Updates to Bundled Payments for Care Improvement Initiative Methodologies

The CY 2015 Physician Fee Schedule (PFS) update includes several types of payment adjustments that took effect January 1, 2015. These payment adjustments affect certain Medicare providers who bill under the PFS. Below we outline the payment adjustments to the PFS that affect the Bundled Payment for Care Improvement (BPCI) initiative and modifications to existing BPCI pricing methodologies that will account for the new payment adjustments.

CMS will also be updating the BPCI exclusions list, excluding hemophilic clotting factors, as well as all new technology add-on payments from episodes.

CY 2015 PFS Changes that Affect BPCI

Physician Quality Reporting System
In CY 2015 physician group practices (PGPs) participating in the Physician Quality Reporting System (PQRS) group practice reporting option and individual Eligible Professionals who did not satisfactorily report data on PQRS quality measures during the 2013 program year will be subject to a negative payment adjustment of 1.5 percent.¹

For BPCI Models 2 and 3, CMS will incorporate the payment adjustments into the reconciliation methodology by including value modifier payment adjustments when calculating target prices and Adjusted Aggregate Fee-for-Service Payments for performance period Episodes of Care. For Model 4, CMS will incorporate necessary payment adjustments into the resolution process by including the payment adjustments when calculating Model 4 resolution amounts.

Value Modifier
In CY 2015 PGPs with more than 100 Eligible Professionals who submit claims to Medicare under a single Tax Identification Number (TIN) will be subject to the value modifier, based on performance in CY 2013.² The value modifier will potentially increase or decrease Fee-for-Service (FFS) payments made to these PGPs.

For BPCI Models 2 and 3, CMS will incorporate the payment adjustments into the reconciliation methodology by including value modifier payment adjustments when calculating target prices and Adjusted Aggregate Fee-for-Service Payments for performance period Episodes of Care. For Model 4, BPCI will incorporate necessary payment adjustments into the resolution process by including the payment adjustments when calculating Model 4 resolution amounts.

Meaningful Use
In CY 2015, Medicare Eligible Professionals who can participate in either the Medicare or Medicaid Electronic Health Records (EHR) Incentive Programs and who do not demonstrate meaningful use of an EHR in one of the incentive programs will be subject to a negative payment adjustment.³

² For more information on the value modifier see: http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeedbackProgram/ValueBasedPaymentModifier.html.
For BPCI Models 2 and 3, CMS will incorporate the payment adjustments into the reconciliation methodology by including meaningful use payment adjustments when calculating target prices and Adjusted Aggregate Fee-for-Service Payments for performance period Episodes of Care. For Model 4, BPCI will incorporate necessary payment adjustments into the resolution process by including the payment adjustments when calculating Model 4 resolution amounts.

**BPCI Exclusions**

CMS will soon release an updated exclusions list with two major changes to the readmission MS-DRG lists. First, MS-DRGs 001 and 002 for heart transplants will be added to the exclusions lists for all 48 Clinical Episodes in BPCI Models 2, 3, and 4. Second, MS-DRGs 266 and 267 for transcatheter aortic valve replacement (TAVR) procedures will be added to the exclusions list for the AICD Generator or Lead, Cardiac Defibrillator, Pacemaker, Pacemaker Device Replacement or Revision, and Percutaneous Coronary Intervention Clinical Episodes.

In addition to these updates to the excluded readmission MS-DRG lists, CMS will also exclude hemophilia clotting factors from all 48 Clinical Episodes in BPCI.

All of these changes to exclusions will apply to both the baseline period and performance quarters. Retroactive changes to reconciliation results back through the fourth quarter of 2013 will be applied through the true-up process. However, identifying the hemophilia clotting factors will require payment contractor access to additional fields in the CMS Integrated Data Repository, which may not be granted with sufficient time to incorporate hemophilia clotting factors into the next set of quarterly reconciliation results.

**New Technology Add-On Payments**

In September 2014, BPCI announced that new technology add-on payments for the MitraClip device would be excluded from both BPCI target prices and Adjusted Aggregate Fee-for-Service Payments for BPCI performance period Episodes of Care. At this time, CMS will expand this policy so that all new technology add-on payments will be excluded when calculating BPCI target prices and Adjusted Aggregate Fee-for-Service Payments.