

available for the domain to determine the domain score.

(3) Domains are weighted equally and scores averaged to determine the ACO's overall performance score and sharing rate.

(4)(i) ACOs that demonstrate quality improvement on established quality measures from year to year will be eligible for up to 4 bonus points per domain.

(ii) Bonus points are awarded based on an ACO's net improvement in measures within a domain, which is calculated by determining the total number of significantly improved measures and subtracting the total number of significantly declined measures.

(iii) Up to four bonus points are awarded based on a comparison of the ACO's net improvement in performance on the measures for the domain to the total number of individual measures in the domain.

(iv) When bonus points are added to points earned for the quality measures in the domain, the total points received for the domain may not exceed the maximum total points for the domain in the absence of the quality improvement measure.

(v) If an ACO renews its participation agreement for a subsequent agreement period, quality improvement will be measured based on a comparison between performance in the first year of the new agreement period and performance in the last year of the previous agreement period.

(vi) For performance year 2017 and subsequent performance years, if an ACO receives the mean Shared Savings Program ACO quality score based on the extreme and uncontrollable circumstances policies in paragraph (f) of this section, the ACO is not eligible for bonus points awarded based on quality improvement.

(vii) For performance year 2017 and subsequent performance years, if an ACO receives the mean Shared Savings Program ACO quality score under paragraph (f) of this section, in the next performance year for which the ACO receives a quality performance score based on its own quality reporting, quality improvement is measured based on a comparison between the performance in that year and the most re-

cently available prior performance year in which the ACO reported quality.

(f) *Extreme and uncontrollable circumstances.* For performance year 2017 and subsequent performance years, including the applicable quality data reporting period for the performance year, CMS uses an alternative approach to calculating the quality score for ACOs affected by extreme and uncontrollable circumstances instead of the methodology specified in paragraphs (a) through (e) of this section as follows:

(1) CMS determines the ACO was affected by an extreme and uncontrollable circumstance based on either of the following:

(i) Twenty percent or more of the ACO's assigned beneficiaries reside in an area identified under the Quality Payment Program as being affected by an extreme and uncontrollable circumstance.

(A) Assignment is determined under subpart E of this part.

(B) In making this determination for performance year 2017, CMS uses the final list of beneficiaries assigned to the ACO for the performance year. For performance year 2018 and subsequent performance years, CMS uses the list of assigned beneficiaries used to generate the Web Interface quality reporting sample.

(ii) The ACO's legal entity is located in an area identified under the Quality Payment Program as being affected by an extreme and uncontrollable circumstance. An ACO's legal entity location is based on the address on file for the ACO in CMS' ACO application and management system.

(2) If CMS determines the ACO meets the requirements of paragraph (f)(1) of this section, CMS calculates the ACO's quality score as follows:

(i) The ACO's minimum quality performance score is set to equal the mean quality performance score for all Shared Savings Program ACOs for the relevant performance year.

(ii) If the ACO completely and accurately reports all quality measures, CMS uses the higher of the ACO's quality performance score or the mean quality performance score for all Shared Savings Program ACOs.

(3) CMS applies determinations made under the Quality Payment Program with respect to—

(i) Whether an extreme and uncontrollable circumstance has occurred; and

(ii) The affected areas.

(4) CMS has sole discretion to determine the time period during which an extreme and uncontrollable circumstance occurred, the percentage of the ACO's assigned beneficiaries residing in the affected areas, and the location of the ACO legal entity.

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§ 425.504 Incorporating reporting requirements related to the Physician Quality Reporting System Incentive and Payment Adjustment.

(a) *Physician quality reporting system.*

(1) ACOs, on behalf of eligible professionals who bill under the TIN of an ACO participant, must submit the measures determined under § 425.500 using a CMS web interface, to qualify on behalf of their eligible professionals for the Physician Quality Reporting System incentive under the Shared Savings Program.

(2)(i) Eligible professionals who bill under the TIN of an ACO participant within an ACO may only participate under their ACO participant TIN as a group practice under the Physician Quality Reporting System Group Practice Reporting Option of the Shared Savings Program for purposes of receiving an incentive payment under the Physician Quality Reporting System.

(ii) Under the Shared Savings Program, an ACO, on behalf of eligible professionals who bill under the TIN of an ACO participant must satisfactorily report the measures determined under Subpart F of this part during the reporting period according to the method of submission established by CMS under the Shared Savings Program in order to receive a Physician Quality Reporting System incentive under the Shared Savings Program.

(3) If eligible professionals who bill under the TIN of an ACO participant within an ACO qualify for a Physician Quality Reporting System incentive payment, each ACO participant TIN, on behalf of its ACO supplier/provider participants who are eligible professionals, will receive an incentive, for those years an incentive is available, based on the allowed charges under the Physician Fee Schedule for that TIN.

(4) ACO participant TINs and individual eligible professionals who bill under the TIN of an ACO participant cannot earn a Physician Quality Reporting System incentive outside of the Medicare Shared Savings Program.

(5) The Physician Quality Reporting System incentive under the Medicare Shared Savings Program is equal to 0.5 percent of the Secretary's estimate of the ACO's eligible professionals' total Medicare Part B Physician Fee Schedule allowed charges for covered professional services furnished during the calendar year reporting period from January 1 through December 31, for years 2012 through 2014.

(b) *Physician Quality Reporting System payment adjustment for 2015.* (1) ACOs, on behalf of eligible professionals who bill under the TIN of an ACO participant, must submit one of the ACO GPRO measures determined under § 425.500 using a CMS web interface, to satisfactorily report on behalf of their eligible professionals for purposes of the 2015 Physician Quality Reporting System payment adjustment under the Shared Savings Program.

(2)(i) Eligible professionals who bill under the TIN of an ACO participant within an ACO may only participate under their ACO participant TIN as a group practice under the Physician Quality Reporting System Group Practice Reporting Option of the Shared Savings Program for purposes of the 2015 Physician Quality Reporting System payment adjustment under the Shared Savings Program.

(ii) Under the Shared Savings Program, an ACO, on behalf of eligible professionals who bill under the TIN of an ACO participant, must satisfactorily report one of the measures determined under Subpart F of this part during the reporting period for a year, as defined

in paragraph (b)(6) of this section, according to the method of submission established by CMS under the Shared Savings Program for purposes of the 2015 Physician Quality Reporting System payment adjustment.

(3) If an ACO, on behalf of eligible professionals who bill under the TIN of an ACO participant, does not satisfactorily report for purposes of a 2015 Physician Quality Reporting System payment adjustment, each eligible professional who bills under the TIN of an ACO participant, will receive a payment adjustment, as described in paragraph (b)(5) of this section.

(4) ACO participant TINs and individual eligible professionals who bill under the TIN of an ACO participant cannot satisfactorily report for purposes of a 2015 Physician Quality Reporting System payment adjustment outside of the Medicare Shared Savings Program.

(5) For eligible professionals subject to the 2015 Physician Quality Reporting System payment adjustment under the Medicare Shared Savings Program, the Medicare Part B Physician Fee Schedule amount for covered professional services furnished during the program year is equal to the applicable percent of the Medicare Part B Physician Fee Schedule amount that would otherwise apply to such services under section 1848 of the Act.

(i) The applicable percent for 2015 is 98.5 percent.

(ii) The applicable percent for 2016 and subsequent years is 98.0 percent.

(6) The reporting period for a year is the calendar year from January 1 through December 31 that occurs 2 years prior to the program year in which the payment adjustment is applied.

(c) *Physician Quality Reporting System payment adjustment for 2016.* (1) ACOs, on behalf of eligible professionals who bill under the TIN of an ACO participant, must submit all of the ACO GPRO measures determined under § 425.500 using a CMS web interface, to satisfactorily report on behalf of their eligible professionals for purposes of the Physician Quality Reporting System payment adjustment under the Shared Savings Program for 2016.

(2) Eligible professionals who bill under the TIN of an ACO participant within an ACO may only participate under their ACO participant TIN as a group practice under the Physician Quality Reporting System Group Practice Reporting Option of the Shared Savings Program for purposes of the Physician Quality Reporting System payment adjustment under the Shared Savings Program for 2016 and subsequent years.

(3) If an ACO, on behalf of eligible professionals who bill under the TIN of an ACO participant, does not satisfactorily report for purposes of the Physician Quality Reporting System payment adjustment for 2016 and subsequent years, each eligible professional who bills under the TIN of an ACO participant, will receive a payment adjustment, as described in § 414.90(e) of this chapter.

(4) For eligible professionals subject to the Physician Quality Reporting System payment adjustment under the Medicare Shared Savings Program for 2016 and subsequent years, the Medicare Part B Physician Fee Schedule amount for covered professional services furnished during the program year is equal to the applicable percent of the Medicare Part B Physician Fee Schedule amount that would otherwise apply to such services under section 1848 of the Act, as described in § 414.90(e) of this chapter.

(5) The reporting period for a year is the calendar year from January 1 through December 31 that occurs 2 years prior to the program year in which the payment adjustment is applied.

(d) *Physician Quality Reporting System payment adjustment for 2017 and 2018.* (1) ACOs, on behalf of eligible professionals who bill under the TIN of an ACO participant, must submit all of the ACO GPRO measures determined under § 425.500 using a CMS web interface, to satisfactorily report on behalf of their eligible professionals for purposes of the Physician Quality Reporting System payment adjustment under the Shared Savings Program for 2017 and 2018.

(2) Eligible professionals who bill under the TIN of an ACO participant within an ACO participate under their