DEPARTMENT OF HEALTH & HUMAN SERVICES
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Physician Groups Receive Upward, Neutral, or Downward Adjustments to Their Medicare Payments in 2016 Based on Their Performance on Quality and Cost Efficiency Measures

CMS posted results from the implementation of the second year of the Value-based Payment Modifier (Value Modifier), part of the Affordable Care Act. The Value Modifier rewards physicians and groups of physicians who provide high quality and cost-effective care, while encouraging improvement for those who do not report quality measures or are determined to have poor performance. The 2016 Value Modifier, based on performance in 2014, is being applied to physicians in groups with 10 or more eligible professionals (EPs). A group is identified by its Medicare-enrolled Taxpayer Identification Number (TIN).

The Value Modifier payment amount for high-performing groups is based on the upward payment adjustment factor that is determined after the close of the performance period and is based on the estimated aggregate amount of downward payment adjustments. The upward payment adjustment factor in 2016 is +15.92%. There are 1,390 groups with at least one Physician Quality Reporting System (PQRS) informal review or Value Modifier informal review pending, as of December 18, 2015.

While physicians in 128 groups that exceeded the program's benchmarks in quality and cost efficiency will receive an increase of "+15.92%" or "+31.84%" in their payments under the Medicare Physician Fee Schedule, 59 groups did not perform well and their physicians will see a "-1.0%" or "-2.0%" decrease in their Medicare payments in 2016. Also, physicians in 5,418 groups that failed to meet minimum reporting requirements will see a "-2.0%" decrease in their Medicare payments in 2016. Medicare payments for most physician groups nationwide (8,208 groups) that met the minimum reporting requirements will remain unchanged in 2016 because of their performance on quality and cost efficiency measures or because there was insufficient data to calculate the groups' Value Modifier.

Physician groups and physician solo practitioners can find information about their quality and cost performance in their 2014 Annual Quality Resource and Use Reports that were made available last fall. In order to be eligible for upward adjustments in future years, and to avoid the automatic downward adjustment for not meeting minimum reporting requirements, CMS strongly encourages groups and solo practitioners to report their PQRS quality data to CMS in a manner that ensures that the data submitted are accurate, complete, and timely.

For groups that are receiving an upward or downward payment adjustment under the 2016 Value Modifier, the Medicare Administrative Contractors (MACs) will begin paying claims based on the updated payment amounts after March 14, 2016, and groups will start seeing the adjustments on their claims within the next 6 weeks. We will reprocess any CY 2016 claims with dates of service that were paid prior to this date. Groups with pending PQRS and Value Modifier informal review decisions are currently receiving payment adjustments based on their original

Value Modifier determinations. For groups whose Value Modifier changes as a result of the outcome of the pending informal reviews, we will retroactively update their payment adjustment amounts over the next several months, and their 2016 claims will be reprocessed by the MACs.

The Value Modifier is being phased in gradually. In 2017, the Value Modifier will apply to all physicians who are solo practitioners and to those in groups, based on their performance in 2015. In 2018, CMS will apply the Value Modifier to physicians, nurse practitioners, physician assistants, clinical nurse specialists, and certified registered nurse anesthetists in groups with 2 or more EPs and to those who are solo practitioners, based on performance in 2016.

How many groups will receive an upward, neutral, or downward adjustment under the Value Modifier in 2016?

In 2016, 13,813 physician groups, as identified by their Medicare-enrolled TIN, with 10 or more EPs are subject to the Value Modifier. Out of these, 5,418 TINs will receive an automatic "-2.0%" downward Value Modifier payment adjustment in 2016 because they did not meet the minimum reporting requirements (meaning these TINs did not meet the criteria to avoid the 2016 PQRS payment adjustment as a group or did not have at least 50 percent of the EPs in the group meet the criteria to avoid the 2016 PQRS payment adjustment as individuals) (Category 2).

8,395 TINs met the criteria to avoid the 2016 PQRS payment adjustment as a group or as individuals, and their 2016 Value Modifier was calculated using the quality-tiering methodology (Category 1). Quality-tiering is the methodology that is used to evaluate a group's performance on cost and quality measures for the Value Modifier. Under quality-tiering, there are:

- 128 groups that will receive an upward adjustment of either "+15.92%" or "+31.84%";
- 59 groups that will receive a downward adjustment of "-1.0%" or "-2.0%"; and
- 8,208 groups will receive a neutral (meaning no) adjustment.

As a result of the calculated upward payment adjustment factor, the 2016 Value Modifier payment amounts for **TINs with 10 or more EPs** based on their cost/quality tier are as follows:

	Low Quality	**Average Quality**	**High Quality**
Low Cost	0.0% (6)	+1.0x = +15.92% (35) +2.0x* = +31.84% (38)	+2.0x = +31.84% (0) +3.0x* = +47.76% (0)
Average Cost	0.0%**/-1.0% (644)	0.0% (7,351)	+1.0x = +15.92% (35) +2.0x* = +31.84% (20)
High Cost	0.0%**/-2.0% (39)	0.0%**/-1.0% (226)	0.0% (1)

*These TINs were eligible for an additional +1.0x adjustment to their Medicare payments for treating high-risk beneficiaries.
** TINs with 10-99 EPs do not receive downward adjustments under quality-tiering in 2016.

The tables below show a breakdown of payment adjustments under quality-tiering by group size.

The tables below show the breakdown of the Value Modifier payment amounts for TINs with between 10 and 99 EPs and TINs with 100 or more EPs.

The 2016 Value Modifier payment amounts for **TINs with between 10 and 99 EPs** based on their cost/quality tier are as follows:

	Low Quality	**Average Quality**	**High Quality**
Low Cost	0.0% (6)	+1.0x = +15.92% (32) +2.0x* = +31.84% (29)	+2.0x = +31.84% (0) +3.0x* = +47.76% (0)
Average Cost	0.0% (607)	0.0% (6,700)	+1.0x = +15.92% (32) +2.0x* = +31.84% (20)
High Cost	0.0% (37)	0.0% (206)	0.0% (1)

*These TINs were eligible for an additional +1.0x adjustment to their Medicare payments for treating high-risk beneficiaries.

The 2016 Value Modifier payment amounts for **TINs with 100 or EPs** based on their cost/quality tier are as follows:

	Low Quality	**Average Quality**	**High Quality**
Low Cost	0.0% (0)	+1.0x = +15.92% (3) +2.0x* = +31.84% (9)	+2.0x = +31.84% (0) +3.0x* = +47.76% (0)
Average Cost	-1.0% (37)	0.0% (651)	+1.0x = +15.92% (3) +2.0x* = +31.84% (0)
High Cost	-2.0% (2)	-1.0% (20)	0.0% (0)

*These TINs were eligible for an additional +1.0x adjustment to their Medicare payments for treating high-risk beneficiaries.

Note: The counts in the tables above reflect TINs' Value Modifiers as of December 18, 2015. There are 1,390 groups with at least one PQRS informal review or Value Modifier informal review pending, as of December 18, 2015. This includes 838 Category 1 TINs and 542 Category 2 TINs.

For questions about the 2016 Value Modifier, please contact the Physician Value Help Desk at 1-888-734-6433 (select option 3) or pvhelpdesk@cms.hhs.gov.