DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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Medicare Plan Payment Group

DATE: December 7, 2016

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

FROM: Cheri Rice /s/
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SUBJECT: Electronic Prescribing Incentive Program 2014 Payment Adjustment File

When a Medicare Advantage organization (MAO) arranges for an MA enrollee to receive a Medicare covered service from a non-contract provider (including a provider who is "deemed" to be contracting under a private fee for service (PFFS) plan), the MAO is required to pay at least the amount that the provider would receive for furnishing that service to an enrollee in the Medicare Fee-for Service (FFS) program. The guidance in this memorandum provides information on how MAOs may adjust their payments to non-contract providers who were not successful electronic prescribers under the Electronic Prescribing (eRx) Incentive Program for program year 2014.

Electronic Prescribing Incentive Program

The Electronic Prescribing (eRx) Incentive Program uses a combination of incentive payments and negative payment adjustments to encourage electronic prescribing by eligible professionals. From 2009 to 2013, the program provided an incentive payment to practices with eligible professionals (identified on claims by their individual National Provider Identifier (NPI) and Tax Identification Number (TIN)) or group practices (identified by their TIN) who successfully e-prescribe for covered Medicare Physician Fee Schedule (PFS) services furnished to Medicare Part B FFS beneficiaries (including Railroad Retirement Board and Medicare Secondary Payer).

Under section 1848(a)(5)(A) of the Social Security Act ("Act"), beginning in 2012, eligible professionals who are not successful electronic prescribers under the eRx incentive program are subject to a negative payment adjustment under Medicare FFS. The payment adjustment applies to all of the eligible professional's Part B covered professional services under the Medicare PFS. The eRx adjustments are applied to claims for program years 2012 through 2014.

Additional information about the eRx Incentive Program is available at:
https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/ERxIncentive/index.html?redirect=/erxincentive/

eRx Payment Adjustments and Medicare Advantage

Under § 422.214(a)(1) of our regulations, a non-contract provider who furnishes services to a beneficiary enrolled in an MA plan must accept, as payment in full, the amount the provider could collect if the beneficiary were enrolled in Medicare FFS. Section 422.214(a)(2) provides that the amount that a non-contract provider must accept as payment in full may be reduced to take into account statutory penalties that would apply to the provider's payment under Medicare FFS. Accordingly, an MAO may reduce its payments to non-contract providers who are subject to the 2014 eRx negative payment adjustment to the same extent that their payments under FFS Medicare would have been reduced. The authorized percentage reductions to Part B PFS payments in each eRx payment adjustment year are as follows:

- 2012: 1%
- 2013: 1.5%
- 2014: 2%

What type of provider is subject to the eRx Payment adjustment?

The eRx negative payment adjustments only apply to eligible professionals who have prescribing authority. An eligible professional is a physician or other practitioner described in section 1842(b)(18)(C) of the Act. An eligible professional may participate in the eRx incentive program individually or as a member of a group practice selected to participate in the eRx practice reporting option (GPRO).

Identifying an Eligible Professional

The 2014 eRx Payment Adjustment File (discussed in the "File Description and Access" section below) lists the Taxpayer Identification Number (TIN) and National Provider Identifier (NPI) number for each eligible professional who is subject to the 2014 eRx payment adjustment. The 2014 eRx Payment Adjustment File includes all eligible professionals who are subject to the 2014 eRx payment adjustment, including eligible professionals who report individually as well as eligible professionals who are members of group practices that participate in the GPRO. An MAO can identify an eligible professional who is subject for the 2014 eRx payment adjustment by matching the eligible professional's TIN/NPI combination to the TIN/NPI codes provided in the 2014 eRx Payment Adjustment File. The TIN/NPI combination must be an exact match.

Calculating the Incentive Payment and Adjustment

For program years 2012 through 2014, an MAO may apply a negative adjustment to Medicare Part B allowed charges submitted by an eligible professional who is not a successful e-prescriber during the program year. If a provider is listed on the 2013 eRx Payment Adjustment file discussed below, the MAO may, but is not required to, adjust claims with dates of service from 1/1/2014 through 12/31/2014 from the provider (an MAO cannot apply the 2013 adjustment to claims that are outside of the 1/1/2014 - 12/31/2014 date range). The formula used to calculate the eRx Payment Adjustment for the 2014 program year is:

> Part B total estimated allowed charges for noncontract services provided in 2014 * (-0.02).

The eRx negative payment adjustment applies to 100 percent of the Medicare Physician Fee Schedule (MPFS) amount and the allowed charge must include the beneficiary cost sharing as part of the calculation.

Notification and Timeline

MAOs should include an explanation to non-contract providers when applying eRx payment adjustments so that the provider can understand the reason for the adjustment.

File Description and Access

The eRx Payment Adjustment file includes information for the 2014 program year. It includes a list of providers who do not meet the criteria for successful electronic prescribing during 2014. The payment adjustment applies to claims with dates of service from 1/1/2014 through 12/31/2014. An 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:

- TIN
- NPI
- Start Date
- End Date

Due to the sensitivity of some of the information provided in the file, only the MAO's Medicare Compliance Officer will be able to access and download it. The Compliance Officer must be a registered HPMS user in order to obtain the file. The file can be downloaded from the Data Extract location in HPMS. The user should select the "Incentive Payments" link on the left navigation bar in the Data Extract location. After selecting the link, the user should select "eRx File" under Step One, "2014" under Step Two, and "Download" under Step Three.

Additional Information:

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 about the providers identified in the files please contact the QualityNet Help Desk at 1-866-288-8912 (TTY 1-877-715-6222) or qnetsupport@sdps.org.

If you have questions about the eRx program, please contact your CMS Account Manager.

If you have questions about this HPMS notice, please contact Sean O'Grady at sean.ogrady@cms.hhs.gov.