Annals of Internal Medicine | Medicine and Public Issues

Health Policy Basics: Physician Quality Reporting System

Michelle K. Koltov, MPH, and Nitin S. Damle, MD

The U.S. health care system is in the midst of transforming from a fee-for-service system to a value-based system that delivers high-quality and cost-effective care. Quality reporting programs and increasing transparency of performance are meant to encourage physicians and hospitals to invest in improving the delivery of care. In 2006, the Centers for Medicare & Medicaid Services implemented the Physician Quality Reporting System (PQRS). The PQRS is an incentive and penalty payment program for eligible professionals who report data on quality measures for covered professional services furnished to Medicare beneficiaries. The program gives eligible professionals the opportunity to assess the quality of care they are providing to their patients and compare their performance on a given measure with that of their peers. This article discusses the history of PQRS, the 2014 PQRS, and how it affects other quality programs.

Ann Intern Med. 2014;161:365-367. doi:10.7326/M14-0786 www.annals.org
For author affiliations, see end of text.
This article was published online first at www.annals.org on 24 June 2014.

Over the past few years, numerous programs and initiatives have focused on shifting our health care system toward a value-based purchasing system and improving the quality of health care. Public and private payers have implemented many quality reporting and pay-for-performance programs to encourage physicians and hospitals to invest in improving the delivery of care. The Centers for Medicare & Medicaid Services (CMS) has various quality initiatives that provide information and support to improve the quality and coordination of health care delivery across settings, thereby transitioning to a new quality-based payment system.

What Is the PQRS and Why Did CMS Start It?

The Physician Quality Reporting System (PQRS) uses a combination of incentive payments and payment adjustments to promote reporting of quality information by eligible professionals (EPs). The PQRS applies to all EPs as defined by CMS, which generally include physicians and other health care professionals who are paid under the Medicare physician fee schedule. This CMS program is intended to give participating EPs the opportunity to assess the quality of care they are providing to their patients through reporting quality measures and comparing their performance on a given measure with that of their peers (1). The CMS uses quality measures as tools to help evaluate or quantify health care processes, outcomes, patient perceptions, and organizational structure.

To encourage participation, the PQRS began with incentive payments. Over time, negative adjustments have been implemented. Successful PQRS participation is based on reporting the EP-selected quality measures. Incentive payments and adjustments will affect the EP's total allowable Medicare charges for a given year. For example, if a physician does not successfully submit quality PQRS data, a 2.0% payment reduction would be applied to the fee schedule amount for services furnished during the given year of the penalty. Furthermore, this program differs from the Hospital Value-Based Purchasing Program, which aims to transform the quality of hospital care by realigning hospitals' financial incentives.

Congress authorized the development and implementation of the PQRS through legislation. The Tax Relief and Health Care Act of 2006 required CMS to establish the PQRS as a voluntary pay-for-reporting program that included claims-based reporting. Eligible professionals who met the criteria for submitting quality data could earn a 1.5% payment increase. The program continued to grow and was made permanent in the Patient Protection and Affordable Care Act, which included many other provisions aimed at shifting payment from a pure fee-for-service or volume-based system to reimbursement for outcomes (that is, a value-based payment system) (2).

Although Congress has passed laws to authorize and make changes to the PQRS, the Department of Health and Human Services, specifically CMS, is the regulatory agency tasked with crafting the necessary regulations to implement the laws. Each year, CMS establishes the Medicare physician fee schedule through the regulatory rule-making process. This process involves revision of payment policies; policy changes related to Medicare Part B payments, including implementation of legislation; and finalization of how the PQRS is implemented.

The measures included in the PQRS change yearly and are selected through the CMS call-for-measures process (3). The CMS reviews the measures submitted and proposes specific measures to be included in the PQRS during creation of the yearly Medicare physician fee schedule. The measures vary by specialty and focus on care coordination, patient safety and engagement, clinical process or effectiveness, and population health.

Many stakeholders, including the National Committee for Quality Assurance, physician specialty societies, the CMS, and other physician organizations, develop measures. This multistep process involves identifying the clinical area to evaluate; extensively reviewing the literature; developing the measure with the appropriate panels; vetting the measure with various stakeholders; and performing a field test to evaluate feasibility, reliability, and validity. Many measures are submitted to the National Quality Fo-

Table. **2014 PQRS Reporting Mechanisms**

Individual Eligible Professional Options	Group Practice Options
Medicare Part B claims	Qualified PQRS registry
Qualified PQRS registry	Group Practice Reporting Option Web interface (only for groups of ≥25 EPs)
Direct electronic health record using CEHRT	Direct electronic health record using CEHRT
CEHRT via data submission vendor	CEHRT via data submission vendor
Qualified clinical data registry	Clinician and Group Survey Consumer Assessment of Healthcare Providers and Systems CMS-certified survey vendor (only for groups of ≥25 EPs)

CEHRT = certified electronic health record technology; CMS = Centers for Medicare & Medicaid Services; EP = eligible professional; PQRS = Physician Quality Reporting System.

rum for evaluation and endorsement. Although not a requirement, several measures included in the PQRS are endorsed by this organization.

What Must Physicians Do to Comply and in What Time Frame?

The 2014 PQRS includes new reporting options and requirements for EPs and group practices. As the incentive payments are being phased out, 2014 will be the last year EPs can earn a 0.5% payment incentive. In addition, PQRS reporting during 2014 will affect the 2016 PQRS payment penalty. The delay in the adjustment, which can be confusing, means that an EP or a group practice that did not satisfactorily report or qualify for a payment incentive during 2014 will receive a 2.0% payment deduction on the fee schedule amount for services provided during 2016 (4, 5).

Eligible professionals can choose from 284 available quality measures and various reporting options (**Table**) to comply with the PQRS requirements. Specific reporting criteria and requirements can be found on the CMS Web site. Requirements vary based on reporting method; however, avoiding the 2016 payment penalty generally requires individual EPs or group practices to report 3 or more quality measures covering at least 1 of the national quality strategy domains and report each measure for at least 50% of their Medicare Part B fee-for-service patients to which the measure applies. Practices are encouraged to check with CMS to ensure that they are aware of the specific criteria for their chosen reporting method. When selecting measures, EPs and group practices should consider common clinical conditions in their practice, type of care provided (that is, preventive, chronic, or acute), settings of care (emergency department, office, or surgical suite), quality improvement goals for 2014, and coordination with participation in other quality reporting programs.

Many resources and tools are available to assist physicians and other eligible professionals in successfully participating in PQRS. The CMS has lists of available measures and qualified registries on their Web site. For more information and resources on the PQRS, visit www.cms.gov/PQRS.

How Is the PQRS Related to Other Programs, and What Does the Public See?

Physician Compare, a CMS-developed Web site, publicly reports information on physicians enrolled in the Medicare program. When launched in 2010, the Web site posted the names of EPs who satisfactorily submitted quality data for the 2009 PQRS. Today, Physician Compare includes a section on each EP's profile that lists the quality programs with successful participation. The CMS plans to publicly report specific measures collected through the PQRS in future versions of the Web site (4). Physician Compare is available to the public to help consumers and Medicare beneficiaries make informed choices about the health care received through Medicare.

The Value-Based Payment (VBP) program is another CMS physician quality program that is closely linked to the PQRS. This program assesses quality of care and its cost under the Medicare physician fee schedule. In implementing this program, CMS aligned it with the PQRS to reduce the reporting burden on physician practices (4). This means that reporting for PQRS also fulfills the requirement under the VBP program. In 2016, groups with 10 or more EPs who submit claims to Medicare will be subject to the VBP program. These practices can participate in PQRS as a group or have at least 50% of their EPs participate in PQRS as individuals. Groups that do not successfully participate in PQRS during 2014 will be subject to a 2.0% VBP reduction in 2016 in addition to the PQRS adjustment. For more information on the VBP program, visit www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeedbackProgram/index.html.

In 2014, EPs have an opportunity to earn an additional PQRS payment incentive of 0.5% by participating in a maintenance of certification program. To earn the additional incentive, the EP must satisfactorily submit data on quality measures under PQRS for a 12-month reporting period as an individual or group, participate in a maintenance of certification program, and successfully complete the practice assessment of a qualified program (6).

What Is the Future of the PQRS?

Although the 2014 PQRS is confusing and overwhelming, it is important that EPs are aware of the program and participate. Reporting PQRS quality measures during 2014 will have an effect on Medicare fee-for-service payments for all EPs in 2016. Eligible professionals who do not successfully report in 2014 will receive a 2.0% payment reduction in 2016. Furthermore, our health care system will continue to shift toward a value-based system

through quality reporting and transparency of performance. Although the PQRS may transform into other value-based programs, it will probably maintain similar principles and continue to focus on the importance of patient-centered, high-quality, and cost-effective care.

From American College of Physicians, Washington, DC, and South County Internal Medicine, Wakefield, Rhode Island.

Disclosures: Authors have disclosed no conflicts of interest. Forms can be viewed at www.acponline.org/authors/icmje/ConflictOfInterestForms.do?msNum=M14-0786.

Requests for Single Reprints: Michelle K. Koltov, MPH, American College of Physicians, 25 Massachusetts Avenue NW, Suite 700, Washington, DC 20001; e-mail, mkoltov@mail.acponline.org.

Current author addresses and author contributions are available at www.annals.org.

References

1. **Centers for Medicare & Medicaid Services.** Physician and Quality Reporting System (PQRS) overview. Baltimore: Centers for Medicare & Medicaid Services; 2013. Accessed at www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/PQRS/Downloads/PQRS_OverviewFactSheet_2013_08_06.pdf on 11 March 2014.

2. **Centers for Medicare & Medicaid Services.** 2011 reporting experience, including trends (2008-2012): physician quality and reporting system (PQRS) and electronic prescribing (eRx) incentive program. Baltimore: Centers for Medicare & Medicaid Services; 2014.

3. **Centers for Medicare & Medicaid Services.** Call for measures. Baltimore: Centers for Medicare & Medicaid Services; 2014. Accessed at www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/MMS/CallForMeasures.html on 14 May 2014.

4. **Centers for Medicare & Medicaid Services.** Medicare program; revisions to payment policies under the physician fee schedule, clinical laboratory fee schedule and other revisions to Part B for CY 2014. Washington, DC: Office of the Federal Register; 2013. Accessed at www.federalregister.gov/articles/2013/12/10/2013-28696/medicare-program-revisions-to-payment-policies-under-the-physician-fee-schedule-clinical-laboratory on 14 May 2014.

5. **Medicare Learning Network Connects National Provider Call, Centers for Medicare & Medicaid Services.** CY 2014 Medicare physician final fee schedule (PFS) final rule. Baltimore: Centers for Medicare & Medicaid Services; 2013. Accessed at http://cms.gov/Outreach-and-Education/Outreach/NPC/Downloads/2013-12-17-NPC-PFS-Presentation.pdf on 11 March 2014.

6. **American Board of Internal Medicine.** Participation in MOC recognized by CMS. Baltimore: Centers for Medicare and Medicaid Services; 2014. Accessed at www.abim.org/maintenance-of-certification/earning-points/physician-quality-reporting-system.aspx on 11 March 2014.

Current Author Addresses: Ms. Koltov: American College of Physicians, 25 Massachusetts Avenue NW, Suite 700, Washington, DC 20001.

Dr. Damle: South County Internal Medicine, 481 Kingstown Road, Wakefield, RI 02879.

Author Contributions: Conception and design: M.K. Koltov, N.S. Damle.

Analysis and interpretation of the data: M.K. Koltov, N.S. Damle.

Drafting of the article: M.K. Koltov, N.S. Damle.

Critical revision of the article for important intellectual content: M.K. Koltov, N.S. Damle.

Final approval of the article: M.K. Koltov, N.S. Damle.

Administrative, technical, or logistic support: M.K. Koltov, N.S. Damle.

Collection and assembly of data: M.K. Koltov, N.S. Damle.