

Understanding the basics of Medicare's Electronic Prescribing Incentive Program

1. Have you defined your needs?

First, ePrescribing is offered as a way to prevent medication errors that arise due to difficulties in reading or understanding handwritten prescriptions. In addition, ePrescribing could reduce adverse drug events (ADEs) by making information such as drug interactions and contraindications available to prescribers at the time they are preparing a prescription. Finally, ePrescribing may reduce patients' out-of-pocket costs by placing formulary, coverage and copayment information at prescribers' fingertips.

In order to spur ePrescribing adoption and use rates, the Centers for Medicare & Medicaid Services (CMS) issued ePrescribing standards for the Medicare Part D prescription drug benefit program. By April 1, 2009, ePrescribing systems were required to comply with the CMS standards on medication history, formulary and benefits information, and fill status notification.

Beginning in 2009, to further promote adoption of ePrescribing systems, the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) established a five-year program of incentive payments to eligible professionals when they ePrescribe for Medicare patients seen in their offices. Physicians who are eligible for the incentive payments but fail to adopt ePrescribing will face penalties beginning in 2012.

2. What are the incentive amounts for using a qualified ePrescribing system in 2011?

The 2011 Medicare ePrescribing incentive program provides for an incentive payment to eligible physicians who successfully ePrescribe medications in 2011 equal to 1 percent of their total Medicare payments for the year.

Note: Medicare's ePrescribing incentive program sunsets after 2014. As a result of the American Recovery and Reinvestment Act (ARRA), which became law in February 2009, another incentive program will be available, starting with incentive payments in 2011, for demonstrating the meaningful use of electronic health records (EHRs). For more information about the ARRA incentives, visit www.ama-assn.org/go/hit.

An eligible professional may not participate in both the Medicare ePrescribing incentive program and the new Medicare EHR incentive program specified in ARRA. Also, it is important to note that eligible physicians can participate in the [Physician Quality Reporting System \(PQRS\)](#) incentive program, even if they are taking advantage of the ePrescribing or EHR incentive programs. For more information about the PQRS incentive program and requirements, visit www.cms.gov/PQRS. You can participate in both the Medicare ePrescribing incentive program and the Medicaid EHR incentive program.

CMS Electronic Prescribing Incentive Program

Calendar year of ePrescribing	Incentive amount	Penalty amount
2011	1.0%	—
2012	1.0%	-1.0%
2013	0.5%	-1.5%
2014	—	-2.0%

Note: Payment bonuses are made after the conclusion of the calendar year in which eligible physicians ePrescribe for their Medicare patients, not as an up front payment.



3. What are the eligibility and reporting requirements for the 2011 ePrescribing incentive program?

Physicians for whom office visits, eye exams, psychotherapy or other services listed in the CMS ePrescribing measure specifications represent at least 10 percent of their Medicare charges are eligible. CMS will post the 2011 specifications on its “eRx Measure” page at www.cms.gov/ERXIncentive no later than December 31, 2010.

To participate in the 2011 ePrescribing incentive program, individual eligible physicians may choose to report on their adoption and use of a qualified ePrescribing system by submitting information on one ePrescribing measure, G code, G8553: (1) to CMS on their Medicare part B claims; (2) to a qualified registry; or (3) to CMS via a qualified electronic health record (EHR) product. For a list of qualified registries and qualified EHR vendors and products please link to: www.cms.gov/ERXIncentive.

In order to receive incentive payments for ePrescribing in 2011, eligible physicians *must* report the ePrescribing G-code, G8553, at least 25 times for Medicare office visits, as well as the other listed services for the calendar year for applicable CPT codes included in the CMS ePrescribing measure specifications.

The reporting period for the 2011 ePrescribing incentive program will be for the entire 2011 calendar year (January 1, 2011 through December 31, 2011).

4. What are the 2011 system requirements for ePrescribing?

Eligible physicians must use a qualified ePrescribing system. A qualified ePrescribing system is one that is capable of all of the following:

- Generating a complete active medication list incorporating electronic data received from applicable pharmacies and pharmacy benefit managers if available
- Selecting medications, printing prescriptions, electronically transmitting prescriptions and conducting all alerts
- Providing information related to the availability of lower cost, therapeutically appropriate alternatives (if any). The ability of the system to receive tiered formulary information, if available, would suffice.

- Providing information on formulary or tiered formulary medications, patient eligibility and authorization requirements received electronically from the patient’s drug plan

Note: The qualified ePrescribing system must employ, for the capabilities listed above, the ePrescribing standards adopted for the Medicare Part D program (i.e., formulary and benefits information, medication history, fill status notification, and the use of the National Provider Identifier, or NPI). The ePrescribing standard can be found at www.cms.gov/eprescribing

Also, effective Oct. 6, 2011, physicians are allowed to use a certified EHR system for the purposes of the 2011 incentive program and the 2013 ePrescribing penalty programs.

5. Is there a group reporting option?

Yes. Group practices that meet certain eligibility requirements can earn an ePrescribing incentive payment equal to 1 percent of the group practice’s total estimated Medicare Part B allowed charges for covered professional services furnished during the 2011 reporting period. For more information about the group practice ePrescribing incentive program requirements link to: www.cms.gov/ERXIncentive.

6. Should I report ePrescribing associated with office visits provided as part of a global surgical package?

No, ePrescribing should only be reported for office visits that are separately listed on Medicare claims and separately payable by Medicare. Only these separately payable office services count toward the 10 percent of Medicare payments that determine a physician’s eligibility for the incentive payment, and toward the 25 office services for which ePrescribing must be reported in order to qualify for the incentive payment. Moreover, office visits provided as part of a global surgical package do not count toward calculations of penalties for not adopting ePrescribing.

7. Can I collect incentives from both the PQRS and the ePrescribing program?

Yes. This new incentive program is separate from and in addition to any incentive payment that physicians may earn through the [Physician Quality Reporting System \(PQRS\)](http://www.cms.gov/pqrs).

8. Can I ePrescribe controlled substances?

Yes. Effective June 1, 2010, all Drug Enforcement Administration registrants (hospitals, health care providers and pharmacies) may transmit electronic prescriptions for Schedule II through V controlled substances. The regulations will also permit pharmacies to receive, dispense and archive these electronic prescriptions. Software companies that ePrescribe will have to undergo a third-party audit or a review by an approved certification body to demonstrate that their products comply with the new DEA requirements. The DEA has also published [instructions to physicians](#) for getting started. The process will require that physicians obtain a two-factor authentication credential or digital certificate through a federally approved credential service provider (CSP) or certification authority (CA), which will conduct identity proofing. Physicians can contact their ePrescribing software company for help in determining which CSP or CA to use.

The ePrescribing of controlled substances is an option, not a requirement, nor a replacement of existing requirements for written and oral prescriptions for controlled substances.

9. Can I still use computer-generated faxes?

For those who ePrescribe Medicare Part D prescriptions and prescription-related information, CMS will continue to allow computer-generated facsimile transmissions through Jan. 1, 2012. However, in order to qualify for the ePrescribing incentive payment program, the physician cannot issue the prescription via facsimile on his or her end. The prescription must be generated electronically from the physician's ePrescribing system or tool even if the prescription is ultimately converted into a fax on the pharmacy end.

10. Do I need to report the ePrescribing G-code on claims for patients in Medicare Advantage plans?

No, not at this time. It is possible, however, that certain Medicare Advantage plans, which have payment policies and rates that are identical to the regular Medicare Part B system, such as "private fee-for-service" plans, will make incentive payments to physicians who treat patients in those plans and who qualify for ePrescribing incentive payments under Medicare Part B.

11. Is there an appeals process?

No. CMS will, however, make interim feedback reports for the program available to any eligible physician who bills for a denominator-eligible case during the first half of 2011. CMS anticipates that interim feedback reports will be available in the fall of 2011.

12. What are the penalties for failing to ePrescribe?

The law that established the Medicare ePrescribing incentive program, the "Medicare Improvements for Patients and Providers Act of 2008" (MIPPA) (P.L. 110-275), requires a penalty phase for eligible physicians who do not ePrescribe during 2012 through 2014.

According to MIPPA, physicians who are eligible but choose not to participate in the 2012 or 2013 Medicare ePrescribing incentive program and do not qualify for a significant hardship exemption would be subject to a 1 percent Medicare payment reduction based on their 2012 Medicare Part B fee schedule amounts during the year (1.5 percent in 2013).

13. What ePrescribing activity is required to avoid the 2012 and 2013 penalties?

To avoid penalties in 2012, an eligible physician needed to report the ePrescribing G-code, G8553, at least 10 times for Medicare office visits and other applicable services for the January 1, 2011 through June 30, 2011 reporting period for applicable CPT codes included in the CMS ePrescribing measure specifications on your Medicare claim forms. For eligible physicians and group practices using the claims-based reporting mechanism, all claims for services furnished between January 1, 2011 and June 30, 2011 needed to be received and processed no later than one month after the reporting period.

Physicians and other eligible prescribers can avoid the 2013 penalty in two ways:

1. Report G-code (G8553) 25 times in 2011.
2. Report G-code (G8553) 10 times in the first 6 months of 2012.

Remember that option 1 makes you eligible for a 1 percent incentive in 2011 as well.

14. Can I apply for an exemption?

On August 31, 2011, CMS announced the release of the final rule that added more exemption categories.

To avoid the 2012 ePrescribing penalty physicians have an opportunity to attest online that they are eligible for one of the following penalty exemptions:

- Physician is registered to participate in the Medicare or Medicaid EHR Incentive Program and has adopted certified EHR technology by October 1, 2011, and prior to the time the physician requests an exemption
- Physician is unable to electronically prescribe due to local, State, or Federal law or Regulation (e.g., prescribes controlled substances)
- Physician infrequently prescribes (e.g., prescribe fewer than 10 prescriptions between January 1, 2011–June 30, 2011)
- Physician is located in a rural area without high-speed Internet access
- Physician practice is located in an area without sufficient available pharmacies for ePrescribing
- There are insufficient opportunities to report the ePrescribing measure due to program limitations covering the type of visit (e.g., a surgeon ePrescribes but does not ePrescribe on the date of the encounter with the patient in accordance with the program requirements)

Physicians will have to apply for an exemption from the 2012 ePrescribing penalty via the CMS website by Nov. 1.

Read more on the [CMS website](#).

View the [final rule](#).

[See a statement](#) from the AMA on the ePrescribing policy modifications.

The final rule was published in the Federal Register on September 6, 2011.

15. Where can practices find more information about the incentive program?

For more information about the ePrescribing incentives and PQRS, practices should visit www.cms.gov/eRxIncentive and www.cms.gov/PQRS.

Download the [Clinician's Guide to Electronic Prescribing](#) for more information about ePrescribing. Also, check www.ama-assn.org/go/hit for future installments of frequently asked questions.

E-mail hit@ama-assn.org if you have any questions.

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