

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
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Office of Media Affairs

MEDICARE NEWS

FOR IMMEDIATE RELEASE

May 26, 2011

Contact: CMS Office Media Affairs
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CMS Announces Financial Resources, Flexibility to Help Providers Use Health IT Systems *First Medicare Electronic Health Records (EHR) Incentive Payments Total \$75 Million; Providers Offered Flexibility in Adopting E-Prescribing*

The Centers for Medicare & Medicaid Services (CMS) announced two steps that will help modernize America's health care delivery system by encouraging doctors, hospitals, and other health care providers to adopt and meaningfully use health information technology. Under the American Recovery and Reinvestment Act, providers are receiving incentive payments through both the Medicare and Medicaid Electronic Health Record (EHR) Incentive Programs for the meaningful use of certified EHR technology. The proposed rule for the Electronic Prescribing Incentive Program released today would give more flexibility to providers who are adopting electronic prescribing systems.

"We can bring America's health care system into the 21st century by adopting electronic health records and using electronic prescribing systems," said CMS Administrator Donald M. Berwick, MD. "Today's announcements are steps on the right path – toward the health IT system America needs, which will save lives, save money, and save time."

These two programs give providers new options and incentives to use health IT to improve care for their patients, which can improve patient health and lower costs.

- On May 19, 2011, the Medicare EHR Incentive Program issued the first round of payments totaling \$75 million to providers who signed up in the first two weeks of the program.
- Medicaid EHR Incentive Programs are being implemented on a State by State basis. Since January 2011, fifteen States have initiated their Medicaid EHR Incentive Programs and to date, over \$83 million in incentive payments has been made to qualified Medicaid providers.

"Through the EHR incentive programs, we are helping eligible providers invest in their technology infrastructure," said Farzad Mostashari, MD, ScM., National Coordinator for Health Information Technology. "But this isn't just about technology. The goal is better and safer health care, and that means it's about patients — about their health care and protection of their information."

- The Electronic Prescribing Incentive Program today announced proposals for new flexibilities to help providers phase in the use of electronic prescription technology. This program provides financial incentives, including payment adjustments beginning January 1, 2012, for eligible providers to encourage electronic prescribing. The proposals announced today would provide exemptions from the payment adjustment for providers who plan to participate in the program but who face certain barriers to using electronic prescribing systems or meeting program requirements that may be beyond their control.

“Today’s rule demonstrates that CMS is willing to work cooperatively with the medical professional community to encourage, participation in electronic prescribing,” said Patrick Conway, MD, MSc, CMS Chief Medical Officer and Director of the CMS Office of Clinical Standards and Quality. “These proposed changes will continue to encourage adoption of electronic prescribing while acknowledging circumstances that may keep health professionals from realizing the full potential of these systems right away.”

These efforts are part of a broader effort by the Obama Administration to improve care and lower costs, including through new initiatives established by the Health Information Technology Economic and Clinical Health Act (HITECH), part of the American Recovery and Reinvestment Act of 2009. Other HITECH initiatives have helped train workers to support the adoption and meaningful use of EHRs, and provide advice and technical assistance to providers as they switch to EHRs. For more information about progress under the HITECH act to date, visit http://healthit.hhs.gov/portal/server.pt/gateway/PTARGS_0_0_4381_1238_15609_43/http%3B/wci%3Dpubcontent/publish/onc/public_communities/p_t/resources_and_public_affairs/fact_sheets/fact_sheets_portlet/files/aspa_0386_20110525_onc_fs_meaningful_use_v01_3.pdf

For more information:

For detailed fact sheets on both the e-prescribing proposed rule and the EHR incentive payments, please visit: http://www.cms.gov/apps/media/fact_sheets.asp.

Medicare EHR Incentive Program payments will continue to be made on the monthly basis. For a list of providers who have received Medicare EHR Incentive Program payments, please visit: http://www.cms.gov/apps/files/EHR_providers.pdf
This information will be updated on a regular basis.

CMS’ proposed rule on electronic prescribing is available for public review and comment today at http://www.ofr.gov/OFRUpload/OFRData/2011-13463_PI.pdf

The rule will be published in the Federal Register on June 1, 2011. The comment period will close on July 25, 2011. For more information about the Electronic Prescribing Incentive Program, please visit: <http://www.cms.gov/ErxIncentive>.

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FACT SHEET

CMS announces first Medicare EHR incentive payments

Incentives under Medicare and Medicaid EHR Programs total \$158.3 million since Jan. 3, 2011

On May 19, 2011, the Medicare EHR Incentive Program issued the first round of payments totaling \$75 million to providers who signed up in the first two weeks of the program.

On April 18 CMS opened a secure website through which eligible professionals (EPs), eligible hospitals, and critical access hospitals (CAHs) can demonstrate meaningful use of certified EHR technology to CMS by “attesting” to their compliance with program requirements for a continuous 90-day reporting period for their first year of participating in the Medicare EHR Incentive Program. In their second year and subsequent years of participation in the program, providers must demonstrate meaningful use based on a full year reporting period. CMS expects that providers will attest throughout 2011 and that the total amount of Medicare EHR incentive payments will continue to grow.

Medicare providers demonstrate meaningful use through CMS' web-based Medicare and Medicaid EHR Incentive Program Registration and Attestation System. In that system, providers fill in numerators and denominators for the meaningful use objectives and clinical quality measures established by CMS, indicate if they qualify for exclusions to specific objectives, and legally attest that they have successfully demonstrated meaningful use. Once providers have completed a successful online submission through the Attestation System, they may qualify for a Medicare EHR incentive payment.

From January 3 through April 29, 2011, \$83.3 million has been disbursed by state Medicaid EHR incentive programs in seven states to eligible professionals and eligible hospitals that met federal and state program requirements.

Under both the Medicare and Medicaid EHR Incentive Programs, a total of \$158.3 million has been awarded in 2011 to eligible professionals and eligible hospitals that have adopted, implemented, upgraded, or successfully demonstrated meaningful use of certified EHR technology under the Medicare and Medicaid EHR Incentive Programs. Over 42,600 eligible professionals and eligible hospitals registered for the Medicare and Medicaid programs through April 30, and CMS

anticipates that many more will register in the months ahead. The EHR Incentive Programs were established by the American Recovery and Reinvestment Act of 2009 (Recovery Act).

Under the Medicaid EHR Incentive Program, eligible providers can receive incentive payments in their first year of participation by successfully registering through CMS' web-based registration system and then demonstrating to their state that they are eligible and have adopted, implemented, or upgraded certified EHR technology. Medicaid EPs and eligible hospitals do not need to demonstrate that they have met meaningful use criteria in the first year. However, they will have to demonstrate meaningful use in subsequent years of participation in the program.

Eleven states began participating in the Medicaid EHR Incentive Program in January: Alaska, Iowa, Kentucky, Louisiana, Michigan, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, and Texas. At the beginning of April, Alabama and Missouri launched their incentive programs. Indiana and Ohio began participating in May. Most of the remaining states will launch their Medicaid EHR Incentive Programs throughout 2011. Check here to see states' scheduled launch dates for their Medicaid EHR Incentive Programs: <http://www.cms.gov/apps/files/medicaid-HIT-sites/>

With respect to attestation, participants in the Medicaid EHR Incentive Program will use their State's Attestation System through a process similar to that for attestation under the Medicare EHR Incentive Program .

Under the Medicare EHR Incentive Program, eligible professionals can receive as much as \$44,000 over a consecutive five-year period. Under the Medicaid EHR Incentive Program, eligible professionals can receive as much as \$63,750 over six years. Under both the Medicare and Medicaid EHR Incentive Programs, millions of dollars will be available to help eligible providers implement and meaningfully use certified EHR technology.

For more information on the Medicare and Medicaid EHR Incentive Programs, visit: <http://www.cms.gov/ehrincentiveprograms/>.

A related news release is available at http://www.cms.gov/apps/media/press_releases.asp.

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FACT SHEET

CMS Announces Proposed Rule for the Electronic Prescribing (eRx) Incentive Program

Overview

The Centers for Medicare & Medicaid Services (CMS) today proposed changes to the Medicare Electronic Prescribing (eRx) Incentive Program.

Background

Section 132 of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) amended the Social Security Act to require the Secretary to establish a new reporting program that offers a combination of financial incentives and payment adjustments to eligible professionals to encourage electronic prescribing. Section 1848(m)(3)(B) of the Social Security Act (the Act), as added and amended by MIPPA, sets forth the requirements for being a successful electronic prescriber.

Although the Electronic Prescribing Incentive Program has similarities in structure and processes to the Physician Quality Reporting System (formerly the Physician Quality Reporting Initiative or PQRI), the Electronic Prescribing Incentive Program is a standalone program with distinct reporting requirements and associated incentive payments and payment adjustments.

Under the eRx Incentive Program, eligible professionals who are successful electronic prescribers can receive a 1-percent incentive payment for program years 2011 and 2012, and 0.5 percent for 2013. In addition to incentive payments, MIPPA requires a Medicare Physician Fee Schedule (PFS) payment adjustment, beginning in 2012, for eligible professionals who are not successful electronic prescribers. For the 2012 electronic prescribing payment adjustment, the fee schedule amount for covered professional services furnished by such professionals during the year shall be 1.0 percent less than the PFS amount that would otherwise apply. The PFS reductions for eligible professionals who are not successful electronic prescribers in the future are as follows: 1.5 percent for 2013 and 2.0 percent for 2014.

Provisions of the 2012 eRx Payment Adjustment Established in the 2011 MPFS Final Rule

In addition to setting forth the requirements for reporting the electronic prescribing quality measure for the 2011 eRx incentive, the calendar year (CY) 2011 Medicare Physician Fee Schedule (PFS) Final Rule, published in the Federal Register on November 29, 2010, established the program requirements for reporting the electronic prescribing quality measure for the 2012 eRx payment adjustment.

For individual eligible professionals, the 2012 eRx payment adjustment is not applicable if one of the following applies:

- The eligible professional is not a physician (MD, DO, or podiatrist), physician assistant, certified registered nurse anesthetist, or certified nurse midwife as of June 30, 2011. This determination is based on the primary taxonomy code in the National Plan and Provider Enumeration System (NPPES);
- The eligible professional does not have prescribing privileges and reports g-code G8644 (defined as not having prescribing privileges) at least one time on an eligible claim prior to June 30, 2011;

- The eligible professional does not have at least 100 cases containing an encounter code in the electronic prescribing measure's denominator;
- The eligible professional's total 2011 Medicare Part B PFS allowed charges for all such covered professional services submitted for the electronic prescribing measure's denominator codes are less than 10 percent;
- The eligible professional reports a significant hardship code and CMS determines that the hardship code applies (see "Significant Hardship Exemptions" section below); OR
- The eligible professional is a successful electronic prescriber by reporting the electronic prescribing measure via claims for at least 10 unique electronic prescribing events for patients in the denominator of the measure between January 1, 2011 and June 30, 2011.

For a group practice participating in the eRx group practice reporting option (GPRO), the 2012 eRx payment adjustment is not applicable if:

- The group practice reports a significant hardship code in the group practice's 2011 self-nomination letter for participation in the Physician Quality Reporting System and the eRx Incentive Program as a group practice (see "Significant Hardship Exemptions" section below) and CMS determines that the hardship exemption applies; OR
- The group practice is a successful electronic prescriber. Depending on the group practice's size, the group practice is a successful electronic prescriber if the group practice reports the electronic prescribing measure via claims for at least 75–2,500 unique electronic prescribing events for patients in the denominator of the measure between January 1, 2011 and June 30, 2011.

Significant Hardship Exemption Categories. Section 1848(a)(5)(B) of the Act provides that the Secretary may, on a case-by-case basis, exempt an eligible professional from the application of the payment adjustment, if the Secretary determines, subject to annual renewal, that compliance with the requirement for being a successful electronic prescriber would result in a significant hardship. In the CY 2011 PFS Final Rule, CMS established the following two significant hardship exemption categories in the form of g-codes for the 2012 eRx payment adjustment:

- The eligible professional practices in a rural area without sufficient high speed internet access (report code G8642);
- The eligible professional practices in an area without sufficient available pharmacies for electronic prescribing (report code G8643).

In order to request a significant hardship exemption from the 2012 eRx payment adjustment via one of the two significant hardship g-codes mentioned above, the eligible professional or group practice must report the g-code at least one time on a claim between January 1, 2011 and June 30, 2011.

Proposed Changes to the Medicare eRx Incentive Program

Since publication of the CY 2011 PFS Final Rule, CMS has received requests to better align the eRx Incentive Program with the Medicare and Medicaid EHR Incentive Programs, as well as suggestions that we expand the significant hardship exemption categories. To address these concerns, the proposed rule announced today would do the following:

Modify the existing 2011 electronic prescribing measure to address the technological requirements of the Medicare eRx Incentive Program: The description statement of the existing 2011 electronic prescribing measure (the electronic prescribing quality measure used for certain reporting periods in 2011) would be revised to also recognize as certified electronic health record (EHR) technology as defined at 45 CFR 170.102 as a “qualified” eRx prescribing system. This proposed change to the 2011 electronic prescribing measure provides eligible professionals and groups participating in the eRx Incentive Program with the option of adopting either a qualified eRx system or certified EHR technology.

Provide additional significant hardship exemption categories for the 2012 e-Rx payment adjustment: The eligible professional or group practice would need to, in its significant hardship exemption request, demonstrate that one of these situations applies to the respective practice:

- Eligible professionals who register to participate in the Medicare EHR Incentive Program or the Medicaid EHR Incentive Program and adopt certified EHR technology;
- Inability to electronically prescribe due to local, state, or federal law;
- Limited prescribing activity; or
- Insufficient opportunities to report the electronic prescribing measure due to limitations of the measure’s denominator.

Extend the deadline to request a significant hardship exemption for the two hardship exemption categories finalized in the CY 2011 MPFS final rule to October 1, 2011. This deadline would apply to the two significant hardship exemption categories established in the CY 2011 MPFS Final Rule, as well as to the proposed additional significant hardship exemption categories.

Allow submission of significant hardship exemption requests for the 2012 eRx payment adjustment via a web-based tool (if CMS is able to develop such a tool) or a mailed letter.

CMS’ proposed rule may be viewed at: http://www.ofr.gov/OFRUpload/OFRData/2011-13463_P1.pdf

A news release sheet on the proposed rule may be viewed here: http://www.cms.hhs.gov/apps/media/press_releases.asp

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