500,000 providers will get 2% payment cuts under Medicare's quality reporting system

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More than 500,000 physicians and other providers face a 2% cut in their Medicare payments this year due to poor performance under the Physician Quality Reporting System.

Under PQRS, which is being phased out, clinicians choose from a list of quality measures they want to be evaluated by, such as how well they performed care management or if they helped patients keep their diabetes in check. The penalties are based on 2015 claims data.

Nearly 80% of the 501,933 providers—including physicians, chiropractors, optometrists and others—hit by the 2% decrease in reimbursement chose not to put an effort into complying with PQRS, according to a June 9 report from the CMS.

Not participating in PQRS has been common as providers weigh the administrative burdens of complying with the program against the number of Medicare patients they treat.

If they don't treat a large number, the impact of the penalty is minimal. Roughly 40% of providers subject to the penalty treat 25 or fewer Medicare beneficiaries per year.

The CMS is phasing out PQRS, and it's being replaced with the new Merit-based Incentive Payment System under the Medicare Access and CHIP Reauthorization Act.

The PQRS program technically ended Dec. 31, 2016. However, since providers are evaluated under PQRS based on 2-year-old data, the final year providers will face penalties under the program is 2018.

MIPS reduces the total number of performance measures that practices are required to report from nine to six.

MIPS kicked off in January. Providers will see their reimbursement results under the new payment model in 2019.