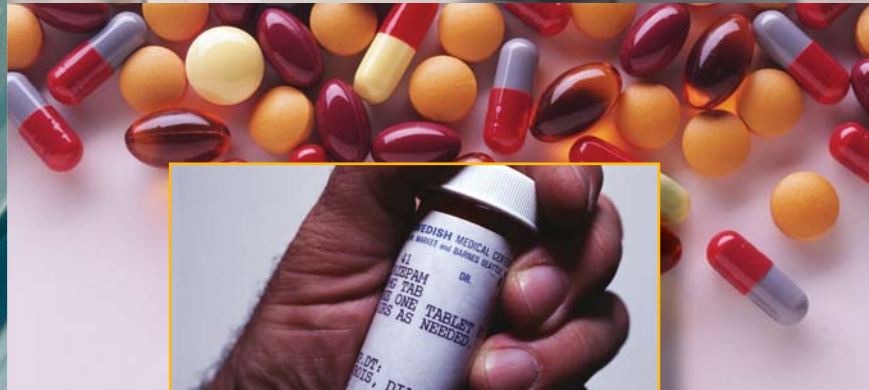


# Medicare's Practical Guide to the E-prescribing Incentive Program

November 2008



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## Welcome to the E-prescribing Incentive Program

Electronic prescribing (e-prescribing) is the transmission of prescription or prescription-related information through electronic media. E-prescribing takes place between a prescriber, dispenser, pharmacy benefit manager (PBM), or health plan. It can take place directly or through an intermediary (like an e-prescribing network). The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) authorized the Medicare E-prescribing Incentive Program beginning in 2009 to promote adoption and use of e-prescribing systems.

With e-prescribing, health care professionals can electronically transmit both new prescriptions and responses to renewal requests to a pharmacy without having to write or fax the prescription. E-prescribing can save time, enhance office and pharmacy productivity, and improve patient safety and quality of care.

If you're an eligible professional and you're interested in earning incentives from Medicare for using e-prescribing technology, take the time to read this guide. It explains the e-prescribing incentive and provides other resources for more comprehensive guidance. CMS (the Centers for Medicare & Medicaid Services) encourages you to adopt e-prescribing, and we look forward to embarking on the e-prescribing initiative with you.



## Medicare’s Practical Guide to the E-prescribing Incentive Program

What Is the Medicare E-prescribing Incentive Program? .....	2–3
How to Participate in Medicare’s E-prescribing Incentive Program.....	4
Choosing a Qualified E-prescribing System .....	5–7
How to Report the E-prescribing Incentive Program Measure.....	8–9
What’s Next .....	10
Summary .....	11

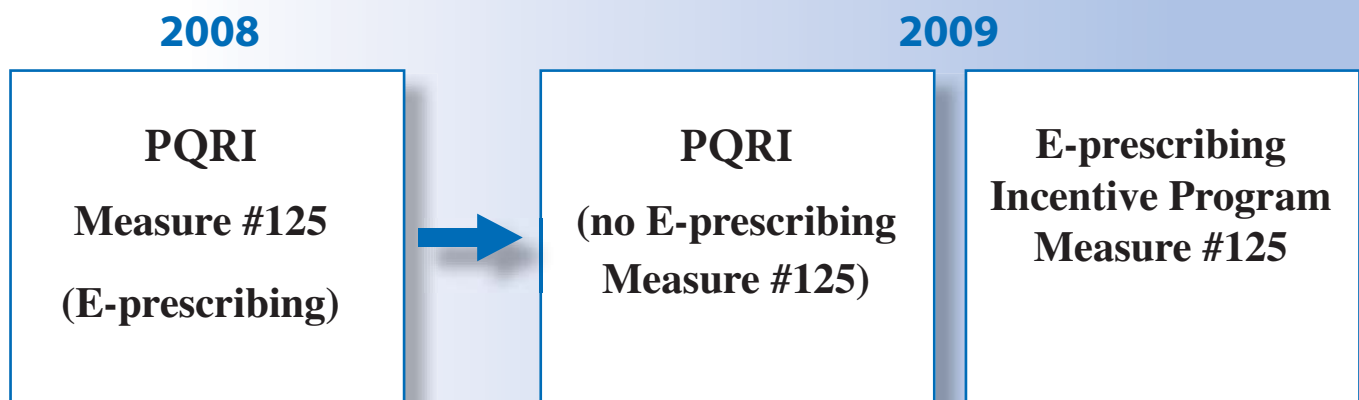
*“Medicare’s Practical Guide to the E-prescribing Incentive Program” isn’t a legal document. Official Medicare Program provisions are contained in the relevant statutes, regulations, and rulings. The information in this booklet was correct as of November 2008. For more information about the e-prescribing incentive or to get updated versions of this document, visit [www.cms.hhs.gov/eprescribing](http://www.cms.hhs.gov/eprescribing).*

## What Is the Medicare E-prescribing Incentive Program?

The Medicare e-prescribing incentive is a new program authorized under the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA).

The program begins January 1, 2009 and provides incentives for eligible professionals who are “successful e-prescribers” (see page 4). The E-prescribing Incentive Program is currently based on one e-prescribing quality measure that is currently included in the Physician Quality Reporting Initiative (PQRI). The PQRI is a reporting program that provides an incentive payment to eligible professionals who satisfactorily report data on a designated set of quality measures for covered professional services furnished during the applicable reporting period.

Beginning in 2009, the e-prescribing quality measure will be removed from the PQRI, and it will become the quality measure used in the E-prescribing Incentive Program. This means that a physician or other eligible professional could potentially get two incentive payments: one for being a “successful e-prescriber” for reporting the e-prescribing quality measure under the E-prescribing Incentive Program, and one for satisfactorily submitting data on other quality measures under the PQRI. Specifications for the 2009 e-prescribing incentive measures are different from the 2008 PQRI program measures.



## What Is the Medicare E-prescribing Incentive Program? (continued)

For 2009, e-prescribing incentive amounts will be 2% of the total estimated allowed charges for professional services covered by Medicare Part B and furnished by an eligible professional during the reporting period (one calendar year).

### A Quick Look at the Medicare E-prescribing Incentive Payment

If you are a “successful e-prescriber” during calendar year	Your incentive payment is
2009	2.0%
2010	2.0%
2011	1.0%
2012	1.0%
2013	0.5%

*You must submit claims no later than 2 months after the reporting period ends.*

**Note:** To be **eligible** for the incentive in 2009, you must be an eligible professional whose estimated allowed Medicare Part B charges for the e-prescribing measure codes are at least 10% of their total Medicare Part B allowed charges. These Healthcare Common Procedure Coding System (HCPCS) codes are in the denominator of the E-prescribing Incentive Program measure during the reporting period.

For example, in 2009 if an eligible professional has \$100,000 in estimated allowed Medicare Part B charges, at least \$10,000 of these charges must be based on the HCPCS codes that are in the denominator of the E-prescribing Incentive Program measure. See pages 8–9 for more information.



For more information about the e-prescribing quality measure, the associated codes, and the procedures for reporting data on the quality measure, visit [www.cms.hhs.gov/PQRI](http://www.cms.hhs.gov/PQRI). Select “E-prescribing Incentive Program.”

## How to Participate in Medicare's E-prescribing Incentive Program

The program provides incentives to eligible professionals who are “successful e-prescribers” and who are authorized under their respective state practice laws to prescribe.

### Who is an eligible professional?

In general, an eligible professional is one of the following:

- Physician
- Physical or occupational therapist
- Qualified speech-language pathologist
- Nurse practitioner
- Physician assistant
- Clinical nurse specialist
- Certified registered nurse anesthetist
- Certified nurse midwife
- Clinical social worker
- Clinical psychologist
- Registered dietitian
- Nutrition professional
- Qualified audiologist (as of 2009)

### What is a “successful e-prescriber”?

For 2009, to be a “**successful** e-prescriber,” you must report the e-prescribing quality measure through your Medicare Part B claims on at least 50% of applicable cases during the reporting year.

MIPPA allows for future use of Part D data instead of claims-based reporting of e-prescribing quality measures. CMS is considering allowing this for future years.

## Choosing a Qualified E-prescribing System

To participate in the E-prescribing Incentive Program, you must use a “qualified” e-prescribing system. There are two types of systems: a system for e-prescribing only (a “stand-alone” system), or an electronic health record (EHR) system with e-prescribing functionality. Either of these systems may be used for the incentive program, as long as they are “qualified.” A qualified system must be able to do the following:

1. Generate a complete medication list that incorporates data from pharmacies and benefit managers (if available)
2. Select medications, transmit prescriptions electronically\* using the applicable standards, and warn the prescriber of possible undesirable or unsafe situations
3. Provide information on lower-cost, therapeutically-appropriate alternatives (for 2009, tiered formulary information, if available, meets this requirement)
4. Provide information on formulary or tiered formulary medications, patient eligibility, and authorization requirements received electronically from the patient’s drug plan

*\*The prescription must be sent electronically. If the network converts the electronic prescription into a fax because the pharmacy can’t get electronic faxes, this counts as e-prescribing. If the e-prescribing system is only capable of sending a fax directly from the e-prescribing system to the pharmacy, the system isn’t a qualified e-prescribing system. Detailed system requirements are in Measure #125 at [www.cms.hhs.gov/pqri](http://www.cms.hhs.gov/pqri). Select “E-prescribing Incentive Program.”*

There are Part D standards for additional functions not required in the e-prescribing measure. If your system has these additional functions, these functions must use the Part D standards in effect at the time. Read the next page for more information on the Medicare Part D e-prescribing standards.

## Choosing a Qualified E-prescribing System (continued)

### *Medicare Part D standards (continued)*

On April 7, 2008, the latest additions to the Medicare Part D e-prescribing standards were announced. Effective April 1, 2009, these standards will apply to the E-prescribing Incentive Program. For a list of all Medicare Part D standards, visit [www.regulations.gov](http://www.regulations.gov). Search for “Part D prescribing.” The latest standards are used to electronically convey medication history, formulary and benefit information, and prescription fill status information. They also require the use of the National Provider Identifier (NPI) to identify providers in Part D e-prescribing transactions. The system you choose must be compliant with the Part D e-prescribing standards for the specific function (like transmitting prescriptions) that are in effect when the transaction is conducted.

### **Consider these important questions when choosing a system:**

#### **Do you want a stand-alone system or one that is part of an EHR?**

Stand-alone systems are the cheapest and fastest to implement, but EHRs have additional features that are helpful in managing a medical practice over the long run.

#### **Does the system use Medicare Part D standards? Will it be updated as needed?**

It's important to understand the system's features and how they work. Remember, to qualify for the e-prescribing incentive, you must use a system that has the features listed on the previous page.

#### **To understand if the system is “qualified” and uses Medicare Part D standards, review “A Clinician’s Guide to Electronic Prescribing.”**

This publication contains a buyer's guide to help you compare e-prescribing systems. To access it, visit [www.ehealthinitiative.org](http://www.ehealthinitiative.org).



If you live in a rural area, make sure that the system you choose has service in your area.

## Choosing a Qualified E-prescribing System (continued)

### You May Be Able to Get Help Paying for Your E-prescribing System

If you invest in and use an e-prescribing system, the incentive you get may offset your initial setup and operating costs. However, as part of an effort to encourage e-prescribing, Federal, state, and private sources are also offering financial aid for physicians. For more information, review “A Clinician’s Guide to Electronic Prescribing” at [www.ehealthinitiative.org](http://www.ehealthinitiative.org).

There are also parameters for technology donations so that under certain conditions, providers can accept donations without violating the Stark law or the Anti-Kickback Statute. For more information about the Stark law and Anti-Kickback Statute, visit either of the two websites below:

- [www.cms.hhs.gov/PhysicianSelfReferral/01\\_overview.asp](http://www.cms.hhs.gov/PhysicianSelfReferral/01_overview.asp)
- [www.oig.hhs.gov/fraud/safeharborregulations.asp](http://www.oig.hhs.gov/fraud/safeharborregulations.asp)

Many states have developed web-based e-prescribing systems that don’t require providers to have additional software. While these systems are designed to operate with the State Medicaid program, some may also be able to handle Medicare prescriptions and claims. Providers can adopt these systems at little or no cost. Because state systems vary, you should check with your State Medical Assistance (Medicaid) office about their e-prescribing activities.

## How to Report the E-prescribing Incentive Program Measure

To get the incentive in 2009, you have to **report** on the e-prescribing quality measure. When you have an applicable case, you can report on the e-prescribing measure with **two steps**:

STEP 1. Bill on one of the following denominator codes:

90801	90808	96150	99204	99215	G0101
90802	90809	96151	99205	99241	G0108
90804	92002	96152	99211	99242	G0109
90805	92004	99201	99212	99243	
90806	92012	99202	99213	99244	
90807	92014	99203	99214	99245	



Even if you're not sure if the Medicare service you bill for with these denominator codes will exceed 10% of your Medicare revenues, you should report the e-prescribing codes.

## How to Report the E-prescribing Incentive Program Measure (continued)

STEP 2. Report **one** of the three G-codes listed below on more than 50% of applicable cases for the numerator. Each of the three codes (even the code for not generating prescriptions) count toward the e-prescribing incentive. One of the G codes must be reported on the same claim as the denominator billing code.

E-prescribing Incentive Program Quick Reference: G-Codes	
If You...	Report
✓ Used a qualified e-prescribing system for <b>all</b> of the prescriptions	G8443
✓ Had a qualified e-prescribing system, <b>but</b> didn't generate any prescriptions during this encounter	G8445
✓ Had a qualified e-prescribing system, <b>but</b> prescribed narcotics or other controlled substances*	G8446
✓ Had a qualified e-prescribing system, <b>and</b> state or Federal law required you to phone in or print the prescriptions	G8446
✓ Had a qualified e-prescribing system, <b>and</b> the patient asked that you phone in or print the prescriptions	G8446
✓ Had a qualified e-prescribing system, <b>and</b> the pharmacy system can't receive electronic transmission	G8446

\* The Drug Enforcement Agency (DEA) currently prohibits e-prescribing for controlled substances. The DEA has issued a proposed rule to allow e-prescribing for controlled substances under certain conditions. Even if the DEA allows e-prescribing for controlled substances, G-code G8446 allows you to report on the e-prescribing measure for controlled substances **without** using an e-prescribing system to do so.

**Note:** Under the PQRI, data on quality measures may be submitted through claims in 2008. Registry reporting will be available in 2009 in the E-prescribing Incentive Program.

## What's Next

Here's a glimpse of what's on the horizon for e-prescribing:

### **Latest Additions and Revisions to Part D E-prescribing Standards Effective April 1, 2009**

On April 1, 2009, additional and revised standards for e-prescribing under the Medicare Part D program will go into effect (see page 5). These additional standards complement the existing foundation standards, which cover eligibility transactions and transmitting prescriptions and prescription-related information between prescribers and dispensers.

### **Understanding the Requirements in Your State**

All states allow e-prescribing, but some have certain regulatory requirements. Check with your state officials to make sure you are complying with any applicable e-prescribing requirements specific to your state.

### **DEA Rules on Controlled Substances**

The Drug Enforcement Agency (DEA) currently prohibits e-prescribing for controlled substances. The DEA has issued a proposed rule to allow e-prescribing for controlled substances under certain conditions. Even if the DEA allows e-prescribing for controlled substances, G-code G8446 allows you to report on the e-prescribing measure for controlled substances **without** using an e-prescribing system to do so.

### **Differential Payment for Not E-prescribing Goes into Effect 2012**

Eligible professionals who are not "successful e-prescribers" by 2012 will be subject to a differential payment (penalty) beginning in 2012. The differential payment would result in the physician getting 99% of the total allowed charges of the eligible professional's physician fee schedule payments in 2012, 98.5% in 2013, and 98% in 2014.

## Summary

Keep these key points in mind as you move toward making e-prescribing part of your practice:

- Beginning January 1, 2009, CMS will provide an incentive to “successful e-prescribers.”
- The sooner you participate in the program, the greater your incentive payment. Beginning in 2012, if you’re not a “successful e-prescriber,” you will be subject to a differential payment (penalty).
- You need a “qualified” e-prescribing system to participate. There’s help available to choose a system.
- Become familiar with the codes for the E-prescribing Incentive Program quality measure.
- Check with your state officials to make sure you are complying with any e-prescribing requirements specific to your state.
- You can prescribe controlled substances and still report on the e-prescribing quality measure by reporting G-code G8446.



For more information about the e-prescribing incentive or to get updated versions of this document, visit [www.cms.hhs.gov/PQRI](http://www.cms.hhs.gov/PQRI). Select “E-prescribing Incentive Program.”

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**Centers for Medicare & Medicaid Services**

7500 Security Boulevard  
Baltimore, Maryland 21244-1850

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