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**Details for: PHYSICIAN QUALITY REPORTING INITIATIVE (PQRI) MAKES PAYMENTS FOR THE 2007 REPORTING PERIOD**

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**PHYSICIAN QUALITY REPORTING INITIATIVE (PQRI) MAKES PAYMENTS FOR THE 2007 REPORTING PERIOD**

**OVERVIEW**

The Physician Quality Reporting Initiative (PQRI) is one of several pay-for-reporting initiatives the Centers for Medicare & Medicaid Services (CMS) is conducting to collect data from health care practitioners about the quality of care furnished to beneficiaries in multiple health care settings. CMS' quality data reporting programs apply to doctors and other health professionals in physicians' offices and in hospitals and other clinical settings.

PQRI is CMS' first nationwide initiative that provides incentives to encourage the reporting of quality data by physicians and other health care professionals including non-physician practitioners and certain types of therapists as initially authorized by the Tax Relief and Health Care Act of 2006. This Act required CMS to establish a quality data reporting system and to pay an incentive to eligible health care professionals for satisfactorily reporting data on quality measures relating to the care delivered to Medicare beneficiaries. CMS launched the initiative in 2007 and collected quality information for services furnished from July 1, 2007 through December 31, 2007. As a result of the 2007 PQRI data collection effort, CMS is now poised to pay \$36 million in incentive payments to health care professionals who met the criteria for satisfactory reporting data during the 2007 PQRI. These incentive payments are expected to be sent out starting in July 2008.

**BACKGROUND**

The current Medicare system has been acknowledged by many health care policy experts for its several failings, including rewarding volume of services over quality of care and failure to focus on prevention and coordination of care for beneficiaries. In addition, the current system has led to a rapid growth in Medicare spending without evidence the spending is leading to better quality care.

The Tax Relief and Health Care Act (TRHCA) required CMS to develop a physician quality reporting system in 2007 that includes an incentive payment for reporting quality data on covered professional services furnished from July 1 through December 31, 2007 to Medicare beneficiaries. This reporting initiative, known as the

Physician Quality Reporting Initiative (PQRI), is a step towards establishing a value-based purchasing system for physicians and other eligible professionals. The PQRI provides incentives to those eligible health care professionals who satisfactorily report data on quality measures relating to the care provided to beneficiaries. The data collected by Medicare will help health care professionals improve the way they provide care to beneficiaries.

Building on a voluntary reporting program CMS had in place, the incentive program was required to launch during the second half of the 2007, July 1st to December 31st. The PQRI requires CMS to pay eligible professionals who satisfactorily report measures an incentive payment equal to 1.5 percent of their allowed charges for covered professional services during the 2007 reporting period (July 1, 2007 – December 31, 2007). To be eligible for an incentive payment, health care professionals were generally required to report data on at least three quality measures for at least 80 percent of the cases in which the measure was applicable. CMS offered professionals a total of 74 clinical quality measures from which eligible professionals could choose those applicable to their practice during the 2007 reporting period. Eligible professionals reported the quality data to CMS via the claims they were already submitting to receive payment for Medicare-covered services.

### **2007 PARTICIPATION RATES**

Nationally, 109,349 professionals and practices attempted to participate in the 2007 PQRI data collection effort. A total of 56,722 eligible professionals satisfactorily reported and completed the program and were eligible for an incentive payment. On average, professionals and practices that attempted to send CMS data sent at least three measures (3.63).

The measures that eligible professionals chose to report varied greatly based on services provided by professionals who reported on all 74 available measures. There were a total of 6,722,753 reporting instances for all measures combined.

We anticipate the total amount paid in incentives to participating professionals for 2007 PQRI providers will be over \$36 million. The average individual eligible professional incentive amount is over \$630.00. The largest incentive payment for a group practice is \$205,795 (a group practice is comprised of several satisfactorily reporting eligible professionals) and the average incentive is \$4,713.

As part of the Department of Health and Human Services transparency initiatives, eligible professionals who reported data on quality measures will receive 2007 PQRI Final Feedback Reports starting in July, 2008. These reports include reporting rates, clinical performance, incentives earned by individual professionals, and summary information on reporting success and incentives earned at the practice level.

Because the information included in these reports is confidential, the feedback reports will be available on a new CMS security system known as the Individuals Authorized Access to CMS Computer Services – Provider Community (IACS-PC). Registration information is available at <http://www.cms.hhs.gov/PQRI>.

### **PARTICIPATING IN PQRI IN 2008 AND BEYOND**

PQRI will continue in 2008 with several new features that provide eligible professionals more flexibility in collecting and sending PQRI data to CMS. Among these new features is an expanded set of quality measures, which includes structural measures to gauge the use of electronic health records and electronic prescribing technologies. The 2008 PQRI Program includes a total of 119 measures on which eligible professional can report. These measures have all been developed in concert with the professional health care community, endorsed or adopted by national standards boards, and encompass nearly all of the Medicare-recognized specialties of practice.

The Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) authorizes CMS to make incentive payments to eligible professionals who satisfactorily report data on quality measures for services furnished in 2008. For 2008, eligible professionals who meet the statutory criteria for satisfactory submission of quality data on services furnished during the reporting period will earn an incentive payment of 1.5 percent of their total allowable charges for Medicare Physician Fee Schedule (MPFS)-covered professional services furnished during that same period. CMS is also testing the submission of PQRI data from electronic health records (EHRs). The submission of test data began in July 2008 and will end December 31, 2008 for EHRs.

To be eligible for an incentive payment for 2008 PQRI, professionals can choose from among nine options for submitting PQRI data—whether through claims or through a registry. For 2008, eligible professionals can choose to begin their reporting periods on January 1 or July 1, 2008—as long as they report information through December 31, 2008, for either option.

In 2008, eligible professionals can also choose to report measures groups or individual quality measures. Each measures group has at least four individual PQRI measures that pertain to one of five specific clinical conditions: Diabetes (5 measures), End-stage Renal Disease (4 measures), Chronic Kidney Disease (4 measures), and Preventive Care (9 measures).

For eligible professionals who choose to submit data through Medicare claims, two reporting options exist:

- Submit individual measures: report three PQRI measures (or 1-2 measures if fewer than 3 measures apply) on 80 percent of Medicare patients for the January 1 – December 31, 2008 reporting period.
- Submit measures groups: report all measures in one measures group on 15 consecutive Medicare patients OR report all measures in one measures group on 80% of Medicare patients for the July 1 – December 31, 2008 reporting period. (If professionals choose to report on 15 consecutive patients, you must report a group-specific "G" code to signal the start of the count to 15.)

Another new feature of the 2008 PQRI Program is the option to submit data through one of the PQRI-recognized registries. (CMS will announce which registries are considered "PQRI recognized" later this summer.) Three options exist for registry-based reporting:

- Submit individual measures: report three PQRI measures on 80 percent of Medicare patients for the reporting period January 1 – December 31, 2008 OR the reporting period July 1 – December 31, 2008.
- Submit measures groups: report all measures in one measures group on 15

consecutive patients (some must be Medicare patients) OR report all measures in one measures group on 80% of Medicare patients for the July 1 – December 31, 2008 reporting period.

- Submit measures groups: report all measures in one measures group on 30 consecutive patients (some must be Medicare patients) OR report all measures in one measures group on 80 percent of Medicare patients for the January 1 – December 31, 2008 reporting period.

CMS has also shared its plans for the PQRI in 2009, as part of its recently released proposed rule for the 2009 Medicare Physician Fee Schedule (MPFS). For 2009, CMS is proposing additional improvements to the PQRI that will allow eligible professionals to continue to report data on quality measures relating to their clinical practice. CMS will accept comments on the proposed rule until August 29, 2008, and will respond to those comments in a final rule to be issued this fall. To review the proposed rule, visit our Physician Fee Schedule website at <http://www.cms.hhs.gov/center/physician.asp>.

For more information about the 2007 and 2008 PQRI Programs, visit us at <http://www.cms.hhs.gov/PQRI>.

#### **IMPACT OF MEDICARE BILL HR 6331**

Earlier this month, in the Medicare Improvements for Patients and Providers Act of 2008, Congress strengthened the PQRI program. Specifically, the new law will extend the physician quality reporting system and provide incentive payments to eligible professionals for reporting data on quality measures of 2.0% for each of 2009 & 2010. The law also requires incentive payments to successful electronic prescribers for 2009 through 2013 (2.0% for 2009 & 2010; 1.0% for 2011 and 2012; 0.5% in 2013). In addition, the law requires posting the names of satisfactory PQRI reporters and successful electronic prescribers on the CMS website and establishment of a Physician Feedback Program (to begin by January 1, 2009) whereby claims and other data will be used for confidential reports to physicians measuring resources utilized in furnishing care.

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