
Quality Payment Program: 2019 Adjustments

By Elizabeth Woodcock, MBA, FACMPE, CPC

Medicare remittances began arriving for 2019 services in mid-January. Unless an exemption applies, physicians and other eligible clinicians will see a bonus – or penalty – attached to each service. The claim adjustment reason code (CARC) for a positive payment adjustment is CO144; the negative adjustment is designated by CO237. This penalty code is the same one used for failure to comply with Meaningful Use, the Physician Quality Reporting System, and other past programs. Both the positive and negative adjustments are accompanied by the remark code N807, which signals “payment adjustment based on the Merit-based Payment System.”

Part B drugs are not subject to the positive or negative adjustment, according to the [Centers for Medicare and Medicaid Services \(CMS\)](#): “The payment adjustment won’t apply to payments for Medicare Part B drugs or other items and services that are not covered professional services.”

However, CMS made a mistake in claims processing, beginning January 1: “Recently, CMS discovered an error in the implementation of the 2019 Merit-based Incentive Payment System (MIPS) payment adjustment; it incorrectly applies payments for Medicare Part B drugs and other non-physician services billed by physicians.” [CMS identified the issue in early February](#), but the processing of claims continues to reflect the mistaken adjustment. Physicians should be aware that CMS will retroactively correct this error – in other words, they will get their money back. This holds true for those who paid a positive adjustment on Part B drugs – a circumstance that occurred for the majority of physicians participating in the program, including nearly 80 percent of physicians who reached the “exceptional performance” zone. CMS has declared its intention to recoup these mistakenly paid bonuses; they will be extracted from future transactions by automatically deducting the payment from claims.

In terms of the patient’s financial responsibility, the payment adjustment is applied to the Medicare paid amount, therefore, it does not impact the portion patients are responsible for paying.

If a physician participates with a Medicare Advantage plan(s), the degree of the adjustment, and whether it is extended at all, is not dictated or regulated by CMS. [Per CMS](#), “The Social Security Act prohibits [us] from interfering in payment arrangements between MAOs [Medicare Advantage Organization] and contract clinicians by requiring specific price structures for payment. Thus, whether and how the MIPS payment adjustments might affect an MAO’s payments to its contract clinicians are governed by the terms of the contract between the MAO and the clinician”.

Adjustments are displaying on Medicare remittances this year for physicians’ performance in 2017. Efforts made now will determine your ability to gain an unknown bonus in 2021 – or stave off the Quality Payment Program’s 7 percent penalty.

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