



The Physicians Advocacy Institute's
Medicare Quality Payment Program (QPP)
Physician Education Initiative

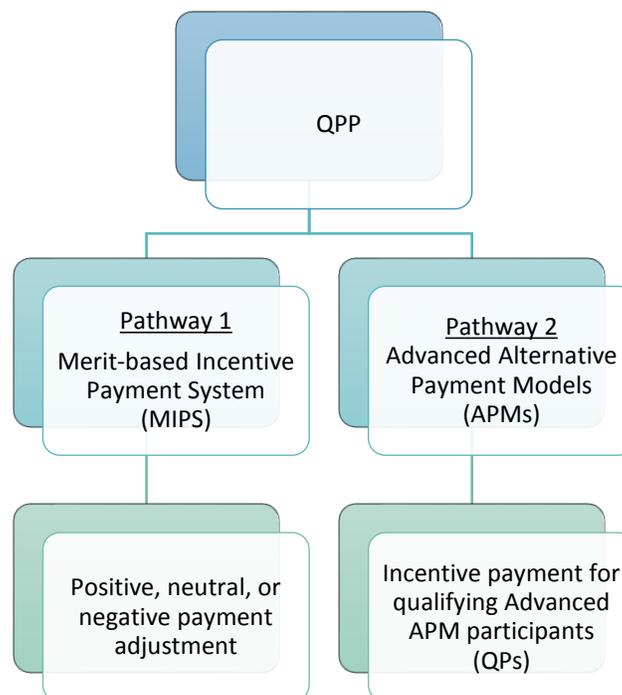
How the QPP Affects Medicare Part B
Payments

MEDICARE QPP PHYSICIAN EDUCATION INITIATIVE

How the QPP Affects Medicare Part B Payments

Under the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA), the Centers for Medicare and Medicaid Services (CMS) designed a new Quality Payment Program (QPP) that has two payment pathways: the Merit-Based Incentive Payment System (MIPS) and Advanced Alternative Payment Models (APMs). The QPP is an annual program and each calendar year is referred to as a performance year, which affects your Medicare Part B fee-for-service (FFS) payments two years later. For example, your performance in 2017 will be used to determine your 2019 Medicare Part B FFS payments.

How your Medicare Part B FFS payments are affected will depend on which of the two paths—MIPS or Advanced APMs—you select for QPP participation. If you participate in the MIPS pathway, you will receive either a positive, neutral, or negative payment adjustment; and if you successfully participate in the Advanced APM pathway, you will receive an incentive payment for payment years 2019-2024. Additionally, beginning, 2026, the QPP provides for annual fee schedule adjustments, again, with the amount depending on whether you are participating in MIPS or an Advanced APM.



The payment adjustments, incentive payments, and fee schedule updates are summarized in the chart below, and are described in further detail in this resource.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Annual fee schedule updates* (all physicians)	+0.5%	+0.5%	+0.5%							Non-APM: 0.25%	Non-APM: 0.25%
										APM: 0.75%	APM: 0.75%
MIPS**			+/- 4%	+/- 5%	+/- 7%	+/- 9%	+/- 9%	+/- 9%	+/- 9%	+/- 9%	+/- 9%
Advanced APMs (Qualifying Participants)			+5%	+5%	+5%	+5%	+5%	+5%			

*Annual physician fee schedule updates may be downwardly adjusted by other budgetary requirements

**Due to CMS transition relief policies in 2017, available funds may be insufficient to grant a full 4% incentive payment in 2019; additionally, physicians have the potential to receive an additional positive payment adjustment for exceptional performance for payment years 2019-2024

Base Medicare FFS Payments

The core component of your Medicare payments under the QPP are the payments you receive according to the Medicare physician fee schedule (MPFS). Under the MPFS, each service you provide is assigned a Current Procedural Terminology (CPT®) code and a three-part Relative Value Unit (RVU). The RVU components are adjusted by geographic practice cost indices (GPCIs) established for every Medicare payment locality to account for the variation in practice costs from area to area. The sum of the adjusted RVU components is then multiplied by a CMS-established conversion factor to arrive at a dollar amount (i.e., the Medicare payment rate) for the code and related service.

CPT® codes are developed through the American Medical Association (AMA) CPT® Editorial Panel, and the AMA/Specialty Society Relative Value Scale (RVS) Update Committee (RUC) makes recommendations to CMS on the values for CPT® codes. **It is important to note that the CPT® and RUC are not payment or reimbursement systems.**



The CPT® is a coding system that provides codes, code descriptors, descriptions of work, guidelines, and other coding conventions (e.g., code modifiers), and these are developed through the CPT® Editorial Panel. The CPT® Editorial Panel is responsible for “ensuring that CPT codes remain up to date and reflect the latest medical care in new and emerging technologies provided to patients.”¹ The CPT code set does not include any RVUs, payment rates, or conversion factors.

The RUC is responsible for regularly reviewing “medical services to determine whether they are appropriate, undervalued, or overvalued, and volunteers its recommendations to the federal government through the Centers for Medicare and Medicaid Services (CMS) for the agency’s consideration. CMS makes all final decisions about what payments should be for each service, under the Medicare program.”² CMS finalizes the RVUs, rates, and fees through a public notice and comment rulemaking with two parts: 1) a proposed MPFS rule with proposed values and rates; and 2) a final MPFS rule with final values and rates.

The QPP does not affect the CPT® Editorial Panel, RUC, or CMS rulemaking; these processes are separate and distinct from the QPP.

Under the QPP, all physicians and eligible clinicians who bill Medicare Part B FFS, will receive an automatic 0.5% fee schedule update for payment years 2017, 2018, and 2019. This fee schedule update is regardless of your QPP pathway and performance. The QPP provides for no fee schedule updates for payment years 2020-2025.

Beginning with the 2026 payment year, the QPP provides for a fee schedule update based on whether you are participating in an Advanced APM or not. If you are not participating in an Advanced APM (e.g., you are participating in MIPS) you will receive a 0.25% fee schedule update of your Medicare Part B FFS payments under the MPFS. If you are participating in an Advanced APM, then you will receive a 0.75% fee schedule update of your Medicare Part B FFS payments under the MPFS.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Annual fee schedule updates* (all physicians)	+0.5%	+0.5%	+0.5%							Non-APM: 0.25%	Non-APM: 0.25%
										APM: 0.75%	APM: 0.75%

*Annual physician fee schedule updates may be downwardly adjusted by other budgetary requirements

¹ <https://www.ama-assn.org/about-us/current-procedural-terminology-cpt-editorial-panel>

² <https://www.ama-assn.org/sites/default/files/media-browser/public/rbrvs/introduction-to-the-ruc-updated.pdf>

In addition to these fee schedule updates, the QPP provides for payment adjustments, if participating in MIPS, or an incentive payment, if participating in an Advanced APM. These are described in further detail below.

MIPS Payment Adjustment

Physicians who participate in MIPS will receive either a positive, neutral, or negative payment adjustment of their 2019 FFS payments. The MIPS positive and negative payment adjustments start at 4% and increase each year from 2019 onwards.

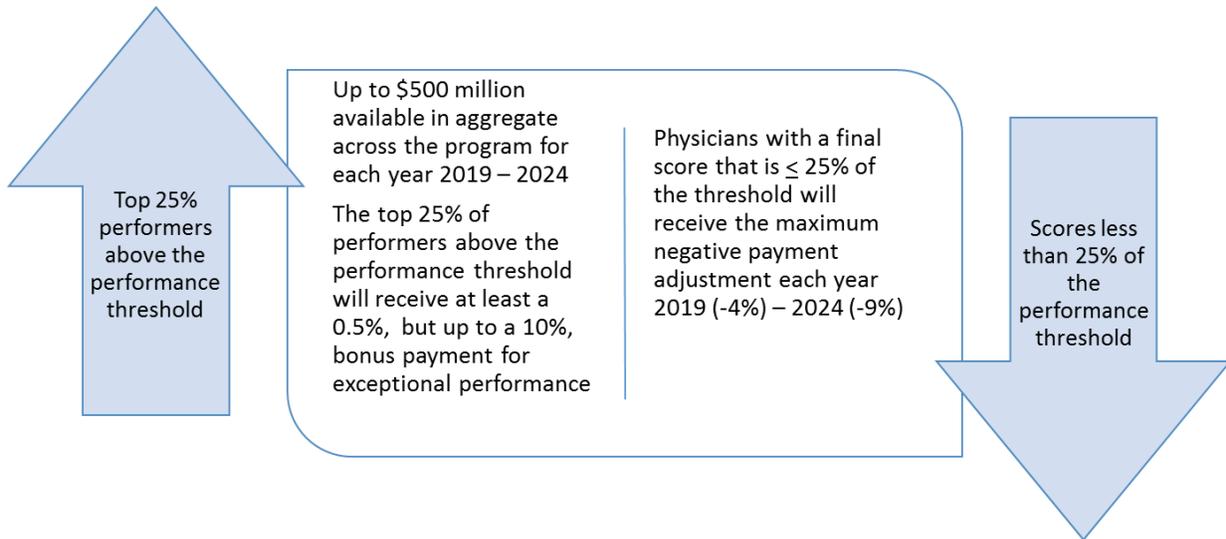
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
MIPS**			+/- 4%	+/- 5%	+/- 7%	+/- 9%	+/- 9%	+/- 9%	+/- 9%	+/- 9%	+/- 9%

**Due to CMS transition relief policies in 2017, the available funds for the 2019 payment adjustment may be insufficient to grant a full 4% incentive payment in 2019. The determination will be made based on the final 2017 performances of eligible clinicians participating in the program.

There are three important things to note here:

1. There is a two-year gap between the participation year and the payment adjustment year. Therefore, for example, your 2017 MIPS performance will determine your 2019 payment adjustment, and your 2019 MIPS performance will be used to determine your 2021 payment adjustment and so on.
2. The MIPS payment adjustments are on a sliding scale. Unlike previous CMS programs, under which you received an absolute bonus payment or penalty, under the QPP you can receive a payment adjustment incrementally, up to the maximum positive and negative payment adjustment values. For example, for 2017 MIPS performance and the 2019 payment adjustment, you can receive a payment adjustment that ranges from -4%, up to +4%. Therefore, for example, it is possible to receive a -2% payment adjustment, or a +3% payment adjustment. The value of your payment adjustment will depend on your MIPS performance score compared to the performance threshold and how well you performed in comparison to your peers (i.e., other eligible clinicians).
3. The MIPS payment adjustments are intended to be budget neutral. This means that the amount of the positive adjustments will depend on and be paid from the funds collected from the negative adjustments.

Additionally, physicians have the potential to receive up to a 10% positive payment adjustment for exceptional performance for payment years 2019-2024.



The threshold for the exceptional performance payment adjustment for the 2017 performance year/2019 payment year is 70 points.

Advanced APM Incentive Payment

Physicians who participate in an Advanced APM may earn an incentive payment in addition to their payment arrangement with CMS. Physicians participating in an Advanced APM and who meet the Medicare patient or payment thresholds for a QP, may receive a 5% incentive payment for their participation from 2019—2024. The incentive payment is a lump sum payment and will be paid to you in 2019 outside of the Medicare claims processing system. Additionally, the 5% lump sum incentive payment will be separate from any positive or negative payments (shared savings or shared losses) earned under the APM.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Advanced APMs (Qualifying Participants)			+5%	+5%	+5%	+5%	+5%	+5%			



Like the MIPS payment adjustment, there is also a two-year gap between the Advanced APM participation year, and the incentive payment year. Therefore, for example, your 2017 Advanced APM participation will be used to determine whether you are eligible to receive a 5% incentive payment in 2019. The last year for the Advanced APM incentive payment is 2024, meaning you must be participating in an Advanced APM in 2022 to receive this incentive payment in 2024.

Physicians who participate in Advanced APMs and are determined to be Qualifying Advanced APM Participants (QPs) or Partial QPs (PQs) will be exempt from MIPS. However, the 5% incentive payment is dependent on whether the physician is a QP or PQ; only QPs are eligible to receive the 5% incentive payment. Additionally, with a PQ determination, an APM Entity has the option to participate in MIPS using the MIPS APM group reporting option to be eligible to receive a positive payment adjustment. If neither the QP or PQ threshold are met, then physicians are subject to the MIPS program using the MIPS APM scoring standard.

Note: each Advanced APM will have their own participation requirements that specify the level of CEHRT use, the risk arrangement under that APM, shared savings/losses under that model, etc. The QPP does not affect or change these risk arrangements or the associated payments you would receive under the Advanced APM for shared savings/losses.

There are two ways for physicians or other eligible clinicians to meet the QP and PQ thresholds: 1) based on the percentage of Medicare payments received through an Advanced APM, **OR** 2) based on the percentage of Medicare patients seen through an Advanced APM.

	Medicare Payment Count Method	Medicare Patient Count Method
QP	25% of Medicare Part B payments are received through an Advanced APM	20% of Medicare Part B patients are seen through an Advanced APM
PQ	20% of Medicare Part B payments are received through an Advanced APM	10% of Medicare Part B patients are seen through an Advanced APM

Note: these thresholds will change beginning in the 2019 performance year for the 2021 payment incentive year.

Note: while the QP/PQ determinations are applied at the individual physician level, they are determined at the APM Entity level. For example, if you are participating in Track 2 of the Medicare Shared Savings Program, the Accountable Care Organization (ACO) you are a part of is considered the APM Entity. All the eligible clinicians in the ACO must collectively meet the QP threshold in



order for each individual eligible clinician to receive a QP determination and receive an incentive payment.

Where can I go for more information?

To learn more about the MPFS please visit the CMS website on the Physician Fee Schedule: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/index.html>.

To learn more about the AMA CPT and RUC processes, please visit the following pages:

- CPT Editorial Panel: <https://www.ama-assn.org/about-us/cpt-editorial-panel>
- RUC: <https://www.ama-assn.org/about-us/ruc>

To learn more about MIPS scoring, please see the 2017 MIPS Scoring Overview resource available on the [PAI website](#) under the MIPS Pathway page, as well as PAI QPP Tutorials #1-3 available in the video library page.

To learn more about Advanced APMs, please see the Advanced APM Overview resource available on the [PAI website](#) under the Advanced APM Pathway page, as well PAI QPP Tutorials #4 and 5 available in the video library page.