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Health System Reform Insight - Sept. 23, 2011

Given the new direction for the nation's health system, the AMA has developed *Health System Reform Insight* to help you understand what this new direction means to you and your patients.

CMS finalizes changes to 2012 Medicare ePrescribing penalty program

Physicians have until Nov. 1 to apply for an exemption and avoid financial penalties for failing to comply with Medicare's ePrescribing requirements. The AMA urges all physicians who have doubts about whether they met the program's requirements in the first six months of 2011 to review the allowed exemptions carefully and submit an online application for each of the exemption categories for which they qualify as soon as possible.

Under the Centers for Medicare & Medicaid Services (CMS) ePrescribing rule, physicians are required to have issued and reported at least 10 electronic scripts (e-scripts) by June 30 to avoid being penalized. The penalty reduces all their Medicare Part B claims paid under the 2012 fee schedule by 1 percent.

In November 2010 CMS made a sudden decision to require physicians to meet this criteria by June 30 in order to avoid 2012 penalties, and the AMA continually stressed that this last-minute requirement was unreasonable.

On Aug. 31, CMS released a final rule that allows qualifying physicians to avoid the 1 percent penalty by applying for one or more of six new ePrescribing penalty exemptions through a [Web-based tool](#). (Note: If you have difficulty accessing the online application, [email](#) QualityNet, which runs the portal for CMS.)

Although the final rule does not include an additional reporting period in 2012, it does reflect several other significant improvements the AMA requested. For example, the regulation provides more flexibility under the exemption categories so that more physicians can qualify to avoid the 2012 ePrescribing penalty.

In addition, CMS extended the application deadline for one month to Nov. 1. However, physicians are encouraged to apply for an exemption as soon as possible to avoid claims reprocessing.



Physicians who found it difficult to meet the 10 e-script requirement during the first six months of this year can apply for one of the following exemption categories by Nov. 1:

- Your practice is located in a rural area without high-speed Internet access.
- Your practice is located in an area without sufficient available pharmacies for ePrescribing.
- You are registered to participate in the Medicare or Medicaid electronic health record (EHR) incentive program and you adopted certified EHR technology by Oct. 1, prior to requesting an exemption.
- You are unable to ePrescribe because of local, state or federal laws or regulations. (CMS confirmed that physicians who mainly prescribe narcotics but cannot submit these prescriptions electronically because of certain limitations can apply for this exemption category.)
- You do not prescribe on a regular basis.
- There were too few opportunities for you to report the ePrescribing measure because of limitations of the measure's denominator. For example, you do prescribe electronically but your e-scripts are not related to qualifying visits or services.


[Learn more](#)  about the steps physicians should take now to avoid the Medicare ePrescribing penalty.

Key dates

Oct. 20

AMA members can hear the latest news about the Joint Select Committee on Deficit Reduction, and share a question or comment with AMA President Peter W. Carmel, MD, during the next [Office Hours with Dr. Carmel](#)  conference call, which will take place at 7 p.m. Eastern time Oct. 20. [Register](#)  today.

Nov. 1

Physicians who wish to file for an exemption from the 2012 ePrescribing penalty must apply by this date. [Submit](#)  an application. (Note: If you have difficulty accessing the online application, [email](#) QualityNet, which runs the portal for CMS.)

Nov. 23

The Joint Select Committee on Deficit Reduction is due to approve a proposal to reduce federal spending by at least \$1.2 trillion by Nov. 23. [Tell Congress](#) that repeal of Medicare's flawed sustainable growth rate (SGR) formula must be part of the committee's proposal.

Important links

[AMA comments on the 2012 proposed rule for Medicare physician payment](#) 

[Medicare physician payment reform action kit](#)

[AMA comments on Affordable Care Act implementation regulations](#)