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Incentive Payments

- ◆ Incentives in BOTH Medicare and Medicaid are available for physicians and hospitals and certain other providers.
- ◆ ONLY physicians are eligible for the Medicare incentives
- ◆ Physicians, NPs, CNMs and some PAs are eligible for EHR incentive payments under Medicaid.
- ◆ Physicians must choose whether to receive a Medicare incentive payment OR a Medicaid incentive payment – cannot get both!
- ◆ “Hospital based” physicians are **NOT** eligible.
- ◆ A hospital based physician is one for whom the electronic health record and costs associated with the purchase or maintenance of the system, will be born by the hospital and not the individual physician.

Statute identifies the following physician specialties as examples of hospital based:

Anesthesiology

PATHOLOGY

Emergency Medicine

Secretary is authorized to designate other physicians as "hospital based"

EHR Incentive

Physicians would be eligible for a Medicare bonus payment – which can be paid either annually in a lump sum payment or periodically – for meaningful use of a certified EHR system. The amount of the incentive payment will be based upon estimates of allowed charges.

In order to be eligible for either the Medicare OR Medicaid incentive payment, the providers MUST be a "meaningful user" of a "certified" EHR system.

Meaningful Use

The eligible professional demonstrates to the satisfaction of the Secretary that during such period the professional is using certified EHR technology in a meaningful manner, which shall include the use of electronic prescribing.

Meaningful Use

The eligible professional demonstrates to the satisfaction of the Secretary that during such period such certified EHR technology is connected in a manner that provides for the electronic exchange of health information to improve the quality of health care, such as promoting care coordination.

Physicians practicing in a Health Professional Shortage Area could receive an additional 10% EHR Bonus payment.

Medicare Incentive Payment Schedule

- ◆ 2011 \$18,000.00
- ◆ 2012 \$18,000.00 if this is the first year for adoption and use or \$12,000 if this is the second year of use.
- ◆ 2013 \$12,000.00 if this is the second year of use or \$8,000 if this is the third year of use.
- ◆ 2014 \$ 8,000.00 if this is the third year of use or \$4,000.00 if this is the fourth year of use.
- ◆ 2015 \$ 4,000.00 if this is the fourth year of use or \$2,000 if this is the fifth year of use.

If a provider has not begun using an EHR system in 2015, the provider is subject to a reduction in payment unless the provider can demonstrate to the Secretary that doing so would represent a hardship to the provider.

Penalty for Failure to Use

- ◆ 2015 **99%** of Medicare payment the provider would have otherwise been entitled
- ◆ 2016 **98%** of Medicare payment the provider would have otherwise been entitled.
- ◆ 2017 **97%** of Medicare payment the provider would have otherwise been entitled.
- ◆ 2018 **96%** of Medicare payment the provider would have otherwise been entitled.

EHR Hospital Incentive

Beginning in 2011, Hospitals and Critical Access

Hospitals (CAHs) are eligible for Medicare incentive payment for the meaningful use of an EHR system.

Hospital EHR Incentive

Each eligible hospital (not a CAH) would receive an incentive payment that is the SUM of a base amount (\$2 Million PLUS \$200 PER discharge above the threshold level of 1,149 discharges

Critical Access Hospitals are eligible for a Medicare Incentive Payment but the formula is different and based upon costs. CAH administrators are advised to consult with their accounting professionals.

Medicaid EHR Incentive Payments



EHR Incentive Payments are available through the Medicaid program to:

- ◆ Physicians
- ◆ Nurse Practitioners
- ◆ Nurse Midwives
- ◆ Rural Health Clinics
- ◆ Federally Qualified Health Centers

Medicaid Incentive

In order for a physician, nurse practitioner or nurse midwife to be eligible for a Medicaid bonus payment, at least 30% of the physician, NP or CNM patient visits must be Medicaid recipients.

Rural Health Clinic and FQHC EHR Incentive Payments

RHC and FQHCs can receive bonus payments through the physicians, NPs, CNMs or PAs who practice predominantly in a rural health clinic. In the case of PAs, the clinic must be "PA led". In addition, at least 30 percent of the RHC or FQHC providers' patient volume must be attributable to "needy" individuals

Who is a “Needy Individual”

- ◆ Someone who is receiving assistance under Medicaid
- ◆ Someone who is receiving assistance S-CHIP
- ◆ Someone who is furnished uncompensated care by the provider;
- ◆ Someone for whom charges are reduced by the provider on a sliding scale basis based on an individual's ability to pay.

- ◆ RHCs and FQHCs can receive an amount not in excess of 85 percent of net average allowable costs for certified EHR technology (and support services including maintenance and training that is for the adoption and operation of, such technology

What is Average Allowable Cost?

The term 'average allowable costs' means the average costs for the purchase and initial implementation or upgrade of such technology (and support services including training that is necessary for the adoption and initial operation of such technology).

Limits on Medicaid Incentive Payments

In no case shall—

- * the net average allowable costs under this subsection for the first year of payment exceed **\$25,000**
- * the net average allowable costs under this subsection for a subsequent year of payment, exceed **\$10,000**

Double dipping?

An eligible professional shall not qualify as a Medicaid provider under this subsection unless any right to payment under Medicare with respect to the eligible professional has been waived.

Incentive Limits

- ◆ In No Case, shall payments be made for costs after 2021 OR over a period of longer than 5 years.
- ◆ Total Incentive – PER PROVIDER: \$65,000 over 5 years.

What is “Certified”

- ◆ The term ‘certified EHR technology’ means a qualified electronic health record that meets standards adopted by the Secretary that are applicable to the type of record involved, such as an ambulatory electronic health record for office-based physicians.

HHS is presently soliciting nominations for the HIT Committee. Nominations must be submitted by March 16th.

Membership of the HIT Standards Committee should at least reflect the following categories of stakeholders and will include other individuals: providers, ancillary healthcare workers, consumers, purchasers, health plans, technology vendors, researchers, relevant Federal agencies, and individuals with technical expertise on health care quality, privacy and security, and on the electronic exchange and use of health information.

If you know someone who would
be appropriate for nomination:

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