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Is the New Medicare Reporting Exemption Right for You?

Samuel A. Collins

QUESTION: I've heard Medicare will exempt offices from doing outcome reporting (PQRS, MACRA, MIPS) and/or use of electronic health records. I am curious as to whether this is true or only a rumor. I do not have EHR, as the cost is too high, and I also have difficulty complying with the G codes for PQRS.

What you've heard is not a rumor - there will be exemptions for providers of Medicare patients, with no penalties assessed for offices that do not do [Quality Payment Program](#) (EHR, PQRS, MACRA and MIPS) reporting. The exemptions are as follows:

1. If you are in you in your first year of Medicare participation
2. If you have less than 100 Medicare patients
3. If you are paid or charge less than \$30,000 per year from Medicare

For chiropractic offices, the third exemption likely applies, as per CMS, 89 percent of chiropractors are paid less than \$30,000. If you are under \$30,000 annually, you will be paid the Medicare rate with no reductions.

However, this year, a provider may still suffer as much as a 5 percent reduction of fees for noncompliance with electronic health records (EHR) and [Physician Quality Reporting Standards](#) (PQRS). The reduction for nonuse of EHR is 3 percent and for PQRS 2 percent (5 percent reduction for both).

Note the reduction for PQRS is for the 2015 reporting year. That means if you did PQRS in 2016, but not in 2015, the reduction you see this year is related to 2015 reporting. (PQRS reporting from 2016 is for 2018.)

Participation or Exemption? Do a Cost-Benefit Analysis



I certainly understand your reasons for nonuse of EHR purely based on cost. A compliant system with necessary hardware can cost several thousand dollars up front, as well as annual fees that can range from \$100s to \$1,000s. While electronic health notes may be useful, the cost must be considered based on cost-benefit ratio.

If Medicare were reducing your fees this year for EHR at 3 percent, that would amount to approximately 90 cents to \$1.50 per visit. Assuming the EHR system cost in the first year is \$3,500, that would require at least 2,500-3,500 Medicare visits to break even. Therefore, it may not be a wise choice from a business perspective. Of course, if notes are easier to document and assist with compliance, that may outweigh the cost.

The same holds for PQRS or outcome reporting: Although there is no direct cost, the added time for staff and doctor to report may be a consideration. Avoiding the 2 percent reduction (60 cents to \$1 per visit) may not be worth the added work required to report.

Don't Forget to Consider the Reporting Incentive

However, if you *do* provide the required information under the Quality Payment Program, you can receive a bonus, which may be enough to offset the cost of an electronic health records (EHR) system. The incentive or bonus payments can be as high as 4 percent in 2018-19; 5 percent in 2020; 7 percent in 2021; and 9 percent in 2022.

Doing simple math, if your office is fully compliant and you do \$30,000 a year in Medicare, you could

receive as much as \$1,200 (4 percent bonus) to \$2,700 (9 percent bonus) per year. This may be attractive enough to be compliant, assuming your initial and annual costs are less than the incentive payment.

The good news for EHR users is that Medicare's new Quality Payment Program ([MACRA](#), [MIPS](#), etc.) rules do not include the "meaningful use" rule the administration previously used to decide if providers should be rewarded for using electronic health records. However, doctors will still be accountable for using health information technology under the "advancing care information" performance category per the rule that counts 25 percent toward a physician's overall score for the category.

This reporting is not a hard cost and requires only a verbal pain scale and outcome forms completed by the patient; and may aid in demonstrating medical necessity in functional fashion. This style of reporting can assist in issues of necessity should Medicare review the dates of services, as it does indicate changes as a result of care. But certainly time can be valued for cost, regardless of no direct monetary outlay.

So, the good news for you and offices like yours is that moving forward, you can be exempt and will not be penalized. The current system only punishes and reduces, whereas this new rule simply allows smaller providers / offices to be exempt. No penalties - but also no bonuses.

Editor's Note: Feel free to submit billing questions to Mr. Collins at sam@hjrossnetwork.com. Your question may be the subject of a future column.

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