Avoiding The 1% Medicare Penalty For e-Prescribing

Physicians face a 1% Medicare penalty beginning in 2012 unless they have an electronic prescribing system in place and report using the system for at least 10 Medicare patient visits before June 30, 2011 - *just two months from now!*

To help member physicians avoid the penalty, the RCMA has prepared the following guidance that describes the penalty, how to begin e-prescribing, how to report e-prescribing to avoid the penalty, and how to qualify for a bonus instead of the penalty.

E-Prescribing Overview: How To Avoid The 1% Penalty In 2012

CMS recently announced that physicians who do not implement and employ a qualified electronic prescribing system by June 30, 2011 will face a 1% penalty in 2012.

Electronic prescribing (eRx) is a paperless way of prescribing medication that involves transmitting a prescription to a pharmacy electronically. Medicare introduced an incentive program in 2009 to encourage physicians to eRx, but starting next year Medicare will begin penalizing physicians equal to 1% of your allowed Medicare charges for all covered services if you don't eRx. The penalties increase to 1.5% in 2013 and a 2% in 2014 and beyond. The penalty for 2012 will be determined by your eRx activity between now and June of this year.

Am I Covered By This Requirement?

Medicare has excluded physicians who have fewer than 100 cases between Jan 1 – June 30, 2011 containing an eligible ambulatory care visit code. This includes the following codes: 90801, 02, 90804-09, 90862, 92002, 92004, 92012, 92014, 96150-52, 99201-05, 99211-15, 99304-10, 99315-16, 99324-28, 99334-37, 99341-45, 99347-50, G0101, G0108, G0109. Physicians may also be exempt if fewer than 10% of total allowed Part B charges are comprised of these codes.

How Do I Avoid The Penalty?

Covered physicians who wish to avoid the 1% penalty in 2012 must report via claims their use of an eRx system for at least 10 patient visits before June 30, 2011. New and repeat patient visits qualify for the program. A patient visit in which the patient is given several prescriptions counts as one eRx.

Step 1: Start E-Prescribing

To successfully eRx, you must use an eRx program on your computer to transmit electronic prescriptions to the pharmacy. Qualifying systems must meet the following requirements:

- Generate a complete active medication list incorporating electronic data received from applicable pharmacy drug plan(s), if available.
- Select medications, printing prescriptions, electronically transmitting prescriptions, and conducting all safety checks (includes automated prompts that offer information on the drug being prescribed, potential inappropriate dose or route of administration of the drug, drug-drug interactions, allergy concerns, and warnings/cautions).
- Provide information related to the availability of lower cost, therapeutically appropriate alternatives (if any).
- Provide information on formulary or tiered formulary medications, patient eligibility, and authorization requirements received electronically from the patient's drug plan.

There are several eRx programs that already meet the above requirements:

- An EHR (electronic health record) system that has an eRx component;
- A free-standing commercially available eRx software system
- A free eRx internet portal

For physicians who have not yet begun to eRx and who do not have an EHR system or registry up and running, there is a free e-prescribing software program available through the National ePrescribing Patient Safety Initiative (NEPSI) at www.nationalerx.com. This can be used to 1) avoid the eRx payment penalty, 2) avoid having to purchase an eRx system that is separate from your current or eventual EHR system, and 3) avoid rushing into an EHR purchase before your practice is ready to meet the Stage 1 "meaningful use requirements."

Step 2: Report Your Erx Activity To Medicare Via Claims

To avoid the penalty in 2012, all physicians must report their eRx activity for at least 10 patient visits via claims. This is true even for physicians who are already reporting via EHR or registry for purposes of collecting the incentive bonus. To report that a eRx was given during a patient visit, physicians report the code G8553 as a line item (Box 24) on your CMS 1500 claim form (or equivalent section of the electronic claim). List $0.00 for your charges, or if your electronic system will not accept that use a small amount such as $0.01. CMS will deny payment for this item on your claim form, but should keep track for purposes of reporting.

The G8553 code only needs to be reported for eligible ambulatory care visits with one or more of the following code (CPT or HCPCS): 90801, 02, 90804-09, 90862, 92002, 92004, 92012, 92014, 96150-52, 99201-05, 99211-15, 99304-10, 99315-16, 99324-28, 99334-37, 99341-45, 99347-50, G0101, G0108, G0109. Controlled substances, as defined by the Drug Enforcement Agency, may not be electronically prescribed.

The RCMA strongly recommends that physicians submit more than 10 claims if possible to ensure you meet the minimum threshold, and physicians should keep copies of claim forms and corresponding EOBs in case there is a later dispute over whether you met the requirements.

How Can I Qualify For The Bonus Instead?

To qualify for the 1% bonus in 2011, you must simply continue reporting eRx activity in the manner described above for at least 25 patient visits between now and December 31, 2011. If you have started claims based reporting, it is probably simplest to 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).

Incentives remain 1% in 2012, then decline to 0.5% in 2013 and 0% in 2014 and beyond. There are no sign-up requirements.

For more information on the Medicare eRx incentive program please visit:
http://www.cms.gov/ERXincentive