

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
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## CMS NEWS

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### **CMS Finalizes Physician Payment Rates for 2014** *Final Rule Focuses on Improved Care Coordination*

In a rule issued today, the Centers for Medicare & Medicaid Services (CMS) finalized payment rates and policies for 2014, including a major proposal to support care management outside the routine office interaction as well as other policies to promote high quality care and efficiency in Medicare. CMS' care coordination policy is a milestone, and demonstrates Medicare's recognition of the importance of care that occurs outside of a face-to-face visit for a wide range of beneficiaries beginning in 2015. The final rule sets payment rates for physicians and non-physician practitioners paid under the Medicare Physician Fee Schedule for 2014 and addresses the policies included in the proposed rule issued in July. CMS projects that total payments under the fee schedule in 2014 will be approximately \$87 billion.

As part of CMS' continuing effort to recognize the critical role primary care plays in providing care to beneficiaries with multiple chronic conditions, beginning in 2015, the agency is establishing separate payments for managing a patient's care outside of a face-to-face visit for practices equipped to provide these services.

"Health care is changing, and part of delivery system reform is recognizing this and making sure payment systems account for these changes," said CMS Principal Deputy Administrator Jonathan Blum. "We believe that successful efforts to improve chronic care management for these patients could improve the quality of care while simultaneously decreasing costs, through reductions in hospitalizations, use of post-acute care services, and emergency department visits."

The 2014 payment rates increase payments for many medical specialties with some of the greatest increases going to providers of mental health services including psychiatry, clinical psychologists and clinical social workers.

CMS is finalizing a process to adjust payment rates for test codes on the Clinical Laboratory Fee Schedule (CLFS) based on technological changes. Currently, the payment rates for test codes on the CLFS do not change once they have been set (except for changes due to inflation and other statutory adjustments). This review process will enable CMS to pay more accurately for laboratory tests on the CLFS.

The final rule also includes several provisions regarding physician quality programs and the Physician Value-Based Payment Modifier (Value Modifier). As CMS continues to phase-in the Physician Value-Based Payment Modifier, for 2016 CMS is finalizing its proposals to apply the Physician Value Modifier to groups of physicians with 10 or more eligible professionals, and to apply upward and downward payment adjustments based on performance to groups of physicians with 100 or more eligible professionals. However, only upward adjustments based on performance (not downward adjustments) will be applied to groups of physicians with between 10 and 99 eligible professionals.

CMS also is finalizing several related proposals to the Physician Quality Reporting System (PQRS) for 2014, including a new option for individual eligible professionals to report quality measures through qualified clinical data registries. In 2014, quality measures will be aligned across quality reporting programs so that physicians and other eligible professionals may report a measure once to receive credit in all quality reporting programs in which that measure is used. Additionally, CMS is better aligning PQRS measures with the National Quality Strategy and meaningful use requirements, and transitioning away from process measures in favor of performance and outcome measures. Finally, certain data collected in 2012 for groups reporting certain PQRS measures under the Group Practice Reporting Option (GPRO) will be publicly reported on the CMS Physician Compare website in 2014.

“Aligning measures across quality programs focuses providers on the most important measures and makes it easier to participate in programs like PQRS, which are designed to emphasize quality for Medicare beneficiaries,” said Dr. Patrick Conway, CMS Deputy Administrator for Innovation and Quality and CMS Chief Medical Officer. “PQRS and value-based purchasing, along with demonstration projects taking place through the Innovation Center, are transforming our health system to achieve better outcomes for patients and spend dollars more wisely.”

The final rule is on display at the Federal Register and will be published on December 10, 2013.

For more information about the final rule, please visit:

<http://www.ofr.gov/inspection.aspx?AspxAutoDetectCookieSupport=1>

For more information about the Physician Fee Schedule, please visit:

<http://cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/index.html>

For more information regarding the Physician Value-Based Payment Modifier and PQRS, please visit:

<http://cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeedbackProgram/index.html>

<http://cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/PQRS/index.html>

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