

## Medicare Physician Incentives and Penalties

Year	Deficit Reduction Sequester*	E-Prescribing	Health Information Technology	Physician Quality Reporting System, including Maintenance of Certification (MOC) Program	ICD-10 Implementation
2009		2%		2%	
2010		2%		2%	
2011		1%	\$18K	1% if no MOC; 1.5% if MOC	
2012		1% (-1%)	\$12-18K	0.5% if no MOC; 1.0% if MOC	
2013	(-2%)	0.5% (-1.5%)	\$8-15K	0.5% if no MOC; 1.0% if MOC	
2014	(-2%)	(-2%)	\$4-12K	0.5% if no MOC; 1.0% if MOC	<b>\$100 to \$50,000 penalty per HIPAA violation, depending on if it is knowing, willful &amp; corrected</b>
2015	(-2%)		\$2-8K (-1%)	(-1.5%)	
2016	(-2%)		\$2-4K (-2%)	(-2%)	
2017	(-2%)		(-3%)	(-2%)	
2018	(-2%)		(-3%)	(-2%)	

### Additional Penalties

**\*Deficit Reduction Sequester:** The Budget Control Act of 2011 required automatic spending cuts of about \$1.2 billion from 2013-2021 unless Congress enacted legislation reducing the federal deficit by that amount. Medicare cuts cannot exceed 2% of total program expenditures, not just claims for health care services. Thus actual cuts in payments to physicians and other providers could slightly exceed 2%. Note: the 2% would come on top of whatever cuts are scheduled for that year under the Medicare sustainable growth rate formula which is currently approaching 30 percent.

**Value Modifier:** Beginning for some physicians in 2015 and all physicians in 2017, payment rates will be subject to a “value modifier.” The modifier is budget neutral overall, so it will increase some physicians payments and decrease others. It is not known how steep these decreases will be.

**IPAB:** The Independent Payment Advisory Board or IPAB is authorized to make reductions in payments starting in 2015 in order to meet statutory targets for Medicare spending growth as a percent of GDP. It is not known whether or how much physician payment rates will be affected.