

Understanding the basics of Medicare's Electronic Prescribing 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 this year (2012).

2. What are the incentive amounts for using a qualified ePrescribing system in 2012?

The 2012 Medicare ePrescribing incentive program provides for an incentive payment to eligible physicians who successfully ePrescribe medications in 2012 equal to 1 percent of their total Medicare Part B payments for the year.

Note: Medicare's ePrescribing incentive program sunsets after 2013. As a result of the American Recovery and Reinvestment Act (ARRA), which became law in February 2009, another incentive program began with incentive payments in 2011 for demonstrating the meaningful use of electronic health records (EHRs). For more information about the ARRA incentives, visit ama-assn.org/go/hit.

An eligible professional can not receive incentives under 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 receive incentives under 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 cms.gov/PQRS. You can also receive incentives under 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
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. Penalties are based on a lack of ePrescribing activity in the previous year.

3. What are the eligibility and reporting requirements for the 2012 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 2012 specifications on its “eRx Measure” page at www.cms.gov/ERXIncentive no later than December 31, 2011.

To participate in the 2012 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 EHR product. For a list of qualified registries and qualified EHR vendors and products please link to: cms.gov/ERXIncentive. Physicians must stick with one reporting mechanism.

In order to receive incentive payments for ePrescribing in 2012, 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, on Medicare Part B claim forms.

The reporting period for the 2012 ePrescribing incentive program will be for the entire 2012 calendar year (January 1, 2012, through December 31, 2012).

4. What are the 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, will 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 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 cms.gov/eprescribing

Also, effective as of October 6, 2011, physicians are allowed to use a certified EHR system to ePrescribe under the Medicare ePrescribing incentive and penalty program.

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 2012 reporting period. For more information about the group practice ePrescribing incentive program requirements go to: 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 avoiding of penalties for not adopting ePrescribing.

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

Yes. This 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 use computer-generated faxes?

No. In order to qualify for the ePrescribing incentive payment program or avoid ePrescribing penalties, 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. The ePrescribing program is only applicable to Medicare Part B

11. Is there an appeals process?

Unfortunately, no.

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.

In addition to 2012 penalties, according to MIPPA, physicians who are eligible but choose not to participate in the Medicare ePrescribing incentive program and do not qualify for a significant hardship exemption would be subject to a 1.5 percent Medicare payment reduction based on their 2013 Medicare Part B fee schedule amounts during the year (2 percent in 2014).

13. What ePrescribing activity is required in 2012 to avoid the 2013 penalty?

To avoid penalties in 2013, an eligible physician needs to report the ePrescribing G-code, G8553, at least 10 times for Medicare office visits or services for the January 1, 2012 through June 30, 2012 reporting period on your Medicare Part B claim forms.

For eligible physicians and group practices using the claims-based reporting mechanism, all claims for services furnished between January 1, 2012, and June 30, 2012 needed to be received and processed by CMS no later than one month after the reporting period.

14. What about avoiding the 2014 penalty?

Physicians and other eligible prescribers can avoid the 2014 penalty in two ways:

1. Report G-code (G8553) 25 times in 2012 on Part B claims or
2. Report G-code (G8553) 10 times in the first six months of 2013 on Part B claims.

Note that the first option makes you eligible for a 1 percent incentive in 2012 as well.

Note: Physicians who successfully transmitted and reported on 25 electronic prescriptions in 2011 will also avoid penalty in 2013.

15. Do I have to ePrescribe for certain visits/services to avoid the ePrescribing penalty?

No. Unlike the ePrescribing incentive program and the 2012 eRx penalty program, to avoid an ePrescribing penalty in 2013–2014, you do **not** have to tie the electronic prescription to a qualifying visit or service if you report on 10 e-scripts during the first six months of 2012 and on 10 e-scripts during the first six months of 2013. As long as you ePrescribed for a Medicare patient you treated, you can report G8553 on the Medicare Part B claim on any service or visit.

Note: You can also avoid the ePrescribing penalty by reporting on ePrescribing using a registry or EHR, but the rules for reporting are different than claims-based reporting. Check cms.gov/erx incentive for details on the penalty program.

16. Can I apply for an exemption?

Yes.

To avoid the 2013 ePrescribing penalty physicians have an opportunity to attest online that they are eligible for one of the following penalty exemptions:

- Physician is unable to electronically prescribe due to local, state, or federal law or regulation (e.g., state law prohibits ePrescribing of controlled substances)
- Physician prescribes fewer than 100 prescriptions between January 1, 2012 and June 30, 2012
- 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

Physicians will have to apply for an exemption from the 2013 ePrescribing penalty via the CMS website by June 30, 2012.

[Exception form.](#)

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

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

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

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

The information contained herein is general in nature and is based on authorities that are subject to change. It is not intended as legal advice provided by the American Medical Association and should not be relied upon as a substitute for legal advice or opinion. This material may not be applicable to, or suitable for, the specific circumstances or needs of the reader, and may require additional consideration of other factors not described herein.