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# Understanding the Implications of Medicare's Physician Value-Based Payment Modifier

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# Agenda

- Introduction
- PQRS v. VBPM
- VBPM Adjustments
- Resources
- Questions & Answers

# INTRODUCTION

# Don't Shoot the Messenger!

- This is complicated stuff
- We have less than an hour and cannot cover everything in detail
- Some of the rules are still being developed or may be revised

# Introduction

- Value-based payment modifier (VBPM) created by the Patient Protection and Affordable Care Act (PPACA)
- Adjustments to Medicare physician fee schedule (PFS) payments based on:
  - Quality of care
  - Cost of care
- Adjustments may be up, down or neutral
- Budget-neutral payment system, so upside amounts uncertain

# Introduction

- Eligible Professionals (EPs) are:
  - Doctor of Medicine, Doctor of Osteopathy, Doctor of Podiatric Medicine, Doctor of Optometry, Doctor of Dental Surgery, Doctor of Dental Medicine, Doctor of Chiropractic
  - Physician Assistant, Nurse Practitioner, Clinical Nurse Specialist, Certified Registered Nurse Anesthetist, Certified Nurse Midwife, Clinical Social Worker, Clinical Psychologist, Registered Dietician, Nutrition Professional, Audiologists
  - Physical Therapist, Occupational Therapist, Qualified Speech-Language Therapist

# PQRS V. VBPM

# PQRS v. VBPM

- Physician Quality Reporting System (PQRS) implemented in 2007
- PQRS provides incentives and, after PPACA, adjustments to PFS for reporting/not reporting quality information
- Not tied to achieving quality – just reporting
- PQRS reporting status impacts VBPM adjustment, but ***the two adjustments are separate and distinct***
- Double hit possible

# PQRS v. VBPM

- PQRS applies to all EPs, but can participate as individual or group
- 2013: PQRS incentive of 0.5%
- 2014: PQRS incentive of 0.5% (last year)
- 2015: PQRS adjustment of -1.5% (based on 2013 if did not participate or unsuccessful in reporting)
- 2016: PQRS adjustment of -2.0% (based on 2014 if did not participate or unsuccessful in reporting)

# VBPM ADJUSTMENTS

# VBPM Adjustments

- Are to physician payments under the PFS, not payments to:
  - Non-physician EPs
  - Non-PFS entities: Rural Health Clinics, Federally Qualified Health Centers or Critical Access Hospitals electing method II billing
- Impact Medicare paid amounts, not beneficiary cost sharing amounts
- Impacts non-PAR physicians as well if accept assignment

# VBPM Adjustments

- Are made at the tax identification number (TIN) level
- Do not apply to groups in which any of the group's physicians participate in:
  - Medicare Shared Savings Program ACOs
  - The Pioneer ACO model
  - The Comprehensive Primary Care Initiative

# VBPM Adjustments

- Are phased-in starting in 2015 and fully-implemented by 2017
- Phased-in based on group size:
  - 2015: groups of EPs of 100 or more
  - 2016: groups of EPs of 10 or more
  - 2017: all groups and physicians

# VBPM Adjustments

- So, for 2015 the adjustment will be based on:
  - Group size (100 or more EPs)
  - PQRS reporting for 2013
  - Election of quality tiering or not

# Group Size

- Group is based on TIN with 2 or more EPs reassigning to the group
- Size determined as of October 15, 2013
- Two-step process:
  - Queried PECOS to identify possible groups
  - Analyzed claims for services in 2013 (claims through February 28, 2014)
- Group removed if did not have 100 or more EPs submit claims under TIN
- Groups not added to original October list

# PQRS Reporting

- Groups of 100 or more EPs are then separated into two categories based on 2013 PQRS reporting status
- Category 1: PQRS group practice reporting options (GPRO) include:
  a. Self-nominate for 2013 PQRS reporting as a group and report at least one measure (via web interface or CMS-qualified registry)
  b. Elect PQRS administrative claims option as a group for 2013 (even if individuals report, election must be made as group)

# PQRS Reporting

- Category 2: all other 100 or more EP groups, including:
  - Groups that failed to either self-nominate or elect PQRS administrative claims option as a group for 2013
  - Groups that self-nominated but failed to report at least one measure (started out as Cat 1(a) but dropped to Cat 2 due to failure to report)

# Election of Quality Tiering

- Category 1 groups had the option of electing to have VBPM determined based on "quality tiering"
- Quality tiering is based on group's relative cost and quality from 2013 performance
- Making the election results in an VBPM that can be up, down or neutral
- Making no quality tiering election results in a neutral VBPM adjustment for 2015, with no upside or downside

# Quality/Cost Determination

- 17 quality measures based on PQRS reporting
  - 14 process measures
  - 3 outcomes measures
- 5 per capita cost measures
- Beneficiaries are attributed to groups based on Medicare Shared Savings methodology

# Quality Measures

| | Measure | Steward |
|---|---|---|
| Process | Follow-Up After Hospitalization for Mental Illness | NCQA |
| Process | Use of High-Risk Medications in the Elderly | NCQA |
| Process | Lack of Monthly INR Monitoring for Beneficiaries on Warfarin | CMS |
| Process | Use of Spirometry Testing to Diagnose COPD | NCQA |
| Process | Adherence to Statin Therapy for Beneficiaries with Coronary Artery Disease | CMS |
| Process | Lipid Profile for Beneficiaries Who Started Lipid-Lowering Medications | Resolution Health |
| Process | Osteoporosis Management in Women ≥ 67 Who Had a Fracture | NCQA |
| Process | Dilated Eye Exam for Beneficiaries ≤ 75 with Diabetes | NCQA |
| Process | Hba1c Testing for Beneficiaries ≤ 75 with Diabetes | NCQA |
| Process | Urine Protein Screening for Beneficiaries ≤ 75 with Diabetes | NCQA |
| Process | Lipid Profile for Beneficiaries ≤ 75 with Diabetes | NCQA |
| Process | Lipid Profile for Beneficiaries with Ischemic Vascular Disease | NCQA |
| Process | Antidepressant Treatment for Depression | NCQA |
| Process | Breast Cancer Screening for Women Ages 40–69 | NCQA |
| Outcome | Composite of Acute Prevention Quality Indicators (bacterial pneumonia, urinary tract infection, dehydration) | AHRQ |
| Outcome | Composite of Chronic Prevention Quality Indicators (COPD, heart failure, diabetes) | AHRQ |
| Outcome | All Cause Readmission | CMS |

# Quality Measures

- The 17 quality measures are classified into six domains:
  - Clinical care
  - Patient experience
  - Population/community health
  - Patient safety
  - Care coordination
  - Efficiency
- Domains and measures weighted equally, and composite score developed

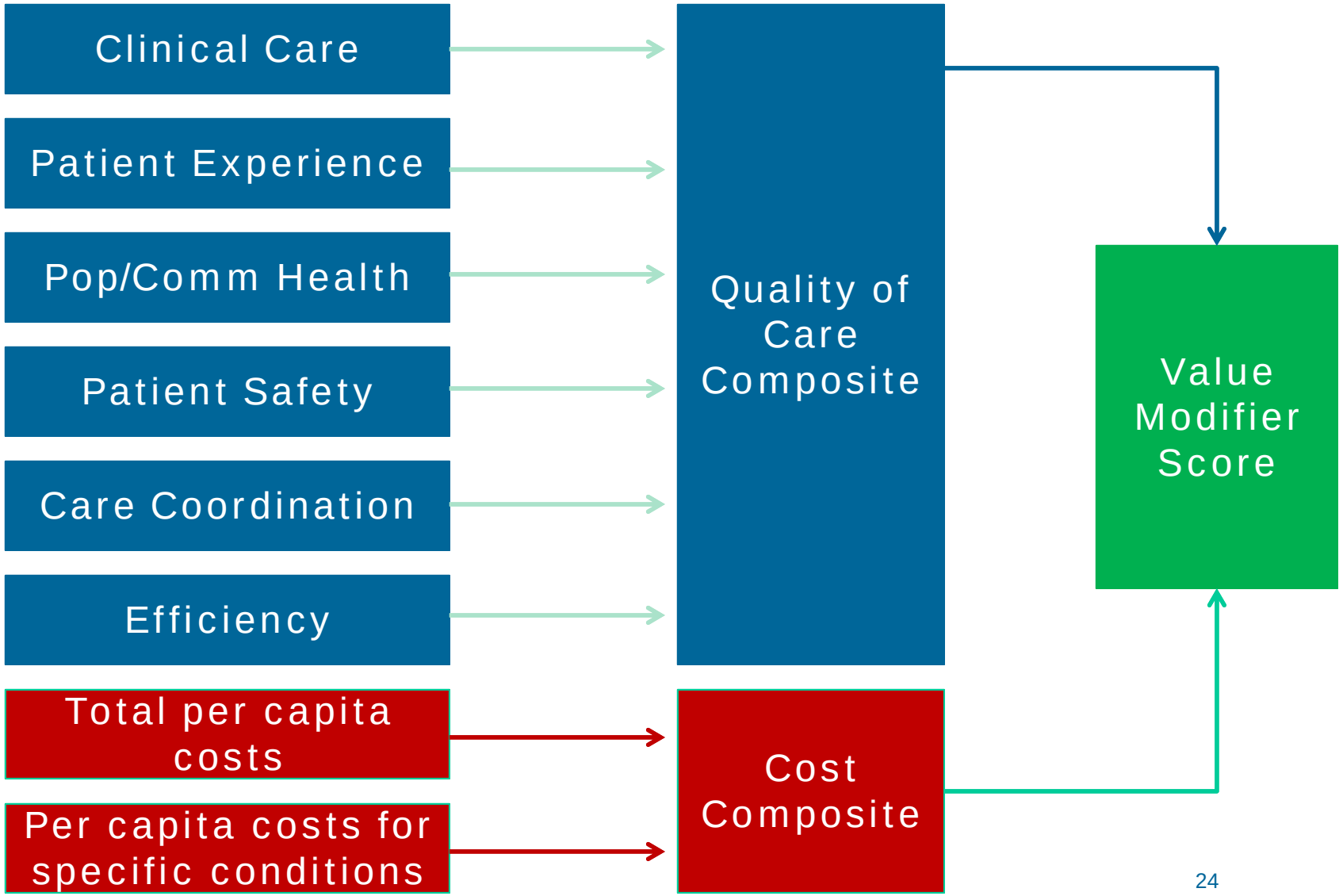
# Cost Measures

- Total per capita cost (Parts A and B, but not D)
- Per capita cost for beneficiaries with specific chronic conditions
  - Chronic obstructive pulmonary disease (COPD)
  - Heart failure
  - Coronary artery disease
  - Diabetes
- Cost measures classified in two domains
- Domains and measures weighted equally, and composite score developed

# Cost Measures

- Based on standardized payment methodology excluding geographic payment differences
- Hierarchical Condition Category (HCC) used to risk adjust cost measures
- Adjusted for specialty mix of EPs in the group

# Value Modifier Score



# Election of Quality Tiering 2015

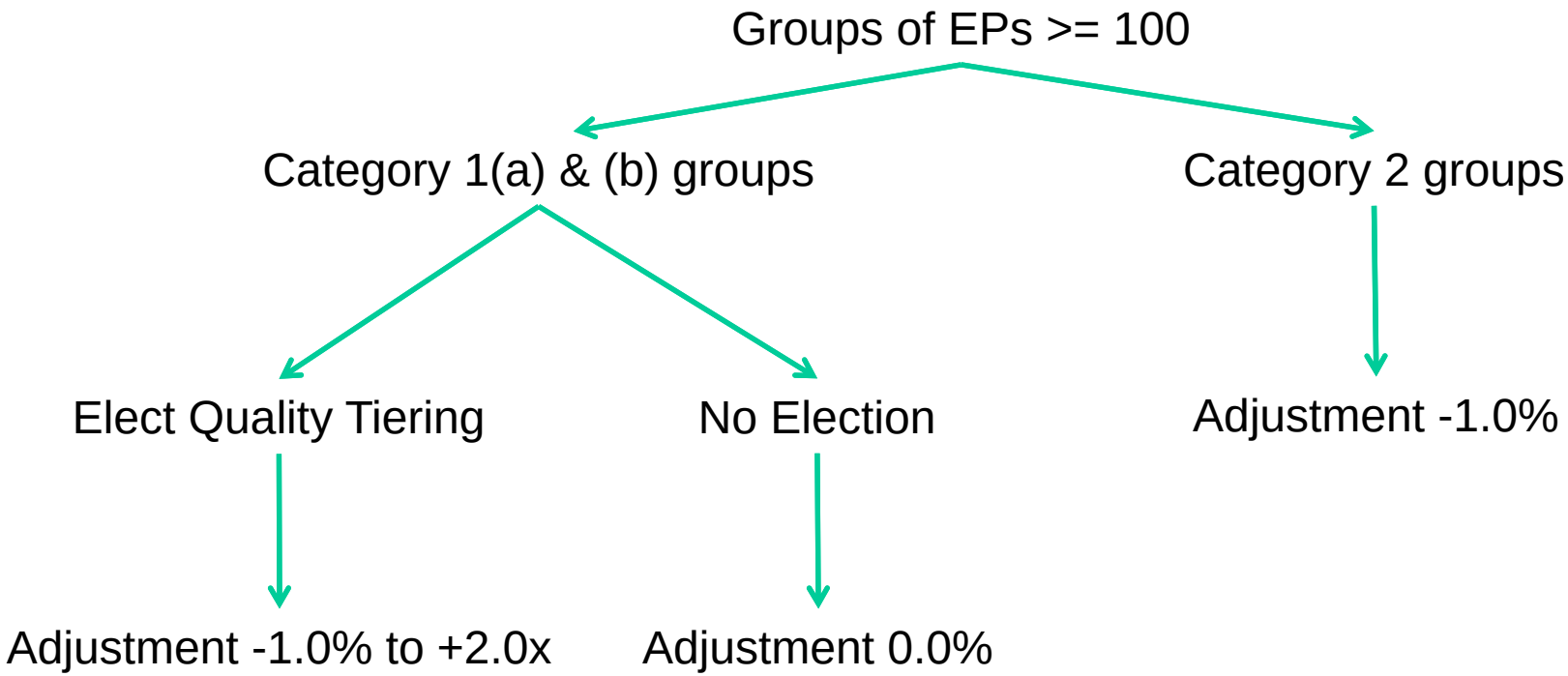
| Quality/Cost | Low Cost | Average Cost | High Cost |
|---|---|---|---|
| High Quality | +2.0x* | +1.0x* | +0.0% |
| Medium Quality | +1.0x* | +0.0% | -0.5% |
| Low Quality | +0.0% | -0.5% | -1.0% |

* Eligible for an additional +1.0x if reporting clinical data for quality measures and average beneficiary risk score is in the top 25% of all beneficiary risk scores

Value of “x” will depend on total sum of negative adjustments in year

Additional upward payment adjustment for high-risk beneficiaries

# Summary of VBPM for 2015



# Impact of VBPM & PQRS in 2015

| Group Reporting Status | Group Reporting Action | Individual Eligible Reporting | VBPM Adjust. 1/1/2015 | PQRS Incentive for 2013 | PQRS Adjust. 1/1/2015 |
|---|---|---|---|---|---|
| Cat 1(a): self-nominated | Report & meet PQRS incentive criteria | N/A | 0.0% or -1.0% to +2.0x for group (tiering election) | 0.5% for group | 0.0% for group |
| Cat 1(a): self-nominated | Submit only one PQRS measure | N/A | 0.0% for group | 0.0% for group | 0.0% for group |
| Cat 1(a): self-nominated | Submit but unsatisfactory PQRS reporting | N/A | 0.0% for group | 0.0% for group | -1.5% for group |
| Cat 2: self-nominated but failed to report | No PQRS submission | N/A | -1.0% for group | 0.0% for group | -1.5% for group |

# Impact of VBPM & PQRS in 2015

| Group Reporting Status | Group Reporting Action | Individual Eligible Reporting | VBPM Adjust. 1/1/2015 | PQRS Incentive for 2013 | PQRS Adjust. 1/1/2015 |
|---|---|---|---|---|---|
| Cat 1(b): Register for PQRS Admin Claims as group | No action | Individuals reporting separately | 0.0% or -1.0% to +2.0x for group (tiering election) | 0.5% for individuals meeting criteria | 0.0% for group |
| Cat 1(b): Register for PQRS Admin Claims as group | No action | Individuals not reporting separately | 0.0% or -1.0% to +2.0x for group (tiering election) | 0.0% for individuals not reporting | 0.0% for group |

# Impact of VBPM & PQRS in 2015

| Group Reporting Status | Group Reporting Action | Individual Eligible Reporting | VBPM Adjust. 1/1/2015 | PQRS Incentive for 2013 | PQRS Adjust. 1/1/2015 |
|---|---|---|---|---|---|
| Cat 2 | N/A | Individuals reporting separately | -1.0% for group | 0.5% for reporting individuals meeting criteria | 0.0% for individual |
| Cat 2 | N/A | Submits only one measure or does not meet criteria | -1.0% for group | 0.0% for individual | 0.0% for individual |
| Cat 2 | N/A | Elect Admin Claims option as individual but no reporting | -1.0% for group | 0.0% for individual | 0.0% for individual |
| Cat 2 | N/A | Does nothing | -1.0% for group | 0.0% for individual | -1.5% for individual |

# VBPM Adjustments for 2016

- For 2016 the VBPM will be based on:
  - Group size (10 or more EPs)
  - PQRS reporting for 2014
- CMS estimates this will result in 17,000 groups/60% of physicians subject to VBPM in 2016

# VBPM Adjustments for 2016

- Quality tiering is no longer elective, but rather mandatory
- Downside adjustment is increased for groups of 100 or more EPs
- No downside adjustment for smaller groups that are PQRS reporting (only neutral to upside)

# Quality Tiering 2016: EPs >= 100

| Quality/Cost | Low Cost | Average Cost | High Cost |
|---|---|---|---|
| High Quality | +2.0x* | +1.0x* | +0.0% |
| Medium Quality | +1.0x* | +0.0% | -1.0% |
| Low Quality | +0.0% | -1.0% | -2.0% |

* Eligible for an additional +1.0x if reporting clinical data for quality measures and average beneficiary risk score is in the top 25% of all beneficiary risk scores

Value of “x” will depend on total sum of negative adjustments in year

Additional upward payment adjustment for high-risk beneficiaries

# Quality Tiering 2016: EPs >= 10 but < 100

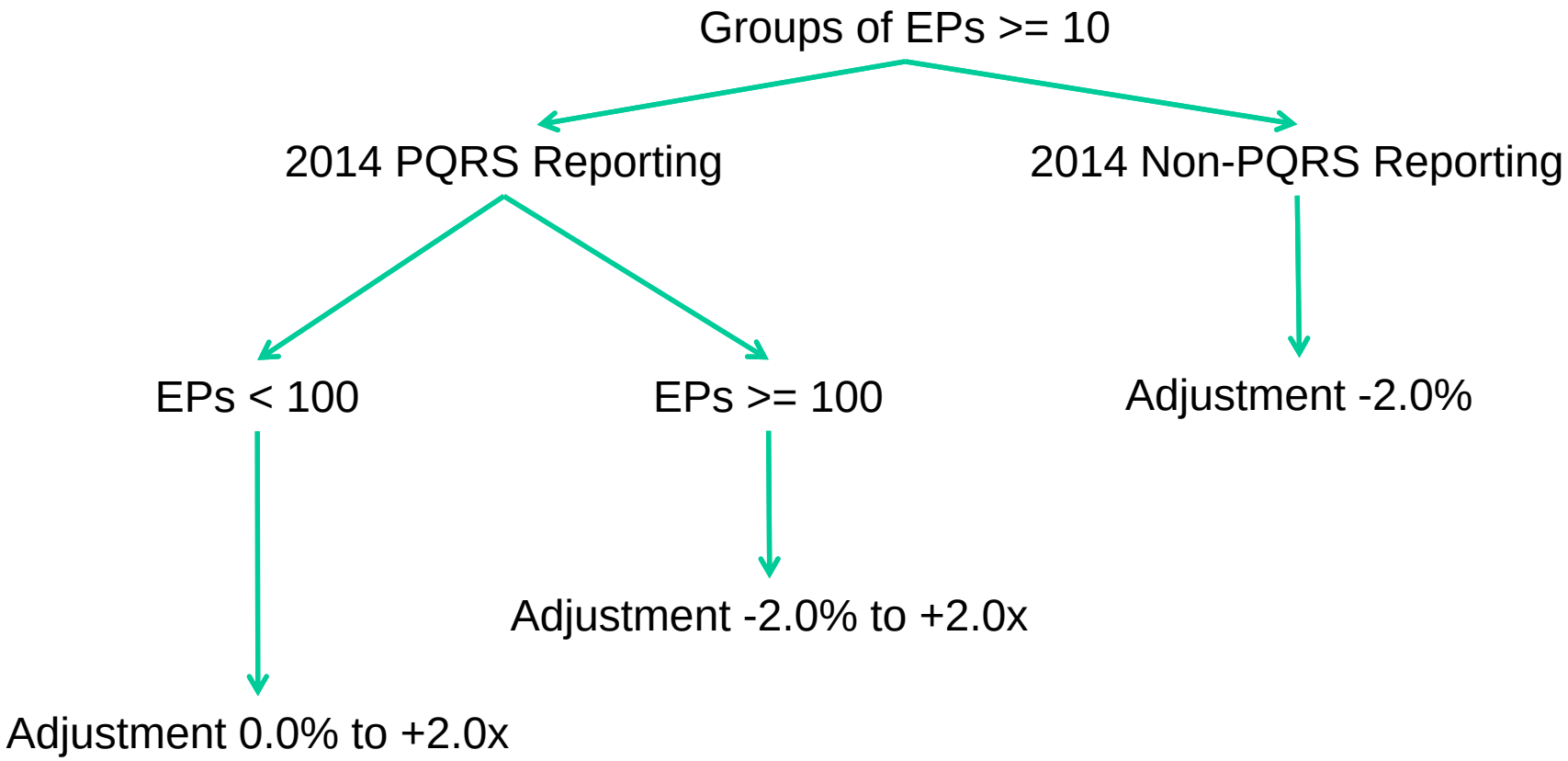
| Quality/Cost | Low Cost | Average Cost | High Cost |
|---|---|---|---|
| High Quality | +2.0x* | +1.0x* | +0.0% |
| Medium Quality | +1.0x* | +0.0% | +0.0% |
| Low Quality | +0.0% | +0.0% | +0.0% |

* Eligible for an additional +1.0x if reporting clinical data for quality measures and average beneficiary risk score is in the top 25% of all beneficiary risk scores

Value of “x” will depend on total sum of negative adjustments in year

Additional upward payment adjustment for high-risk beneficiaries

# Summary of VBPM for 2016



# 2017

# VBPM RESOURCES

# Resources

- CMS Fact Sheet: http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-Sheets/2013-Fact-Sheets-Items/2013-11-27.html
- CMS Summary of 2015 VBPM: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeedbackProgram/Downloads/CY2015ValueModifierPolicies.pdf
- MLN Presentation: http://www.cms.gov/Outreach-and-Education/Outreach/NPC/Downloads/NPC-PFS-VBP-12-03-13-Slides.pdf

# QUESTIONS & ANSWERS