

FOR IMMEDIATE RELEASE

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E-PRESCRIBING AND COMPUTER-GENERATED FAX EXEMPTION

Overview:

The Centers for Medicare & Medicaid Services (CMS) issued a proposed rule on June 29, 2007, that would establish new policies and payment rates for physicians and other providers who are paid under the Medicare physician fee schedule (MPFS). Included in the proposed rule is a provision that would eliminate the exemption for computer generated faxes from the e-prescribing standards.

Background:

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the MMA) established a program for electronic transmission of prescriptions and related information under the new prescription drug benefit (Medicare Part D) and required the Secretary to adopt standards for these transmissions. While there is no requirement that prescribers or dispensers implement e-prescribing, those who do (for Part D-covered drugs prescribed to eligible beneficiaries) are required to comply with the e-prescribing standards. Prescription Drug Plan (PDP) sponsors, Medicare Advantage organizations offering Medicare Advantage-Prescription Drug Plans (MA-PDs), and other Part D sponsors must also comply with the standards.

Through a final rule published in November 2005, the Secretary adopted e-prescribing standards for use by physicians and suppliers in connection with prescriptions under Medicare Part D, effective January 1, 2006. The standards included a SCRIPT standard for communications between physicians and pharmacies regarding prescription information. The rule provided that entities that transmit prescriptions via computer-generated faxes (i.e., faxes generated by a prescriber's computer and sent to a dispenser's fax machine) were exempt from using the SCRIPT standard. Absent this exemption, entities using e-prescribing software that generated faxes would either have been required to comply with the SCRIPT standard or revert to paper prescribing. CMS expected that entities using computer-generated fax software would adopt the use of the SCRIPT standard over time, but this has not occurred to date.

The Proposal to Eliminate the Exception:

Computer-generated faxing retains some of the disadvantages of paper prescribing. For example, the pharmacy incurs the administrative cost of keying the prescription into the pharmacy system and there is a potential for data entry errors that may have an adverse impact on patient safety. CMS believes it is important to take steps to encourage prescribers and dispensers to move toward the use of the SCRIPT standard. Therefore, CMS is proposing to eliminate the computer-generated fax exemption for all prescriber/dispenser transactions. With improved and more readily available standards-based e-prescribing products, CMS believes that eliminating the exemption will encourage e-prescribers and dispensers to move as quickly as possible to using the SCRIPT standard. CMS expects the impact on prescribers to be minimal.

Future Steps toward Improved E-Prescribing:

This proposal is part of CMS's strategy to encourage adoption of e-prescribing. CMS conducted a five-site pilot project in 2006 to test additional e-prescribing standards, including transactions that can communicate formulary and benefit and medication history information to the prescriber at the point of care. Findings from the pilot evaluation were released in a Report to Congress in April 2007, and CMS plans to move forward with a proposed rule to adopt additional standards that the pilot showed to be effective.

Comments on the proposed rule, including this provision, may be submitted on-line at www.cms.hhs.gov/eRulemaking/ and will be accepted until August 31, 2007. A final rule will be published later in the fall and will be effective for claims on or after January 1, 2008.