

# HHS Fact Sheet

U.S. Department of Health and Human Services



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## **HHS Takes New Steps to Accelerate Adoption of Electronic Prescribing *Medicare Payments for Successful Electronic Prescribers, Reporting Quality Data are Important Steps Toward a Value-Driven Health Care System***

### **ELECTRONIC PRESCRIBING**

Medicare is taking new steps to speed the adoption of electronic prescribing (e-prescribing) by offering incentive payments to physicians and other eligible professionals who use the technology. E-prescribing is more efficient and convenient for consumers, improves the quality of care, lowers administrative costs and its widespread use would eliminate thousands of medication errors every year.

Beginning in 2009, and during the next four years, Medicare will provide incentive payments to eligible professionals who are successful electronic prescribers. Eligible professionals will receive a 2 percent incentive payment in 2009 and 2010; a 1 percent incentive payment in 2011 and 2012; and a one half percent incentive payment in 2013.

Beginning in 2012, eligible professionals who are not successful electronic prescribers will receive a reduction in payment. Eligible professionals may be exempted from the reduction in payment, on a case-by-case basis, if it is determined that compliance with requirement for being a successful prescriber would result in significant hardship.

Medicare is expected to save up to \$156 million over the five-year course of the program in avoided adverse drug events. It's been estimated that Medicare beneficiaries experience as many as 530,000 adverse drug events every year, contributed to in part by negative interactions with other drugs, or a prescriber's lack of information about a patient's medication history.

According to the Institute of Medicine (IOM), more than 1.5 million Americans are injured each year by drug errors. Electronic prescribing can help deliver safer, more efficient care to patients.

E-prescribing has the potential for improving beneficiary health outcomes. For providers, prescribing electronically improves quality and efficiency and reduces cost by actively promoting appropriate drug usage; providing information to providers and dispensers about formulary-based drug coverage, including formulary alternatives and co-pay information; and speeding up the process of renewing medications. E-prescribing, if permitted for controlled substances, also may play a significant role in efforts to reduce the incidence of drug diversion by alerting providers and pharmacists of duplicative prescriptions for controlled substances.

This incentive payment for successful electronic prescribers is a significant step forward for the encouragement of the use and adoption of e-prescribing throughout the health care system. Advancements in the adoption of e-prescribing will help further the transformation of the current health care system into a system based on value.

U.S. Department of Health and Human Services Secretary (HHS) Mike Leavitt has consistently advocated for Medicare payments to be connected to physicians' adoption of e-prescribing and recently Congress enacted legislation allowing such an effort to go forward.

In 2004, President George W. Bush set a goal for most Americans to have secure access to a secure, interoperable electronic health record by 2014. Electronic prescribing has been identified as an area where significant progress could be made quickly to improve the quality of care.

### **QUALITY REPORTING MEASURES**

In another step toward establishing a health care system based on value, the first payments under the Medicare Physicians Quality Reporting Initiative (PQRI) have been awarded. By collecting data on quality, health care providers can use the information collected to improve patient care.

Through PQRI, the Centers for Medicare & Medicaid Services (CMS) has provided more than \$36 million in bonus payments to more than 56,000 health professionals who reported quality information to Medicare. The average incentive amount for individual physicians was more than \$600 and the average incentive payment for physician group practices was more than \$4,700. The largest payment to a physician group practice totaled more than \$200,000.

Recent legislation extends the physician quality reporting system and provides for incentive payments of 2 percent for reporting data on quality measures in 2009 and 2010, up from 1.5 percent in 2008. In addition, CMS will post on its Web site the names of eligible professionals who satisfactorily submitted data on PQRI quality measures and establish a Physician Feedback Program in which claims and other data will be used to develop confidential reports to physicians that measure the resources involved in furnishing care to Medicare beneficiaries.

### **STEPS TO VALUE-BASED SYSTEM**

These initiatives are an example of the leadership HHS provides in the transformation of the current U.S. health care model into a system based on value. HHS is working to ensure that consumers know the quality and cost of their health care. Health care transparency provides consumers with the information and incentives necessary to choose health care providers based on value.

Providing timely and reliable cost and quality information empowers consumer choice. Consumer choice creates incentives at all levels, and motivates the entire system to provide better care for less money. Quality improvement will continue as providers can see how their practice compares to others. Electronic prescribing is one part of broader efforts to accelerate the adoption of health IT and the establishment of a health care system based on value.

For additional information, please go to: <http://www.hhs.gov/valuedriven/> and <http://www.cms.hhs.gov/pqri/>

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