
EHR Medicare and Medicaid Incentives

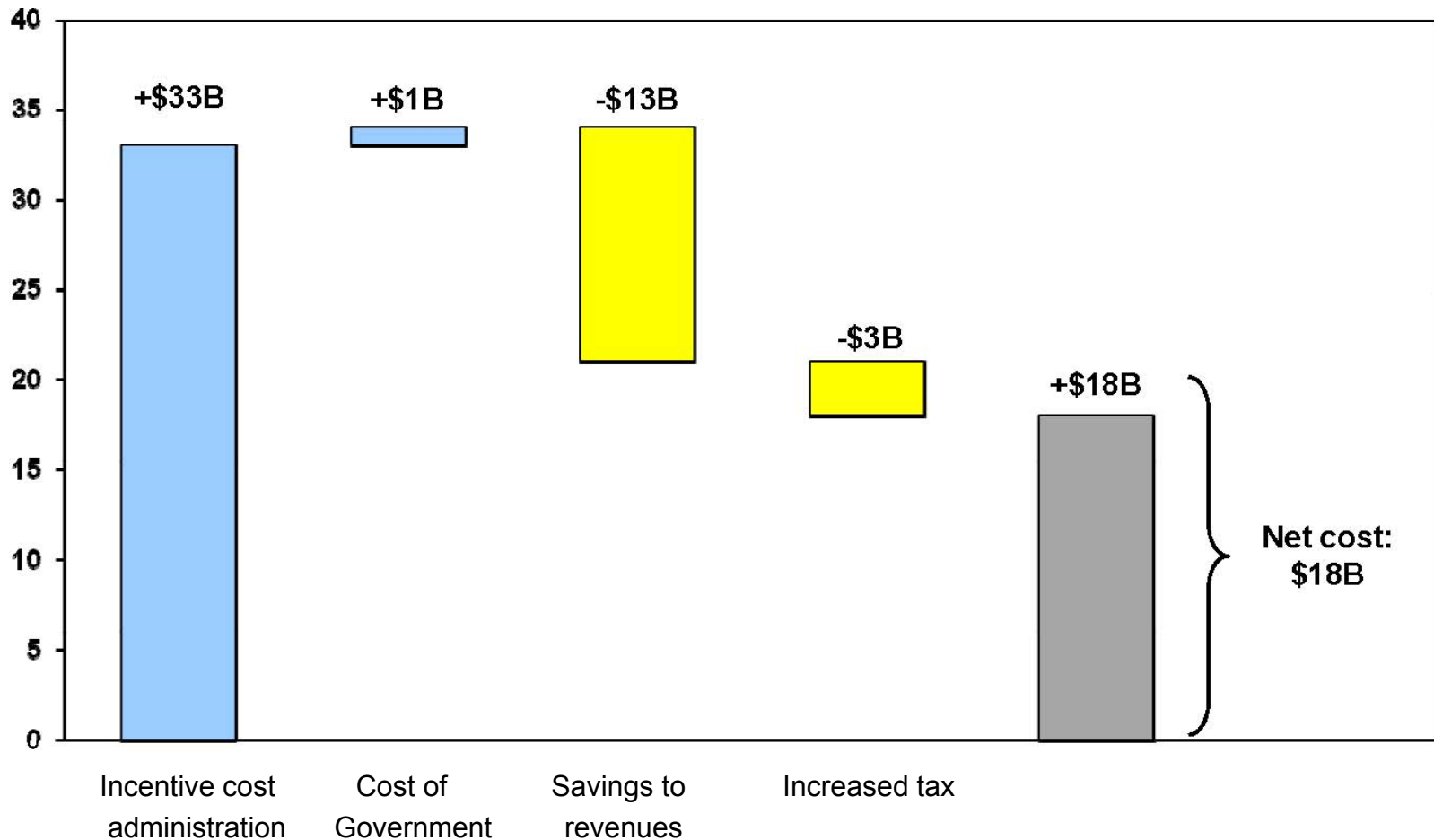
Looking at the American Recovery and
Reinvestment Act of 2009

ARRA Incentive Funding



- February 17, 2009 President Obama signed the American Recovery and Reinvestment ACT
 - 33 billion dedicated to Medicare and Medicaid incentives for physicians and hospitals who purchase and use Electronic Health Records (EHRs).
 - Bonus payments will only be made to “meaningful users” of qualified EHRs. To take maximum advantage of them, physicians will need to be ready by calendar year 2011 and hospitals will need to be ready by FY 2011 (beginning October 1, 2010).

Net Cost to Government of Medicare/Medicaid Incentive



Source: Micky Tripathi PhD MPP, Massachusetts eHealth Collaborative April, 2009 www.maehc.org

Electronic Health Records

- NAHIT defines an EHR as “An electronic record of health-related information on an individual that conforms to nationally recognized interoperability standards and that can be created, managed, and consulted by authorized clinicians and staff across more than one health care organization.”

“Qualified & Certified EHRs”

This distinction influenced the ARRA’s definition of a “qualified electronic health record” which is “an electronic record of health-related information on an individual that-

(A) includes patient demographic and clinical health information, such as medical history and problem lists; and

(B) has the capacity--

(i) to provide clinical decision support;

(ii) to support physician order entry;

(iii) to capture and query information relevant to health care quality; and

(iv) to exchange electronic health information with, and integrate such information from other sources.”

EHR Certification

- Certified EHR Technology: Qualified EHR that is also certified by meeting standards determined by type of record involved
- Certification Commission for Healthcare Information Technology, CCHIT, is one certification body. CCHIT certification requirements include EHR suitability, quality, interoperability and data portability, and security.
- CCHIT certified EHR technology has not been named the official certification body for EHRs. Other EHR certification organizations may be involved .
- Commentators on the ARRA have said that as the demand for EHRs rises across the country in responses to the incentives, certified vendors will be increasingly challenged to keep up the supply and long delays can be anticipated.

EHR Incentives

- To be eligible for incentive payments physicians must be “meaningful EHR users”
 - Criteria:
 - Demonstrate to HHS that they are using EHR in meaningful manner
 - Participate in E-prescribing
 - Technology provides electronic exchange of health information to improve quality of health care
 - Submit information to HHS for quality measures

Medicare Physician Incentives

- Incentives are anticipated to start in calendar year 2011
- Physicians may receive payments up to \$44,000 over five years
 - Payment based on 75% of Medicare claims, subject to caps (see next slide).
- Health care providers in “provider shortage areas” are eligible for 10% increase
- Incentive payments end in **2015**
- In 2015, reduction in Medicare reimbursements start if physicians do not become “meaningful users”

Medicare Physician EHR Incentives

	2011	2012	2013	2014	2015	2016	2017	TOTAL
Adopt 2011	\$18,000	\$12,000	\$8,000	\$4,000	\$2,000	\$0	\$0	\$44,000
Adopt 2012	-----	\$18,000	\$12,000	\$8,000	\$4,000	\$2,000	\$0	\$44,000
Adopt 2013	-----	-----	\$15,000	\$12,000	\$8,000	\$4,000	\$0	\$39,000
Adopt 2014	-----	-----	-----	\$12,000	\$8,000	\$4,000	\$0	\$24,000
Adopt 2015 +	-----	-----	-----	-----	\$0	\$0	\$0	\$0

- Maximum payments based on 75 % of Medicare claims (Must bill at least \$24,000 to claim maximum \$18,000 bonus, for example.)
- Hospital-based professionals are not eligible for Medicare Incentives.

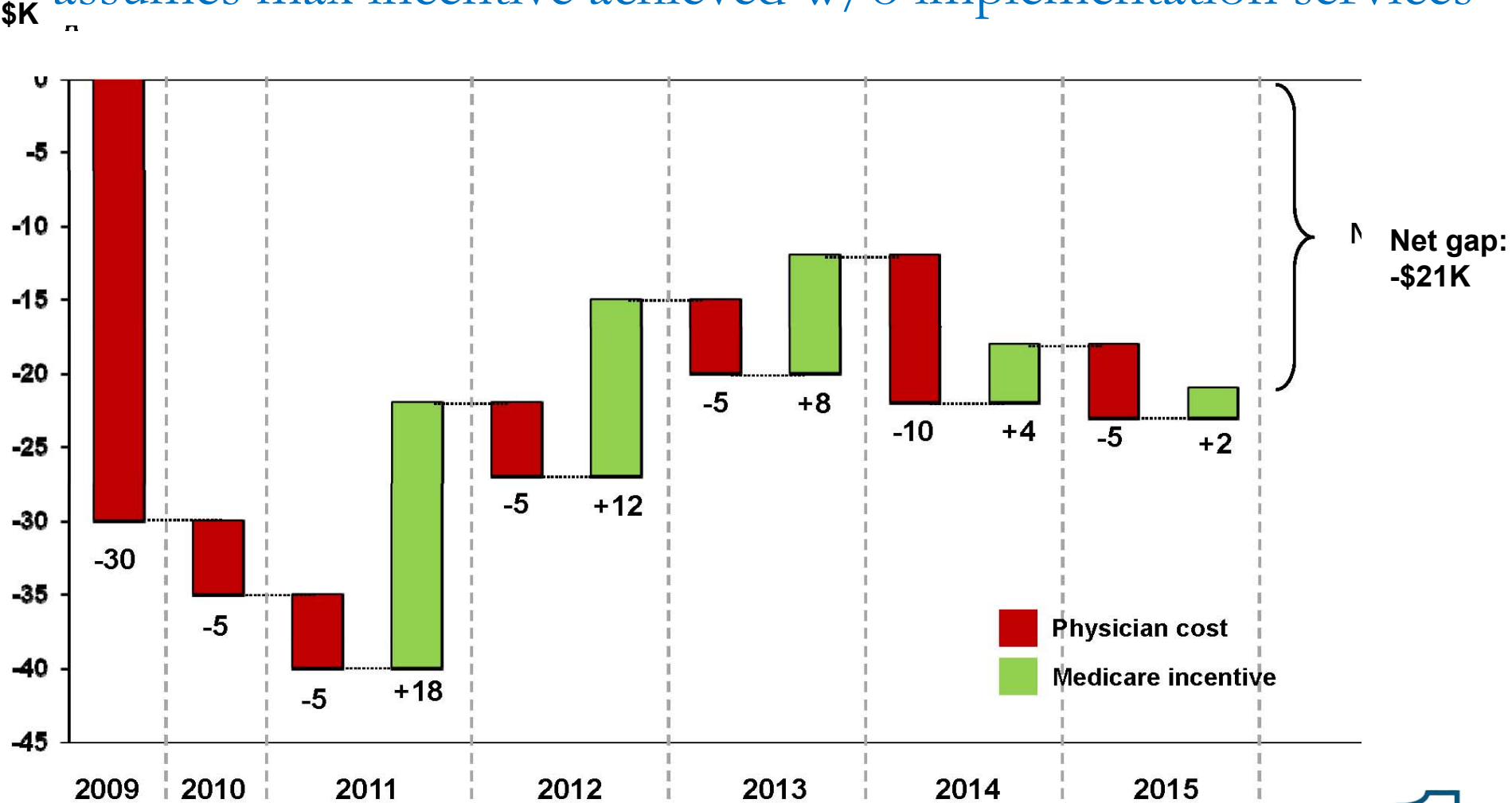
Medicare Physician Penalties

- In 2015, reduction in Medicare reimbursements for physicians who are **not** meaningful EHR users
(exceptions for significant hardship cases)

First Payment Year	Reduction in Medicare Fee Schedule for non-adoption
2011	\$0
2012	\$0
2013	\$0
2014	\$0
2015	-1%
2016	-2%
2017 and thereafter	-3%...

Per Physician Cash Flow for new EHR Implementation

assumes max incentive achieved w/o implementation services



Medicaid Incentives

- Incentives anticipated to start in 2011
- No Medicaid payment reductions if a provider does not adopt certified EHR technology
- Providers include:
 - Physicians
 - Dentists
 - Nurse midwives
 - Nurse practitioners
 - Physician assistants (in rural health clinics or federally qualified health centers led by PA)
 - Children's and acute-care hospitals

To be eligible for Medicaid providers are required to
Waive Medicare EHR incentive payments.

Medicaid Incentives

Who's Eligible?

Providers	Medicaid Patient Volume
Non-hospital based providers	≥ 30%
Non-hospital based pediatrician (eligible for 2/3 of the amount)	≥ 20%
Physician who practices in federally qualified health center or rural health clinic	≥ 30% attributable to needy individuals
Children's hospitals	No requirement needed
Acute-Care hospitals	≥ 10%

Medicaid Incentives for Non-hospital based providers

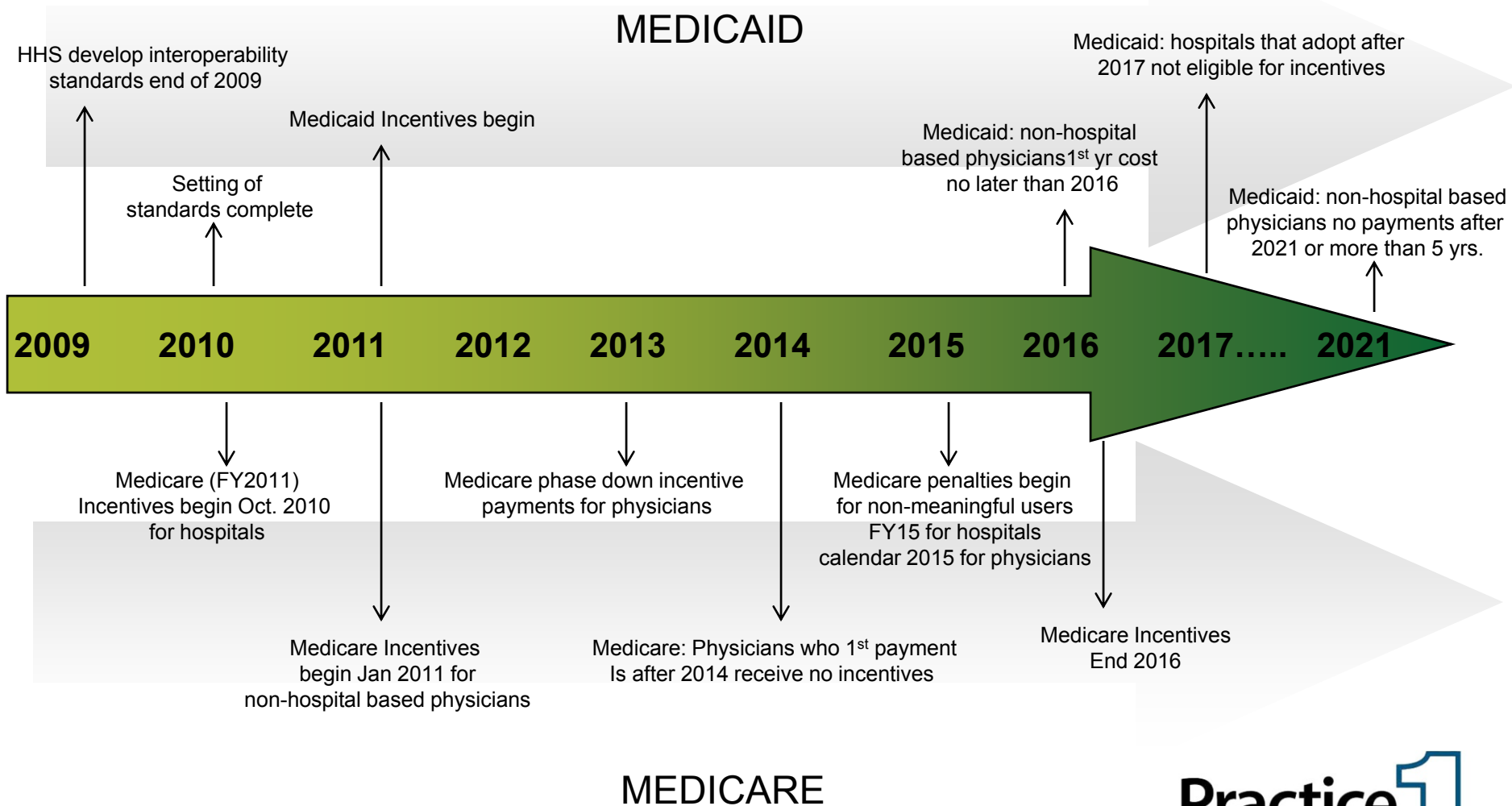
- Incentives for up to 85% of costs for EHR
 - Caps: 1st year payment at \$25,000
 - Caps: following years at \$10,000/year
 - 1st yr cost no later than 2016
 - No payments made after 2021 or more than 5 years
- Costs Include:
 - Purchasing
 - Implementation
 - Upgrades
 - Support & training
 - Engaging in efforts to adopt, implement...
 - Maintenance & use

Key Points

	MEDICARE		MEDICAID	
	Physicians	Hospitals	Physicians	Hospitals
Incentive start	Calendar yr 2011	FY 2011	2011	2011
Incentive End	Calendar yr 2016	FY 2015	2016	2021
Incentive Amount	up to \$44,000	\$2 million base	Up to \$65,000	
Reduction	Calendar yr 2015	FY 2015	No penalty	

Sources: HIMSS <http://www.himss.org/ASP/index.asp>
and AHIMA <http://www.ahima.org/>

Medicare and Medicaid Timeline



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and AHIMA <http://www.ahima.org/>

Thank you!



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