

# Incentive Payments to Drive ePrescribing Adoption

An Overview of ePrescribing Incentives in the Medicare  
Improvements for Patients and Providers Act of 2008 (MIPPA)

*NCPDP Workgroup Meeting*

*Baltimore, MD*

August 6, 2008



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# The Act

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- Primarily about modifying Medicare payments to physicians
- Vetoed by President Bush because he believed that provisions would harm Part D plans
- Veto was overridden by both the House and Senate
- Includes incentives for ePrescribing, and penalties for not ePrescribing (carrots and sticks)



# Carrots & Sticks

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| Incentive | Year   | Penalty |
|-----------|--------|---------|
| 2%        | 2009   | None    |
| 2%        | 2010   | None    |
| 1%        | 2011   | None    |
| 1%        | 2012   | 1%      |
| .5%       | 2013   | 1.5%    |
| None      | Beyond | 2%      |



# What does this mean for Physicians?

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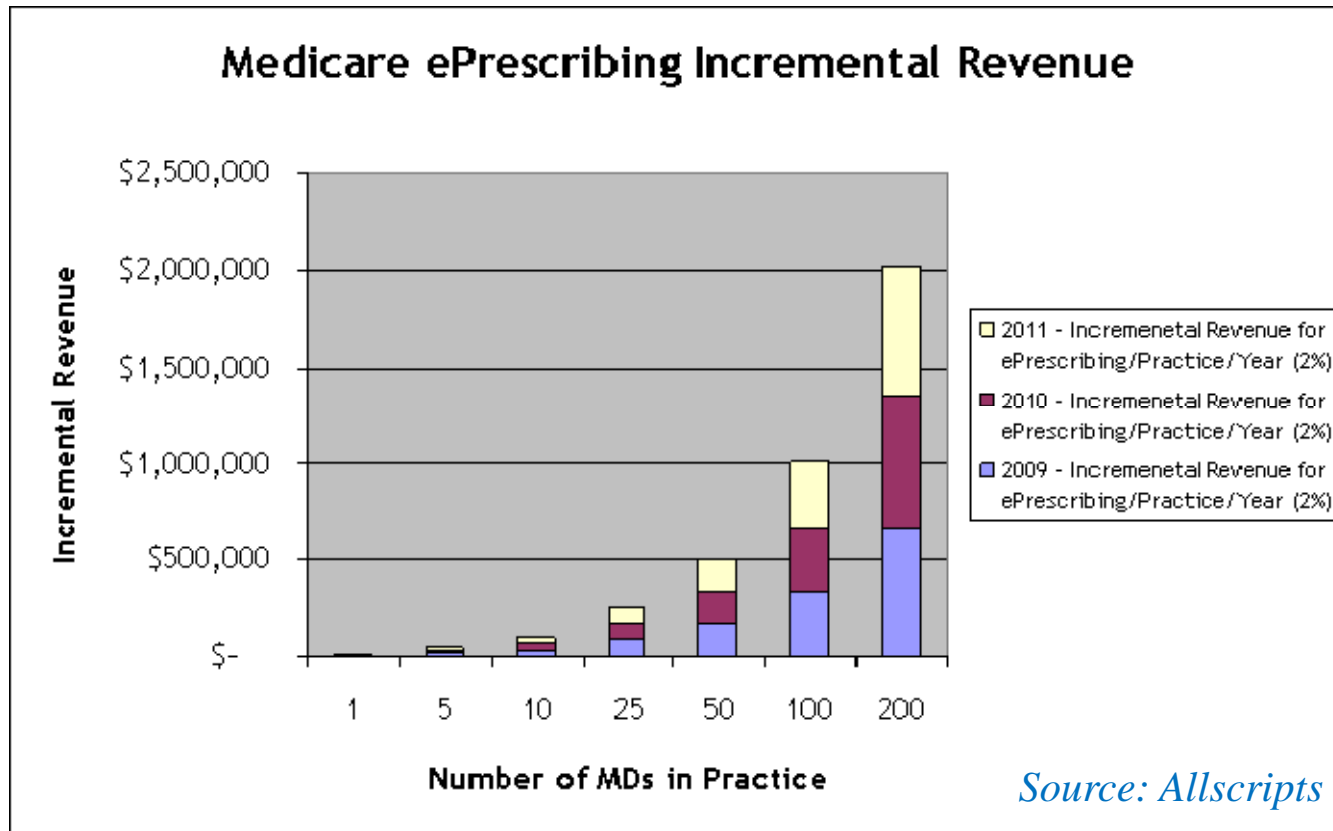
## ePrescribing Forecast Model

*Source: Allscripts*

|  |           |
|--|-----------|
| Patients/Day                                 | 24        |
| % of Practice Medicare                       | 33%       |
| Medicare Patients/Day                        | 8         |
|  |           |
| Revenue/Medicare Patient                     | \$85      |
| Days/Year                                    | 250       |
|  |           |
| Medicare Revenue/Year                        | \$168,300 |
|  |           |
| % increase in 2009                           | 2%        |
|  |           |
| Incremental Revenue for ePrescribing/MD/Year | \$3,366   |



# What does this mean for a group?



| Number of Physicians in Practice                               | 1                | 5                | 10                | 25                | 50                | 100                 | 200                 |
|--|------------------|------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| 2009 - Incremental Revenue for ePrescribing/Practice/Year (2%) | \$ 3,366         | \$ 16,830        | \$ 33,660         | \$ 84,150         | \$ 168,300        | \$ 336,600          | \$ 673,200          |
| 2010 - Incremental Revenue for ePrescribing/Practice/Year (2%) | \$ 3,366         | \$ 16,830        | \$ 33,660         | \$ 84,150         | \$ 168,300        | \$ 336,600          | \$ 673,200          |
| 2011 - Incremental Revenue for ePrescribing/Practice/Year (2%) | \$ 3,366         | \$ 16,830        | \$ 33,660         | \$ 84,150         | \$ 168,300        | \$ 336,600          | \$ 673,200          |
| <b>3 year total return</b>                                     | <b>\$ 10,098</b> | <b>\$ 50,490</b> | <b>\$ 100,980</b> | <b>\$ 252,450</b> | <b>\$ 504,900</b> | <b>\$ 1,009,800</b> | <b>\$ 2,019,600</b> |



# Choices

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- ▶ CMS must choose one of two options for determining who qualifies for bonus payments:
  1. PQRI, which is based on reporting, not actual use
  2. Actual use of the eRx system<sup>1</sup>
- ▶ Exceptions
  - ▶ Incentives are not applied to those who write too few prescriptions
  - ▶ Exemption due to hardship

<sup>1</sup>Would likely have to be calculated from claims data using the *prescription origin code*.



# Physician Quality Reporting Initiative (PQRI)

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- Established as part of the 2006 Tax Relief and Health Care Act
- Provides physicians with bonus payments annually based on a retrospective review of claims
- Incentives are for satisfactorily **self-reporting** data on quality measures furnished to Medicare beneficiaries
- CMS recently announced the average PQRI incentive payment was more than \$600 for individuals and \$4,700 for group practices over a 6-month period.
- Incentive payments could be additive, meaning that the physician could get 2% from PQRI and 2% from eRx, for a total of 4%.



# Requirements

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- ▶ Need to use the technical standards “to the extent practicable”
- ▶ No true definition of ePrescribing
- ▶ *PQRI requires* that the eRx system be capable of the following:
  - ▶ Generating a complete active med list
  - ▶ Selecting medications
  - ▶ Printing prescriptions
  - ▶ Electronically transmitting prescriptions
  - ▶ Conducting safety checks
  - ▶ Providing information on lower-cost alternatives
  - ▶ Providing information on formulary or tiers
- ▶ If CMS chooses PQRI, the above applies; if they do not, definitions are unclear. CMS has discretion



# Timing

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- ➔ July 21, 2008 media conference call with Secretary Leavitt, Kerry Weems
- ➔ Conference call on August 13 (which was canceled at the last minute)
- ➔ Said there would be a conference in the fall
- ➔ Based on CMS's history, expect a final rule around **November 1, 2008**



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