

Medicare introduced an e-prescribing program in 2009 that encourages physicians to electronically transmit their prescriptions. The e-prescribing program provides incentive payments for physicians who e-prescribe and payment penalties for physicians who do not. Starting in 2012, Medicare will begin a 1 percent payment reduction penalty on all Medicare allowed charges for eligible professionals who do not electronically transmit their prescriptions. The penalty increases to 1.5 percent in 2013 and 2 percent in 2014.

### **Immediate Action Required to Avoid the 1% Penalty in 2012**

The payment reduction penalty of one percent (1 percent) for 2012 will be determined by e-prescribing activity between January 1 and June 30, 2011. To avoid the penalty in 2012, all eligible professionals must report e-prescribing activity using measure code G8553 for at least 10 eligible outpatient visits ***via claims submission***. This is true even for physicians who are already reporting through an electronic health record system.

Additional information about the program, the bonus requirements, and claims submission guidelines is outlined below.

### **E-Prescribing Overview**

Electronic prescribing (e-prescribing or eRx) is a paperless way of prescribing medication that involves electronically transmitting a prescription to a pharmacy.

There are no sign-up requirements. To successfully e-prescribe you must use a qualified e-prescribing system to transmit electronic prescriptions to the pharmacy.

Qualifying systems must:

- Generate a complete active medication list incorporating electronic data received from applicable pharmacies and pharmacy benefit managers (PBMs) if available;
- Select medications, print prescriptions, electronically transmit prescriptions, and conduct all alerts

(including written or acoustic signals to warn prescriber of possible undesirable or unsafe situations, including potentially inappropriate dose or route of administration of a drug, drug-drug interactions, allergy concerns, or warnings and cautions);

- Provide information related to the availability of lower cost, therapeutically appropriate alternatives (if any);
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- Provide information on formulary or tiered formulary medications, patient eligibility, and authorization requirements received electronically from the patient's drug plan (if available).

There are several ways to meet these requirements:

- A certified electronic health record (EHR) system that has an eRx component
- Free-standing commercially available eRx software
- An eRx internet portal (eg., National ePrescribing Patient Safety Initiative)

Medicare does not certify eRx systems. Many of the certified EHR systems have individual components that can be used. Check the list of certified EHR providers on the Certified Health IT Product List website at <http://onc-chpl.force.com/ehrcert> for available systems.

### **Eligible Professionals**

Medicare defines eligible professionals – in other words, those who can receive the incentive and are subject to the payment reduction adjustments – as physicians (MD, DO), podiatrists, nurse practitioners, or physician assistants. Other professionals may receive the incentive payment if they are authorized under state law to prescribe, but they are not subject to the penalties.

## Reporting eRx Activity to Medicare

Medicare has established denominator codes (outpatient visit procedure codes) that qualify for e-prescribing reporting. These codes are: 90801-90802, 90804-90809, 90862, 92002, 92004, 92012, 92014, 96150-96152, 99201-99205, 99211-99215, 99304-99310, 99315-99316, 99324-99328, 99334-99337, 99341-99345, 99347-99350, G0101, G0108, G0109.

To report that an electronic prescription was given during a patient visit, physicians report the applicable denominator code from the list above and the measure code G8553 as line items (Box 24D) on the form CMS 1500 (or in the electronic equivalent section of the electronic claim). List the billed charge for the denominator code in Box 24F and use \$0.00 for the billed charge for the measure code. If your electronic system will not accept a zero charge, use a small amount such as \$0.01. CMS will deny payment for the G8553 measure code on your remittance advice with remark code N365: "This procedure code is not payable. It is for reporting/information purposes only." The N365 does not indicate whether the eRx G-code is accurate for that claim or for the measure you are reporting. It only indicates that the eRx G-code passed into the national claims history database that will keep track of the denominator and measure code for reporting purposes.

The measure code G8553 can only be reported once per visit, regardless of the number of prescriptions written.

## Avoiding the 2012 Payment Reduction Penalty

To avoid the one percent penalty in 2012, all physicians must report their e-prescribing activity for at least 10 patient visits with one of the denominator codes and the measure code ***via claims submission***. This is true even for physicians who are already reporting via EHR for purposes of collecting the EHR incentive bonus. Although physicians cannot receive both the EHR incentive and the eRx incentive in the same year, they must report at least 10 patient visits and the measure code ***via claims submission*** in order to avoid the payment reduction penalty. Both the denominator code and the measure code must appear on the same claim.

The payment reduction adjustment will not apply if:

- An eligible professional has fewer than 100 claims containing a denominator code from January 1 through June 30, 2011.
- Fewer than 10 percent of an eligible professional's total allowed Part B charges from January 1 through June 30, 2011, are comprised of the denominator codes.

Medicare also has established two "hardship codes" that can be reported via claims if an eligible professional wishes to request an exemption to the eRx Incentive program and the payment adjustment. These codes may be used if one of the following situations applies:

- G8642 – The eligible professional practices in a rural area without sufficient high speed internet access and requests a hardship exemption from the application of the payment adjustment under section 1848(a)(5)(A) of the Social Security Act.
- G8643 – The eligible professional practices in an area without sufficient available pharmacies for electronic prescribing and requests a hardship exemption from the application of the payment adjustment under Section 1848(a)(5)(A) of the Social Security Act.

Physicians will not be subject to the payment reduction if the following code is used:

- G8644 – Eligible professional does not have prescribing privileges.

One of these codes must be used on at least one eligible claim prior to June 30, 2011, for the physician to be considered for hardship or payment reduction exemption.

CMA ***strongly recommends*** that physicians submit more than 10 claims during the reporting period to ensure the minimum threshold is met.

## Qualifying for the 2011 Incentive Bonus

To qualify for the 1 percent bonus in 2011, simply continue reporting e-prescribing activity in the manner described above for at least 25 patient visits between January 1 and December 31, 2011. If you have started claims based

reporting, you may continue that process until the 25 (or more) visit threshold is reached. However, physicians may also choose to report via a qualified registry or EHR system. To use this method, you must report at least 25 claims through registry or EHR **in addition to** the 10 claims you submit to avoid the penalty. You can report the same patient visits on both claims (to avoid the penalty) and registry or EHR to qualify for the incentive.

Qualifying for the payment incentive does not necessarily exempt you from future payment reduction penalties. You must meet the claims submission requirements for January 1 to June 30, 2011, to avoid the penalty.

The incentive payment is one percent of allowed charges for professional services covered by Medicare Part B in 2012, and then declines to 0.5 percent in 2013 and 0 percent in 2014 and beyond.

Please note that physicians cannot receive both the EHR incentive and the eRx incentive in the same year. For more information on the EHR incentives, see <http://www.cmanet.org/HIT>.

### **Avoiding Future Payment Reduction Penalties**

Under current regulations, you must be a successful e-prescriber in 2011 to avoid the 2013 payment reduction penalty. Future rule making may further define or change the requirements for 2013 and beyond.

CMS has received extensive feedback on situations that are not accounted for, and may be suitable for exemption. Under current regulations there is no exemption for the following identified situations:

- Controlled substances, as defined by the Drug Enforcement Agency, may not be electronically prescribed.
- Physician's who work primarily or solely in a nursing home environment in which the nursing home fills the prescriptions probably will not meet the minimum requirements.

CMA will provide comments when proposed rules are released.

### **More Information**

The following website includes information on the Medicare eRx incentive program:

<http://www.cms.gov/ERXincentive>