

Payment and Practice Management Memo

No. 9

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Value-Based Payment Modifier

On November 27, 2013 the Centers for Medicare & Medicaid Services (CMS) published the 2014 Medicare Physician Fee Schedule (MPFS) Final Rule. The Rule finalizes some important changes related to the Value-Based Payment Modifier (VBPM). A provision of the Patient Protection and Affordable Care Act (ACA) requires CMS to implement a new VBPM for Medicare Part B fee-for-service payments. VBPM is directly tied to participation in the Physician Quality Reporting System (PQRS). The Value-Based Modifier assesses both quality of care provided and the cost of that care under the Medicare Physician Fee Schedule. CMS will phase in the VBPM starting in CY 2015 with complete implementation by CY 2017.

Implementation of VBPM

- **2015 VBPM:** Applying to groups with 100 or more Eligible Professionals (EPs) based on 2013 performance in the PQRS with the following possible Value Modifier (VM) outcomes:
 - Downward Adjustment (-1.0%)
 - No adjustment
 - Upward Adjustment – Pool of money comes from the downward adjustments
- **2016 VBPM:** Applying to groups with 10 or more EPs based on 2014 performance in the PQRS
 - Downward Adjustment (-2.0%)
 - No adjustment
 - Upward Adjustment – Pool of money comes from the downward adjustments

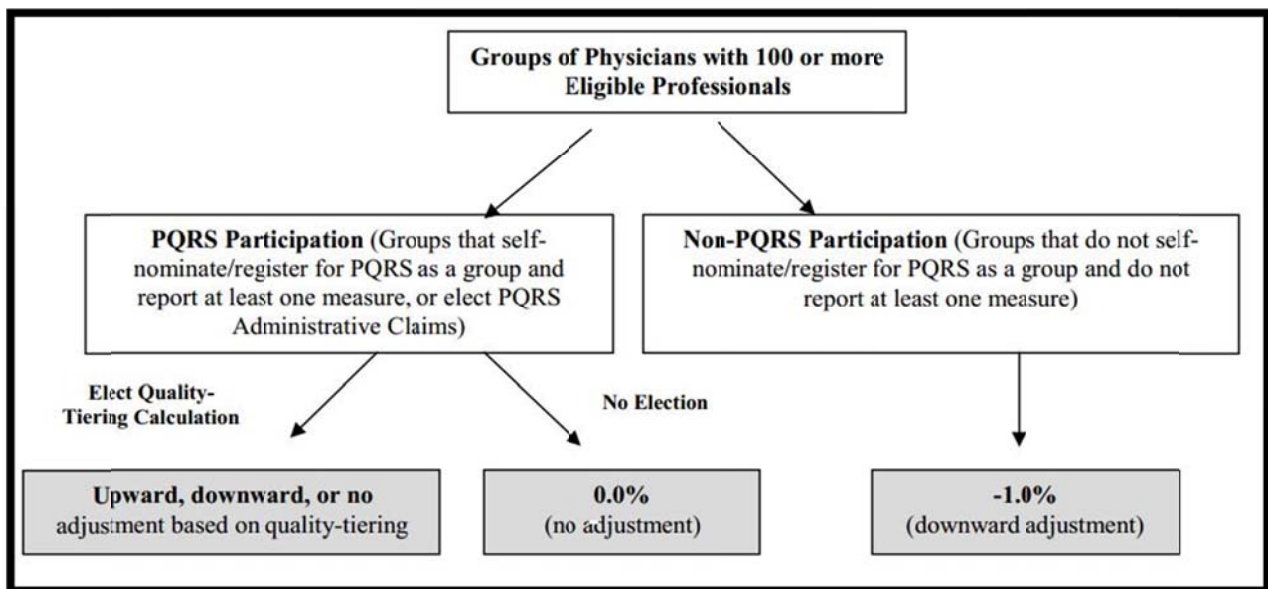
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Eligible Professionals (EPs) include physicians and other practitioners including anesthesiologist assistants and nurse anesthetists. The number of EP's reporting services under the tax identification number (TIN) determines group size. While all EP's in a group are used to determine group size, for 2015 and 2016, the payment modification will apply only to physicians)

The VBPM is intended to pay a physician or group of physicians differentially under the MPFS based on the quality and cost of the care they provide to Medicare FFS beneficiaries. Physicians practicing high-quality, low-cost care will earn a positive VBPM, while physicians deemed to provide care of lower quality and higher cost will get a negative VBPM. Given that the VBPM Program is budget neutral, the amount of the positive modifier is unknown until all groups are scored. Post-scoring, the adjustments applied to the low quality/high cost groups are used to account for the positive adjustment payment to the high quality/low cost groups.

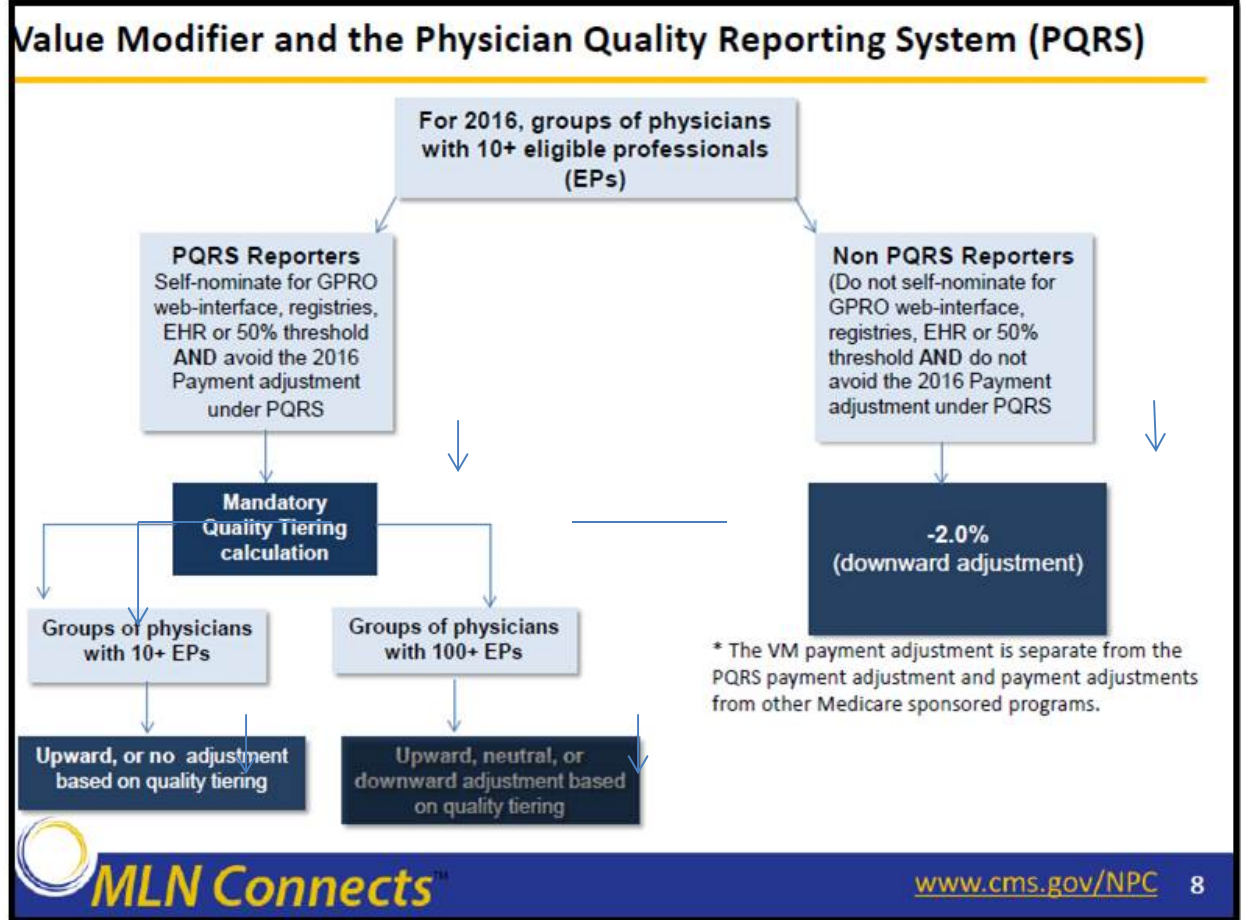
See the Practice Management section of the April 2013 ASA NEWSLETTER for information specific to the 2015 VBPM.

Overview of How CMS Calculates the Value Modifier for CY 2015



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Overview of How CMS Calculates the Value Modifier for CY 2016



References:

1. <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeedbackProgram/ValueBasedPaymentModifier.html>
2. <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeedbackProgram/Downloads/CY2015ValueModifierPolicies.pdf>
3. <https://www.asahq.org/sitecore/content/Home/For%20Members/Publications%20and%20Research/Newsletter%20Articles/2013/April2013/practice%20management%20value%20based%20payment%20modifier%20what%20you%20need%20to%20do%20to%20avoid%20a%20negative%20adjustment?ArticleID={E6155804-E55A-4CA6-8843-2DF53F5EDC66}>
4. <https://www.cms.gov/Outreach-and-Education/Outreach/NPC/Downloads/NPC-PFS-VBP-12-03-13-Slides.pdf>

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