criteria on which physicians must report in order to receive federal incentive payments for EHR adoption under the Medicare and Medicaid Electronic Health Records (EHR) Incentive Programs. Meaningful use is also the necessary foundation for all impending payment changes involving patient-centered medical homes, accountable care organizations, bundled payments and value-based purchasing.

**Bonuses:** For the Medicare EHR incentive program, your cumulative payment amount depends on the first year of participation. Physicians who start participating in 2013 can receive up to $39,000; physicians who start in 2014, up to $24,000. The last year to begin participation in the Medicare EHR incentive program is 2014. For the Medicaid (Medi-Cal) incentive program, physicians can receive up to $63,750.
**Penalties:** Physicians who do not demonstrate meaningful use by 2015 will be subject to Medicare payment penalties. These reductions increase from 1-2 percent of total Medicare charges in 2015, to 2 percent in 2016 and 3-5 percent in 2017 and beyond. Medicaid rates will not be adjusted for failure to achieve meaningful use.

**Electronic Prescribing**

Medicare’s e-prescribing program provides incentive payments for physicians who e-prescribe and payment penalties for physicians who do not.

**Bonuses:** This year is the last year to receive a bonus for e-prescribing. To qualify for the 0.5 percent bonus in 2013, you must have successfully reported e-prescribing activity for at least 25 patient visits between January 1 and December 31, 2012.

**Penalties:** Starting in 2012, physicians who did not electronically transmit their prescriptions became subject to payment penalties on all Medicare allowed charges. The penalty in 2013 is 1.5 percent, and in 2014, 2 percent.

**Physician Quality Reporting System**

The Physician Quality Reporting System (PQRS) is a voluntary quality reporting program that provides incentive payments to eligible professionals who report data on quality measures for services provided to Medicare beneficiaries.

**Bonuses:** Physicians must report on three individual measures or one measures group to receive a 0.5 percent bonus. Physicians participating in a maintenance-of-certification program are eligible for an extra 0.5 percent bonus, for a total bonus of 1 percent.

**Penalties:** The Affordable Care Act calls for PQRS payment penalties starting in 2015. In the 2012 Medicare Physician Fee Schedule, CMS announced that 2015 program penalties will be based on 2013 performance. Therefore, physicians who do not successfully report on at least one individual measure in 2013 or elect to participate in the administrative claims reporting option will receive a 1.5 percent payment penalty in 2015. The penalty goes up to 2 percent in 2016 and beyond.

**Value-Based Payment Modifier Program**

The value-based payment modifier was mandated by Congress under the Affordable Care Act. It will adjust physician payment based on the quality and cost of the care they provide. It will take effect in 2015 using 2013 data for groups of 100 or more physicians. By 2017, this modifier will be implemented for all physicians.

**Bonuses:** Participating physicians may receive bonuses based on their quality and cost scores.

**Penalties:** Participating physicians may be penalized up to 1 percent based on their quality and cost scores. Physicians who choose not to participate will be docked 1 percent.
Each of these programs has specific deadlines and reporting requirements, some of which are overlapping, and are not always simple to understand. CMA’s webinar will give physicians the information they need to successfully participate in each program. During the webinar, Dr. Thompson will help participants understand which programs they are eligible for, the associated incentives and penalties for each program, and the deadlines and requirements for participation.

The on-demand webinar is available free to CMA members at www.cmanet.org/webinars. Nonmembers can purchase the webinar for $99.

Contact: CMA’s member service center, (800) 786-4262 or memberservice@cmanet.org.