

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



DATE: January 31, 2014

TO: All Medicare Advantage Organizations, Cost Plans, PACE Organizations and Demonstrations

FROM: Cheri Rice, Director
Medicare Plan Payment Group

SUBJECT: Non-contracted Provider Payment Guidance for Electronic Prescribing (eRx) Incentive Payment and eRx Payment Adjustment for 2012 Dates of Service

This memo provides payment guidance on the Medicare eRx Incentive Payment programs. It is for use in situations when a Medicare Advantage Organization is required to pay at least the original Medicare rate to out of network providers. It updates information on eRx incentives released on October 19, 2012 and replaces the information on eRx Payment Adjustments from last year's correction notice issued on October 25, 2012.

Please note that we are changing the file naming convention associated with this release going forward. This year, we rename last year's files that include data for the 2011 program year to 2011. Last year, these files were labeled 2012. This year, we name the new file eRx2012pay.xls to reflect 2012 program year data. None of the information in the previously issued files is changed – only the file names are changed to more accurately reflect the contents of the file.

Incentive Program	File Name Last Year	File Name This Year	Program Year Data
eRx	eRx2012 pay.xlsx	eRx2011 pay.xlsx	2011 (last year) 2011 (this year) 2011 (last year) 2011 (this year)
eRx Adj	eRx 2012 payadj.xlsx	eRx 2011 payadj.xlsx	2011 (this year)
eRx		eRx2012 pay.xlsx	2012
eRx Adj		eRx 2012 payadj.xlsx	2012

Medicare Advantage Organizations are required to pay eRx incentives to Non-Contract Providers for out-of-network services. A MAO is not required to apply an eRx Payment Adjustment even when an eligible professional is not a successful e-prescriber in 2012.

Electronic Prescribing Incentive Program

The Electronic Prescribing (eRx) Incentive Program is a reporting program that uses a combination

of incentive payments and payment adjustments to encourage electronic prescribing by eligible professionals. The program provides an incentive payment to practices with eligible professionals (identified on claims by their individual National Provider Identifier [NPI] and Tax Identification Number [TIN]) who successfully e-prescribe for covered Physician Fee Schedule (PFS) services furnished to Medicare Part B Fee-for-Service (FFS) beneficiaries (including Railroad Retirement Board and Medicare Secondary Payer).

eRx financial incentives are available for the years 2009 through 2013 (payable in years 2010 – 2014). The authorized amounts for each program year are as follows:

- 2009 eRx – 2.0%
- 2010 eRx – 2.0%
- 2011 eRx – 1.0%
- 2012 eRx – 1.0%
- 2013 eRx – 0.5% (last year for eRx incentive payment)

eRx incentive payments for each program year are issued separately as a single consolidated incentive payment in the following year. In September of 2013, CMS paid eligible professionals an eRx incentive payment for successful e-prescribing during 2012 equal to 1.0% of allowed charges for covered Medicare Part B services provided in 2012.

Beginning with the 2012 program year, eligible professionals who are not successful electronic prescribers under the eRx Incentive Program are subject to a payment adjustment under original Medicare. This payment adjustment applies to all of the eligible professional's Part B-covered professional services under the Medicare Physician Fee Schedule (MPFS). eRx adjustments are applied to claims for program year 2012 through 2014. The authorized amounts for each program year are as follows:

- 2012 eRx – 1.0%
- 2013 eRx – 1.5%
- 2014 eRx – 2.0%

More information on the eRx Incentive Program is available at:

<http://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/ERxIncentive/index.html?redirect=/erxincentive>

eRx Prescribing Incentives and Medicare Advantage

The Medicare regulations at 42 CFR § 422.214 specify that a non-contract provider must accept, as payment in full, the amount that it could collect if the beneficiary were enrolled in the Medicare Fee-for-Service program. When a MA organization does not have an existing contract in place governing payment amounts, a provider is entitled to Fee-for-Service rates with respect to any MA enrollee it provides services to. There is nothing to preclude an MA organization from paying a higher amount, such as the Medicare rate without the application of a payment adjustment.

The requirement is for a Medicare Advantage Organization to pay non-contracted providers (including providers who are “deemed” to be contracting under private fee for service (PFFS))

plans) at least as much as the original Medicare payment amount. Therefore, a Medicare Advantage Organization (MAO) is required to pay eRx Incentive Program payments but is not required to apply eRx adjustments. This includes eligible professionals that do not participate in the Medicare Fee-For-Service program.

A MAO is required to pay a lump sum eRx Incentive Payment to non-contract providers for the 2012 reporting period when all of the following conditions are met:

- MAO does not have an existing contract with provider
- Provider treats MA enrollee out of network
- Provider eligible to eRx incentive payment under original Medicare (i.e., eligible professional)

A MAO is not required to apply an eRx Payment Adjustment.

What type of provider qualifies for Incentive Payments?

An eligible professional is a physician or other practitioner described in section 1842(b)(18)(C) of the Social Security Act. This includes: physical and occupational therapists, qualified speech-language pathologists, and qualified audiologists. Eligibility for eRx incentive payments is restricted to those eligible professionals with prescribing authority.

How does an MA organization identify an “Eligible Professional”?

An MAO identifies an eligible professional using a Tax Identification Number (TIN) and a National Provider Identification (NPI) code. The TIN/NPI combination must be an exact match.

How does an MA organization calculate the Incentive Payment Owed?

An MA organization calculates the eRx incentive payment and eRx Payment Adjustment using the same formula as original Medicare. The incentive payment amount is calculated as a percentage of Medicare Part B estimated total allowed charges. For non-contract services provided in 2012, an eRx eligible professional is entitled to receive a 1.0% incentive payment on the total Medicare Part B allowed charges.

The formula used to calculate the eRx Incentive Payment for the 2012 program year is:

$$\text{eRx Incentive Payment 2012} = \text{Medicare Part B Allowed Charges 2012} * (0.01)$$

Beginning with 2012, a Medicare Advantage Organization can apply a -1.0% adjustment on Medicare Part B allowed charges submitted by an eligible professional who is not a successful e-prescriber during the 2012 program year. A MAO is not required to apply a payment adjustment to claims from providers that do not meet the criteria for successful electronic prescribing.

The formula used to calculate the eRx Payment Adjustment for the 2012 program year is:

$$\text{eRx Payment Adjustment 2012} = \text{Medicare Part B Allowed Charges 2012} * (-0.01)$$

The eRx Incentive Payment or eRx Payment Adjustment is calculated on 100 percent of the physician fee schedule amount. The allowed charge must include the beneficiary cost sharing as part of the calculation. Otherwise, the amount a provider receives from an MAO would not equal the amount they would receive if the individual were enrolled in original Medicare.

A Medicare Advantage Organization (MAO) is required to pay eRx Incentive Program payments unless the total amount owed is less than one dollar. A MAO is not required to apply the eRx payment adjustment.

Notification & Timeline

CMS expects MA organizations to include an explanation to providers when they pay eRx Incentive Payments and withhold eRx Payment Adjustments. This allows provider to track the source and reason for the payment.

Payments for the 2012 eRx incentives are due within 60 days of the date of this HPMS notice. The payment incentives and adjustments for program year 2012 apply to claims for dates of service between 1/1/2012 and 12/31/2012.

File Description and Access

The eRX Incentive Payment file includes information for the 2012 program year. It includes a list of providers who meet the criteria for successful electronic prescribing during 2012. The payment incentive applies to claims with dates of service from 1/1/2012 through 12/31/2012. The file contains four fields:

- Tax Identification number (TIN), text format
- National Provider Identification Number (NPI), text format
- Begin Date, date format
- End Date, date format

The eRx Payment Adjustment file includes information for the 2012 program year. It includes a list of providers who do not meet the criteria for successful electronic prescribing during 2012. The payment adjustment applies to claims with dates of service from 1/1/2012 through 12/31/2012. A MAO is not required to apply a payment adjustment to claims from providers that do not meet the criteria for successful electronic prescribing.

The file contains four fields:

- Tax Identification number (TIN), text format
- National Provider Identification Number (NPI), text format
- Begin Date, date format
- End Date, date format

A registered HPMS user can visit the Data Extract Facility from the Home Page of HPMS. There will be a link entitled "Incentive Payments" on the left navigation bar, and then the user can select to download the file under PQRI. Due to the sensitivity of some of the information provided in the file, only your Medicare Compliance Officer will be able to access and download it.

Additional Information:

If you have any questions regarding the eRx program, please contact your CMS Account Manager. If you have any questions about this HPMS notice, please contact Jean Stiller at jean.stiller@cms.hhs.gov. If you encounter technical difficulties when downloading the eRx file from HPMS, you may contact the HPMS Help Desk at hpms@cms.hhs.gov or 1-800-220-2028. If you have questions regarding the providers identified in the files, please contact the QualityNet Help Desk at 1-866-288-8912 (TTY 1-877-715-6222) or via email to Qnetsupport@sdps.org.