

# Understanding the basics of Medicare's Electronic Prescribing Incentive Program

## 1. Have you defined your needs?

E-prescribing is offered as a way to prevent medication errors that arise due to difficulties in reading or understanding handwritten prescriptions. In addition, e-prescribing 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, e-prescribing may reduce patients' out-of-pocket costs by placing formulary, coverage and copayment information at prescribers' fingertips.

In order to spur e-prescribing adoption and use rates, the Centers for Medicare & Medicaid Services (CMS) issued e-prescribing standards for the Medicare Part D prescription drug benefit program. **E-prescribing systems must be in compliance with the CMS standards on medication history, formulary and benefits information, and fill status notification by April 1, 2009.**

To further promote adoption of e-prescribing systems, the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) provides that starting in 2009, physicians will be eligible for incentive payments when they e-prescribe for Medicare patients seen in their offices. Physicians who are eligible for the incentive payments but fail to adopt e-prescribing will face penalties beginning in 2012.

## 2. What are the incentive amounts for using a qualified e-prescribing system in 2009?

The incentive program provides for an incentive payment to eligible professionals who successfully e-prescribe medications in 2009 and 2010 equal to 2 percent of their total Medicare payments for the year. The incentive amount is reduced to 1 percent in 2011 and 2012, and is finally reduced to 0.5 percent in 2013. Penalties for physicians who do not adopt e-prescribing systems begin at 1 percent in 2012 and increase to 2 percent by 2014.

CMS Electronic Prescribing Incentive Program		
Calendar year of e-prescribing	Incentive amount	Penalty amount
2009	2.0%	—
2010	2.0%	—
2011	1.0%	—
2012	1.0%	-1.0%
2013	0.5%	-1.0%
2014		-2.0%

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

### 3. Who is eligible to receive incentive payments?

Physicians for whom office visits, consultations, eye exams, psychotherapy or other services listed in the CMS E-prescribing Measure Specifications represent at least 10 percent of their Medicare charges are eligible. Analysis completed by the American Medical Association suggests nearly all physicians who have an office practice will meet this threshold. The incentives are based on allowed charges for professional services covered by the physician payment schedule provided during each calendar year. Although eligible professionals do not have to start reporting on Jan. 1, 2009, in order to receive incentive payments for e-prescribing, eligible physicians *must* report one of the e-prescribing G-codes included in the CMS E-prescribing Measure Specifications on at least 50 percent of all their Medicare office visits and consultations, as well as the other listed services for the calendar year. All physicians for whom these codes comprise 10 percent or more of total Medicare payments will be subject to the penalties that start in 2012 if they are not e-prescribing.

### 4. What are the 2009 reporting and system requirements for e-prescribing?

Eligible professionals can report prescribing activity using a qualified e-prescribing system. Physicians can report codes on Medicare claims in accordance with the CMS E-prescribing Measure Specifications.

Follow these three steps to report e-prescribing for the Medicare incentive program:

**Step 1:** Determine the eligibility of the patient encounter. Consider the list of Current Procedural Terminology (CPT®) codes and G-codes in the denominator. A list of codes is included in the CMS E-prescribing Measure Specifications, which identifies applicable services.

**Step 2:** Document the patient encounter in the claim. All of these codes (even the code for not generating prescriptions) count toward a positive score.

**Step 3:** Report a G-code.

Use G-code:

**G8443**—to report using an e-prescribing system for all prescriptions

**G8445**—to report using a qualified e-prescribing system, **but** that you did **not** generate any prescriptions during the encounter

**G8446**—to report using a qualified e-prescribing system, **but** that you did **not** e-prescribe due to state or federal law or regulations that required you to phone-in or print the prescription

**G8446**—to report using a qualified e-prescribing system, **but** that you did **not** e-prescribe because the prescription was for narcotics or other controlled substances

**G8446**—to report using a qualified e-prescribing system, **but** the patient requested that you phone-in or print the prescription

**G8446**—to report using a qualified e-prescribing system, **but** the pharmacy system cannot receive electronic transmissions

The 2009 e-prescribing measure, CMS E-prescribing Measure Specifications, describes a qualified e-prescribing system as 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)

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

Note: The qualified e-prescribing system must employ, for the capabilities listed above, the e-prescribing 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).

Examples of 2008 G-code descriptors:

- Ms. Smith sees Dr. Jones twice a year. She has high blood pressure and glaucoma. Dr. Jones e-prescribes medication to treat Ms. Smith's conditions and includes the **G8443 code** with the office visit code, indicating all prescriptions generated during the visit were electronically prescribed.
- Mrs. Brown is a new patient with Dr. Jones. During her visit, she complains of a cold. Dr. Jones recommends over-the-counter medication to treat Mrs. Brown's cold. Dr. Jones does not write a prescription. Dr. Jones includes the **G8445 code** with the office visit code, indicating there were no prescriptions associated with this visit.
- Mr. Smith sees Dr. Jones for treatment of his high blood pressure and severe pain. Dr. Jones e-prescribes medication for Mr. Smith's high blood pressure and provides a written prescription for pain medication. Dr. Jones includes the **G8446 code** with the office visit code to indicate that one of the prescribed medications was a controlled substance, and therefore was not e-prescribed.

##### **5. Should I report e-prescribing associated with office visits provided as part of a global surgical package?**

No. E-prescribing should only be reported for office visits and consultations 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 50 percent of office services for which e-prescribing 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 e-prescribing.

##### **6. Can I still report that I e-prescribe as one of my three PQRI measures for 2009?**

No. This new incentive program is separate from and in addition to any incentive payment that physicians may earn through the Performance Quality Reporting Initiative (PQRI). After Dec. 31, 2008, the current PQRI electronic prescribing measure, Measure #125, will be removed from the PQRI and will become part of the CMS Electronic Prescribing Incentive Program.

Therefore, physicians may no longer report Measure #125 as one of their three quality measures to qualify for the bonus under the PQRI. As of Jan. 1, 2009, the CMS E-prescribing Measure Specifications will count only toward reimbursement under the CMS Electronic Prescribing Incentive Program.

##### **7. Can I e-prescribe controlled substances?**

No. Although the Drug Enforcement Agency issued proposed regulations for e-prescribing controlled substances, the regulations have not been finalized.

##### **8. Can I still use computer-generated faxes?**

For those who e-prescribe 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 e-prescribing 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 e-prescribing system or tool even if the prescription is ultimately converted into a fax on the pharmacy end.

**9. Do I need to report the e-prescribing G-codes 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 e-prescribing incentive payments under Medicare Part B.

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

For more information, link to the CMS Electronic Prescribing Incentive Program. Practices should visit [www.cms.hhs.gov/EPrescribing](http://www.cms.hhs.gov/EPrescribing) and [www.cms.hhs.gov/PQRI](http://www.cms.hhs.gov/PQRI) for updates to the incentive program.

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

E-mail [hit@ama-assn.org](mailto:hit@ama-assn.org) if you have any questions.

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