

EHR Incentive Program Overview for Hospitals



The American Recovery and Reinvestment Act (Recovery Act) of 2009 authorizes the Centers for Medicare and Medicaid Services (CMS) to make incentive payments to Medicare and Medicaid eligible hospitals (EHs) that meaningfully use certified electronic health record (EHR) technology.

General Requirements

The reporting period (i.e., meaningful use demonstration period) for EHs is based on a federal fiscal year (FY). In general, the reporting period for an EH's first year is any continuous 90-day period within that FY. For example, an EH that applies for its first Medicare payment for FY 2012 must report on meaningful use (MU) measures and clinical quality measures (CQMs) for any continuous 90-day period within FY 2012. For each of the following years, the EH must report on the entire year.

Hospitals that qualify under the Medicare and/or Medicaid program may be eligible for incentive payments as shown below.

	Medicare	Medicaid
Incentives Start	FY 2011	As early as 2011
Incentives End	FY 2015 (max. 4 years)	2021 (max. 6 years, must start by 2016)
Incentive Amount	\$2 million base plus discharge amount based on Medicare share	\$2 million base plus discharge amount based on Medicaid share
Reimbursement Reduced	FY 2015	No penalties

Medicare

Medicare hospitals include:

- Eligible acute care hospitals—defined as subsection (d) hospitals, which are hospitals that are paid under the hospital inpatient prospective payment system (IPPS) and are located in one of the 50 states or the District of Columbia
- Critical Access Hospitals (CAHs)

Medicare incentive program overview:

- Medicare EHs that are meaningful users of certified EHR technology can begin receiving incentive payments in any year from FY 2011 to FY 2015.
- EHs may receive incentive payments for up to 4 years from FY 2011 to FY 2016.
- Incentive payments will decrease for EHs that begin receiving payments in FY 2014 and later.
- Medicare incentive payments are based on discharge data and Medicare share data.
- EHs that are not meaningful users of certified EHR technology beginning in FY 2015 will be subject to payment adjustments.

Subsection (d) hospitals that are also Medicaid acute care hospitals (including CAHs) could qualify for incentive payments from both Medicare and Medicaid. EHs that qualify for both programs must attest/report to CMS for the Medicare EHR incentive program, and will be deemed meaningful users for Medicaid (even if the State adds public health objectives to the core set).

Medicaid

Medicaid hospitals include:

- Eligible acute care hospitals—defined as health care facilities with an average length of patient stay of 25 days or fewer and with a Claim Control Number (CCN) that has the last four digits in the series 0001-0879 (including CAHs)
- Children's hospitals

Acute care hospitals must also meet a 10% Medicaid patient volume threshold for each year of participation. Medicaid patient volume for hospitals will be determined by the percentage of Medicaid patient encounters, which include inpatient discharges and emergency room visits. For example, the hospital's Medicaid patient volume for any continuous 90-day period within FY 2010 will determine if the hospital is eligible to participate in the Medicaid EHR incentive program for FY 2011. The method for calculating Medicaid patient volume will be designated by the State Medicaid Agency.

Medicaid incentive program overview:

- The EHR incentive program is voluntary for state Medicaid agencies. If a state decides to opt out of the incentive program, EHs in that state will not be able to participate in the Medicaid EHR incentive program.
- If the state where the EH is located chooses to participate and is ready, Medicaid EHs that are meaningful users of certified EHR technology can begin receiving incentive payments in any year from FY 2011 to FY 2016.
- EHs may receive incentive payments for up to 6 years from FY 2011 to FY 2021.
- Medicaid EHs may qualify for incentive payments:
 - In their first year of participation, by demonstrating that they have adopted (i.e., acquired or purchased), implemented (i.e., started using), or upgraded to certified EHR technology.
 - In their second year of participation (first year of demonstrating MU), by meeting the MU requirements for any continuous 90-day period within the CY.
 - In all subsequent years, by demonstrating MU for the full year.

For example, an EH that applies for its first incentive payment for FY 2012 must demonstrate that it adopted, implemented, or upgraded to certified EHR technology during FY 2012. To qualify for an incentive payment for FY 2013, the EH must report on a 90-day period. For each of the following years, the EH must report on the entire year.

- The total Medicaid incentive payment will be disbursed over a period of 3-6 years. Each state Medicaid agency will determine how to issue payments within CMS guidelines. For example, one state might choose to disburse incentive payments over a 3-year period in equal annual increments, while another state might choose to disburse incentive payments over a 5-year period with 40% disbursed in year 1, 20% in years 2 and 3, and 10% in years 4 and 5.
- There are no penalties under the Medicaid program, but participants in the Medicaid program are still subject to Medicare penalties.

Frequently Asked Questions

- Q: Should my facility register for the Medicare or Medicaid program?
A: CMS has recommended that all hospitals choose the option “Both Medicare and Medicaid” during registration. If a hospital only selects one (Medicare or Medicaid) and later wants to switch to dual-eligibility, incentive payments will be delayed.
- Q: Can providers in my facility also qualify for incentive payments?
A: Yes, if they meet other eligibility requirements.
- Q: How will my facility’s eligible providers register?
A: Each provider must register with CMS. Those participating in the Medicaid program must also register with the State.
- Q: How can I find out if my state Medicaid program has launched?
A: Information about each state’s Medicaid program is available in the “Medicaid State Information” section of the CMS website, www.cms.gov/ehrincentiveprograms.

Critical Access Hospitals

Facilities that have been certified as critical access hospitals may be eligible for incentive payments insofar as they qualify as acute care hospitals under the Medicare EHR incentive program. For the purposes of the Medicaid EHR incentive program only, CAHs are treated exactly like acute care hospitals (e.g., must meet patient volume threshold and are subject to the same incentive payment calculation as Medicaid acute care hospitals).

Next Steps

Prepare for the EHR incentive programs by:

- Determining if your facility’s Medicaid patient volume qualifies you for the Medicaid program.
- Reviewing MU objectives/measures and begin redesigning workflow processes to ensure that all required data is captured in the EHR.
- Determining which providers in your facility may be eligible for the incentive program.
- Visiting www.cms.gov/ehrincentiveprograms to learn more about eligibility, registration, and MU objectives/measures.

Resources

www.usetinc.net/ehr ■ www.ihs.gov/meaningfuluse/
www.cms.gov/EHRIncentivePrograms ■ <http://healthit.hhs.gov>