

What the Medicare act's e-prescribing financial incentives mean to you

When Congress overrode the president's veto of H.R. 6331, the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), it approved not only critical Medicare payment provisions, but also an important set of financial incentives to encourage practices to adopt electronic prescribing (e-prescribing).

E-prescribing offers significant benefits to medical practices. It can reduce the number of medical errors caused by drug-to-drug interactions and, from an administrative perspective, can improve a practice's performance. By automating the prescription refill process and reducing the number of pharmacy callbacks due to improved formulary compliance and illegible handwritten prescriptions, the technology can boost a practice's bottom line.

Financial incentives

The bonus program outlined in the legislation is designed to address some of the costs of implementing and maintaining an e-prescribing system — significant barriers to adoption of the technology. While the specifics of the programs have yet to be completed, the act phases out government bonuses for e-prescribing after five years. Practices that have not adopted e-prescribing at that point will be reimbursed at lower rates.

Highlights of the e-prescribing program under the MIPPA incentive program:

- In 2009 and 2010, Medicare will pay a 2 percent e-prescribing bonus in addition to the practice's Medicare fee for e-prescribing;
- In 2011 and 2012, the bonus will drop to 1 percent;
- In 2013, the bonus will drop to 0.5 percent; and
- If eligible practices do not e-prescribe, the legislation imposes penalties of -1 percent in 2012, -1.5 percent in 2013 and -2 percent in 2014 and beyond.

Many practices may find that the bonuses don't cover the costs of their e-prescribing systems. MIPPA instructs the Centers for Medicare & Medicaid Services (CMS) not to pay the bonus if less than 10 percent of submitted claims contain an e-prescribing quality measure defined by the government. In addition, CMS will set a minimum number of Medicare Part D prescriptions to qualify for the bonus.

In a recent press briefing, Department of Health and Human Services Secretary Mike Leavitt indicated that the new bonuses for e-prescribing will be in addition to those paid as part of Medicare's Physician Quality Reporting Initiative and other Medicare reimbursements. This could mean that a practice could receive up to a

4 percent bonus. Leavitt is expected to issue official guidance on eligibility for the bonuses and clarify how practices will report their use of e-prescribing.

Hardship exception

The legislation permits the Health and Human Services secretary, on a case-by-case basis, to exempt an eligible health care professional from the e-prescribing requirements. The exemption is available if the secretary determines that compliance with the requirements would result in a significant hardship, such as the case of an eligible professional who practices in a rural area without sufficient Internet access. The exemption is subject to annual renewal.

The e-prescribing provision of the Medicare payment bill was adapted from the Medicare Electronic Medication and Safety Protection Act of 2007 introduced by a bipartisan group of lawmakers in the House and Senate. That bill would have mandated a 10 percent penalty in Medicare payments for medical practices that had not adopted the technology by 2011. The Medical Group Management Association (MGMA) and other provider organizations successfully argued that financial incentives more effectively encourage practices to adopt e-prescribing.

Getting started with e-prescribing

To begin realizing the benefits of e-prescribing as quickly and easily as possible, we encourage MGMA members to visit www.GetRxConnected.com/mgma. The site contains information and guidance on moving forward with e-prescribing. These resources are equally important for those who have not yet taken steps to acquire e-prescribing technology and for those who may already be using an electronic health record or e-prescribing system but have not yet established an electronic connection to pharmacies.

The Get Connected Web site is supported by MGMA and many of the nation's leading medical societies.

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