

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 were required to comply with the CMS standards on medication history, formulary and benefits information, and fill status notification by April 1, 2009.

Beginning in 2009, to further promote adoption of e-prescribing 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 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 2010?

The incentive program provides for an incentive payment to eligible professionals who successfully e-prescribe medications in 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.

Note: Medicare's e-prescribing 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, [read this summary](#) or visit www.ama-assn.org/go/hit.

An eligible professional may not participate in both the Medicare e-prescribing incentive program and the new EHR incentive program specified in ARRA. Also, it is important to note that eligible physicians can participate in the [Physician Quality Reporting Initiative \(PQRI\)](#) incentive program, even if they are taking advantage of the e-prescribing or EHR incentive programs. For more information about the PQRI incentive program and requirements, visit <http://www.cms.hhs.gov/PQRI>.

CMS Electronic Prescribing Incentive Program

Calendar year of e-prescribing	Incentive amount	Penalty amount
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, 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, 2010, in order to receive incentive payments for e-prescribing, eligible physicians *must* report the e-prescribing 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 E-prescribing Measure Specifications](#). 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.

Note: The link above includes information on additional services (i.e., skilled nursing facility and home care) that have been added to the 2010 e-prescribing incentive program.

4. What are the 2010 reporting and system requirements for e-prescribing?

Eligible professionals can report prescribing activity using a qualified e-prescribing system. Physicians can report G-code G8553 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. 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 measure-specific coding should be reported on the same claim.

Step 3: Report G-code G8553 when a patient visit results in placing at least one electronic prescription.

The 2010 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).

Note: Beginning with the 2010 e-prescribing incentive program, eligible physicians have several reporting options for submitting information on G-code G8553: (1) report on Medicare Part B claims, (2) report to a qualified registry, or (3) to CMS via a qualified electronic health record (EHR) product. Additional information on the registry-based or EHR-based reporting mechanism is available at www.cms.hhs.gov/ERXIncentive.

Also, beginning with the 2010 e-prescribing incentive program, a group practice may also potentially qualify to earn an e-prescribing incentive payment equal to 2 percent of the group practice's total estimated Medicare Part B Physician Fee Schedule (PFS) allowed charges for covered professional services furnished during the 2010 reporting year based on the group practice meeting the criteria for successful electronic prescriber specified by CMS. Payments made to a group are in lieu of payments that otherwise would be made to eligible professionals in that group. Visit www.cms.hhs.gov/ERXIncentive to learn more about this reporting option.

Examples of 2010 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 **G8553 code** with the office visit code, indicating all prescriptions generated during the visit were electronically prescribed.
- 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 **G8553 code** with the office visit code to indicate the electronically prescribed medication.

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 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 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 collect incentives from both the PQRI and the e-prescribing program?

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 \(PQRI\)](#). As of Dec. 31, 2008, the current PQRI electronic prescribing measure, Measure #125, was removed from the PQRI and became 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](#) 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-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 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 and 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 for future installments of frequently asked questions.

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

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