

Eli's Rehab Report

Payment Reform: Say Good-bye to Volume and Hello to Value

Your 2018 payments could see a -6% impact or more if you aren't participating in PQRS by 2016.

If getting on board with the Physician Quality Reporting System has been challenging for your practice, brace yourself. PQRS is merely the canary in the coalmine signaling bigger things to come in payment reform. CMS will soon reveal a Value Modifier (VM) for outpatient claims, which will give CMS the ability to boost ☐ or dock ☐ your pay based on key standards.

The VM, mentioned in the Affordable Care Act, will allow healthcare providers to get payment incentives for two key parameters: 1) high performance, and 2) efficient spending. On the flip side, providers will get payment penalties for underperformance or overspending.

Bottom line: The powers that be are getting more serious about reimbursing providers based on quality instead of volume. The **U.S. Department of Health and Human Services (HHS)** announced in late January a definitive timeline for phasing in this new kind of payment system. For the press release, visit www.hhs.gov/news/press/2015pres/01/20150126a.html.

"Physical therapy stands to play a very important role in these new payment models," said **Gayle Lee, JD**, senior director of health care finance and quality for the **American Physical Therapy Association (APTA)** in a brief covering the HHS announcement APTA's news wire. "PTs are in a position to reduce readmissions, increase independence, and improve quality of life, all of which are central goals of the alternative systems."

PQRS Participation More Critical Than Ever

Initially, programs like PQRS were optional and for reporting purposes only, but they've become mandatory and are essential training ground to get you used to reporting on performance parameters for each claim.

Many details are yet to come on the VM specifics, but we do know that PQRS and the VM go hand in hand. The quality portion of the Value Modifier will be calculated based on PQRS participation plus additional metrics CMS will use to calculate scores.

"The VM score for therapists will be primarily determined by PQRS performance," says **Heather Smith**, director of quality for APTA. "The VM score includes additional measures (readmissions, measures and cost metrics), however, due to the attribution methodology, few therapists would likely see their VM score impacted by these other metrics at this time."

CMS is already applying the VM in 2015 (based on 2013 reporting) for groups of 100 or more eligible physicians and is introducing the VM for solo and groups of two or more physicians in 2017 (based on 2015 reporting). PTs, OTs, and SLPs will be close behind. The VM is set to hit the rehab world in 2018 based on 2016 reporting.

Key: For now, regardless of your PQRS and VM scores, mere participation in PQRS puts you in the safe zone.

"If SLPs were subject to the value-based payment modifier in 2017 based on 2015 reporting, the penalty for not meeting benchmarks for PQRS would be -2 percent, and the value-based modifier would add a -4 percent penalty, making the total cut a -6 percent of all Medicare claims submitted in 2017," says **Lisa Satterfield, M.S., CCC-A**, director of health care regulatory advocacy for the **American Speech-Language-Hearing Association (ASHA)**.

Since your VM score will be based on PQRS, simply not participating in PQRS will give you a double-whammy of penalties.

"We will not know the penalty structure for the 2016 VM program until Medicare releases the final physician fee schedule rule (on or around Nov. 1)," Smith says.

"The Medicare Physician Fee Schedule proposed rule for 2016, released in July, will give us a better idea what the penalties for the 2018 reporting year will be," Satterfield says.

ASHA expects the 2016/2018 penalties to be similar to or even higher than the 2015/2017 penalties.

Track Your Quality Now

Even though PQRS participation is all providers need to avoid penalties now, eventually the VM metrics will shape your reimbursement – so why not improve your performance now? Reports are already available so you can compare and contrast yourself with your peers across the country.

"Therapists should be accessing and reviewing their PQRS reports through quality net or their registry vendor," Smith says. She recommends looking at your reporting rate and performance rate on all PQRS measures you report.

"Additionally, this fall, the Quality Resource Utilization Reports (QRURs) for all non-physician practices will be released," Smith says. "The QRUR's will provide information about the group's quality and cost performance rates."

QRURs are also known as Physician Feedback Reports. CMS distributed these reports in late 2014, which represented 2013 data on comparative performance.

Good to know: For physicians, quality and cost measures are determined by "quality tiering" – a comparison analysis by CMS of where physicians fall among their peers: Is a provider above average, average, or below average in quality and cost factors? Depending on which ranking, the physician's payment adjustment could go upward, downward, or be neutral. At the moment, quality tiering analysis is optional for physicians – they can just choose a PQRS analysis, which saves them from a negative payment adjustment for the time being.

"Practices with physicians and SLPs will have the option [for quality tiering] because the services of the physician can be measured under the quality tiering option," Satterfield says. "However, practices without physicians billing Evaluation and Management codes are unable, at this time, to participate in quality tiering."

Most important: Make sure you are meeting the minimum benchmarks for reporting now so that the processes aren't new in 2016, Satterfield says. "I cannot stress enough the importance of participating in PQRS this year in order to ensure the processes clinically and administratively are ironed out in the practice." Also, keep in mind that PQRS measures and requirements change annually with the Medicare Physician Fee Schedule, she adds.

Finally, remember that the PQRS penalty is applied to claims with the individual National Provider Identifier (NPI) listed as the rendering provider of the specific service, and the value-based modifier is applied to the Taxpayer Identification Number/NPI of the practice, Satterfield points out.

"At least 50 percent of the providers in the practice must meet the PQRS benchmark requirements in order for the practice to avoid the value-based modifier penalty," Satterfield says. "It is possible, if less than 50 percent of the providers in the practice meet the benchmark requirements, that some services would be deducted by 4 percent, and others by 6 percent, depending on which provider performs them."

Resources: For a CMS fact sheet about the new payment changes, check www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-01-26.html