

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Room 352-G  
200 Independence Avenue, SW  
Washington, DC 20201



**Office of Media Affairs**

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**MEDICARE FACT SHEET**

FOR IMMEDIATE RELEASE  
October 30, 2008

Contact: CMS Office of Media Affairs  
(202) 690-6145

**IMPLEMENTATION OF THE ELECTRONIC PRESCRIBING (E-  
PRESCRIBING) INCENTIVE PROGRAM AND CHANGES TO THE  
PHYSICIAN QUALITY REPORTING INITIATIVE (PQRI)**

***(INCLUDED IN THE MEDICARE PHYSICIAN FEE SCHEDULE CALENDAR YEAR  
2009 FINAL RULE)***

**OVERVIEW:**

On October 30, 2008, the Centers for Medicare & Medicaid Services (CMS) issued a final rule that updates payment policies and rates under the Medicare Physician Fee Schedule (MPFS) for calendar year 2009, beginning January 1, 2009.

The final rule also implements the new Electronic Prescribing (E-Prescribing) Incentive Program. Authorized under the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), the new program will provide an eligible professional with an incentive payment if the professional meets the program requirements for being a successful e-prescriber, which for 2009, will involve the reporting of a quality measure related to the use of e-prescribing technology. The first reporting period for this new incentive program begins January 1, 2009.

In addition, the final rule builds on recent efforts by CMS to collect data from health care practitioners about the quality of care furnished to beneficiaries in multiple health care settings, including physicians' offices, hospitals, and other clinical settings. In 2009, CMS will strengthen its efforts to provide incentives that encourage physicians and other eligible health care professionals to report quality data as CMS implements the third year of its Physician Quality Reporting Initiative (PQRI), the details of which are explained in the final regulation.

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## **E-PRESCRIBING INCENTIVE PROGRAM**

### **Background:**

The Physician Fee Schedule final regulation implements a five-year program of incentive payments to eligible professionals who are “successful electronic prescribers” (e-prescribers), as defined by Section 132 of MIPPA.

The new E-Prescribing Incentive Program is similar to, but separate from, the Physician Quality Reporting Initiative (PQRI), which was created in 2006 and implemented in 2007 to incentivize physicians and eligible professionals to report quality data to CMS. As occurs under the 2009 PQRI Program, the reporting period for the E-Prescribing Incentive Program for 2009 is the whole calendar year and incentives will be paid based on the covered professional services furnished by an eligible professional during the reporting year. Because MIPPA established this initiative as a stand-alone program, PQRI will no longer include quality measures that capture information about a prescriber’s use of e-prescribing technology.

### **2009 E-Prescribing Incentive Program Provisions:**

*Reporting Periods and Incentive Amounts:* The 2009 reporting period is the entire calendar year. The e-prescribing incentive amount is based on a percent of the Secretary of Health and Human Services’ estimate (based on claims submitted not later than two months after the end of the reporting period) of the allowed charges for all covered professional services furnished by the eligible professional during the reporting period. The e-prescribing incentive percent amount for reporting years 2009 and 2010 is 2.0 percent; for reporting years 2011 and 2012 it is 1.0 percent; and for reporting year 2013 the incentive percent amount is 0.5 percent.

*Adjustment to E-Prescribing Incentive (Reduction in Medicare Payments):* Starting in 2012, Medicare eligible professionals will be subject to a payment differential if they do not adopt e-prescribing. The MIPPA law states that if an eligible professional is not determined by CMS to be a “successful electronic prescriber,” the professional’s fee schedule payments will be reduced by 1.0 percent in 2012, by 1.5 percent for 2013, and by 2.0 percent for 2014 and each subsequent year.

*Additional Requirements:* In order to earn an incentive payment under the 2009 E-Prescribing Incentive Program, the e-prescribing measure’s denominator codes for professional offices and outpatient services must represent at least 10 percent of the total of allowed charges for all such covered services furnished by the eligible professional.

*Qualifying as a “Successful Electronic Prescriber”:* In order to qualify for an incentive payment under the 2009 E-Prescribing Incentive Program, a “successful electronic prescriber” is defined

as an eligible professional who reports the e-prescribing measure in at least 50 percent of the applicable cases. Information on which cases are considered “applicable cases” for the incentive program may be found on CMS’ E-prescribing site at [www.cms.hhs.gov/pqri](http://www.cms.hhs.gov/pqri).

*Determining a “Qualified” E-Prescribing System:* For 2009, the e-prescribing measure requires that an eligible professional must use a “qualified system” in order to be considered an adopter of e-prescribing technology. A “qualified system” must be able to:

- Generate a medication list;
- Allow eligible professionals to select medications, print prescriptions, transmit prescriptions electronically and conduct safety checks (including automated prompts that offer information on the drug being prescribed, potential inappropriate dose or problems in how the drug comes in contact with the patient’s body (the “route of administration”), drug-to-drug interactions, allergy concerns, and warnings/cautions.);
- Provide information on lower cost alternatives; and
- Provide information on formulary or tiered formulary medications, patient eligibility, and authorization requirements that are received electronically from the patient’s drug plan.

CMS will update and finalize the e-prescribing measure’s specifications on its Web site at [www.cms.hhs.gov/eprescribing](http://www.cms.hhs.gov/eprescribing) no later than December 31, 2008.

## **PHYSICIAN QUALITY REPORTING INITIATIVE (PQRI)**

### **Background:**

The Tax Relief and Health Care Act (TRHCA) of 2006 authorized CMS, for the first time, to pay an incentive to eligible health care professionals who voluntarily report certain quality data to CMS as part of the PQRI Program. The first reporting period for submitting PQRI data was July 1 through December 31, 2007. The Medicare, Medicaid, and SCHIP Extension Act of 2007 extended incentive payments under the PQRI program into 2008 and also authorized new ways for health care professionals to report quality data to CMS in order to qualify for those incentives.

### **PQRI 2009 Provisions:**

Congress extended PQRI under the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008, which continues the program indefinitely and increased the incentive that eligible professionals can receive for satisfactorily reporting data from 1.5 percent to 2.0 percent of their covered professional charges in 2009 and 2010. In addition, the law requires CMS to post on its Web site the names of eligible professionals who satisfactorily report PQRI measures. In the final MPFS rule, CMS finalized several provisions of the 2009 PQRI Program, including:

- *Additional Measures:* CMS added 52 new quality measures (bringing the total number of measures to 153 from which eligible professionals can select from for 2009 PQRI). CMS considered several factors as it developed the final list of measures, including whether eligible professionals could be ready to start reporting the data in January 2009 and whether an infrastructure existed that could calculate the measure's reporting and performance rates. These new measures address such areas as osteoarthritis, rheumatoid arthritis, back pain, coronary artery bypass graft (CABG), chronic kidney disease (CKD), melanoma, oncology, coronary artery disease, hepatitis, and HIV/AIDS. The provision includes eighteen measures that are reported exclusively through registries.
- *New Measures Groups:* Four new measures groups will simplify reporting for encounters pertaining to CABG, rheumatoid arthritis, perioperative care, and back pain. This brings the total number of measures groups to seven. Professionals can continue to report using measures groups for diabetes, CKD, and preventive services. Measures groups aggregate several measures that address similar clinical conditions: an eligible professional can report all the measures in a measures group for a specified number of patients in order to qualify for the incentive payment.
- *Participation for New Professional:* Beginning in 2009, audiologists will now be considered "eligible professionals" who may report data on quality measures and, if criteria are met, receive PQRI incentive payments, as required by MIPPA.
- *Removal of E-Prescribing Measure from PQRI Incentive Program:* Because there is a separate incentive payment for electronic prescribing, the rule implements the MIPPA requirement to remove the PQRI quality measure that allowed professionals to report on their use of e-prescribing technologies (that is, PQRI measure # 125) from the PQRI incentive program.
- *Reporting Options:* As in the past, PQRI participants can choose whether to report quality data under one of two periods: Jan. 1, 2009 – Dec. 31, 2009; or July 1, 2009 – Dec. 1, 2009 for measures groups and registry-based reporting. (Eligible professionals who satisfactorily report data on quality measures during the annual reporting period would receive an incentive payment based on the full-year charges, and eligible professionals who satisfactorily report data on quality measures during the six-month reporting period would receive incentives based on allowable charges for the six-month reporting period.) PQRI participants will be able to choose whether they wish to report PQRI data as part of their Medicare claims or through a clinical registry, and whether they wish to report individual measures or measures groups. More details about reporting options are available in the final regulation and on the CMS Web site at [www.cms.hhs.gov/pqri](http://www.cms.hhs.gov/pqri).

The final rule with comment will appear in the November 19 *Federal Register*. Comments on designated provisions are due by 5:00 p.m. Eastern time on December 29, 2008, and a final rule responding to the comments will be published at a later date.

More information on both the PQRI and the E-Prescribing Incentive Programs may be found on the CMS Web site at:

[www.cms.hhs.gov/pqri](http://www.cms.hhs.gov/pqri).

The final rule may be viewed at:

[www.cms.hhs.gov/center/physician.asp](http://www.cms.hhs.gov/center/physician.asp).

A news release on the final rule may be viewed at:

[www.cms.hhs.gov/apps/media/press\\_releases.asp](http://www.cms.hhs.gov/apps/media/press_releases.asp).

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