
EHR Medicare and Medicaid Incentives

Looking at the American Recovery and
Reinvestment Act (ARRA) of 2009



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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 these bonus payments, physicians will need to be ready by calendar year 2011 and hospitals will need to be ready by FY 2011 (beginning October 1, 2010).



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Electronic Health Records

- NAHIT defines an EHR as “An electronic record of health-related information on an patient 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.**”

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“Qualified & Certified EHRs”

The “Qualified and Certified EHR” distinction influenced ARRA’s definition of a “qualified electronic health record” as “an electronic record of health-related information on an individual that includes patient demographic and clinical health information, such as medical history and problem lists.”

Among other items is the ability to **“exchange electronic health information with, and integrate such information from, other sources.”**



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EHR Certification

- Certified EHR Technology: The EHR is certified by meeting the standards determined by the type of record involved.
- The Certification Commission for Healthcare Information Technology (CCHIT) is one certification body. CCHIT certification requirements include EHR suitability, quality, interoperability / 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.



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EHR Incentives

- To be eligible for incentive payments, physicians must be able to prove they are “meaningful” EHR users
 - Criteria:
 - Demonstrate to HHS that they are using a certified EHR in a meaningful manner
 - Participate in Electronic Prescribing
 - Ability for the EHR to provide electronic exchange of health information to improve quality of health care
 - Capable of submitting information to HHS for quality measures.



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Medicare Physician Incentives

- Incentives most likely will start in calendar year 2011
- Physicians may receive payments up to \$44,000 over five years, assuming their EHR usage begins early enough
 - Bonus payments are 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**
- That same year (2015), a reduction in Medicare reimbursements begins for physicians who never became “meaningful EHR users.” Reductions may cease once meaningful EHR usage begins, but at that point, it will have been way too late to derive any bonus payments.



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Medicare Physician EHR Incentives

	2011	2012	2013	2014	2015	2016	2017	TOTAL
Adopt 2011 or before	\$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 (providers billing at least \$24,000 would claim maximum \$18,000 bonus)
- Hospital-based professionals are not eligible for Medicare Incentives.

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Medicare Physician Penalties

- In 2015, reduction in Medicare reimbursements begins for physicians who are **not** meaningful EHR users. The table below assumes the provider never became a meaningful EHR user:

(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%...

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Medicaid Incentives

- Incentives most likely will 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.



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Medicaid Incentives

Who is 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%



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Medicaid Incentives for Non-hospital based providers

- ❑ First year payment = \$25,000
- ❑ Caps: following years at \$10,000/year
 - 1st yr cost no later than 2016
 - No payments made after 2021, or more than five years from the first qualifying year
 - Maximum Medicaid incentives = \$65,000 vs. \$44,000 maximum for Medicare incentives



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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	

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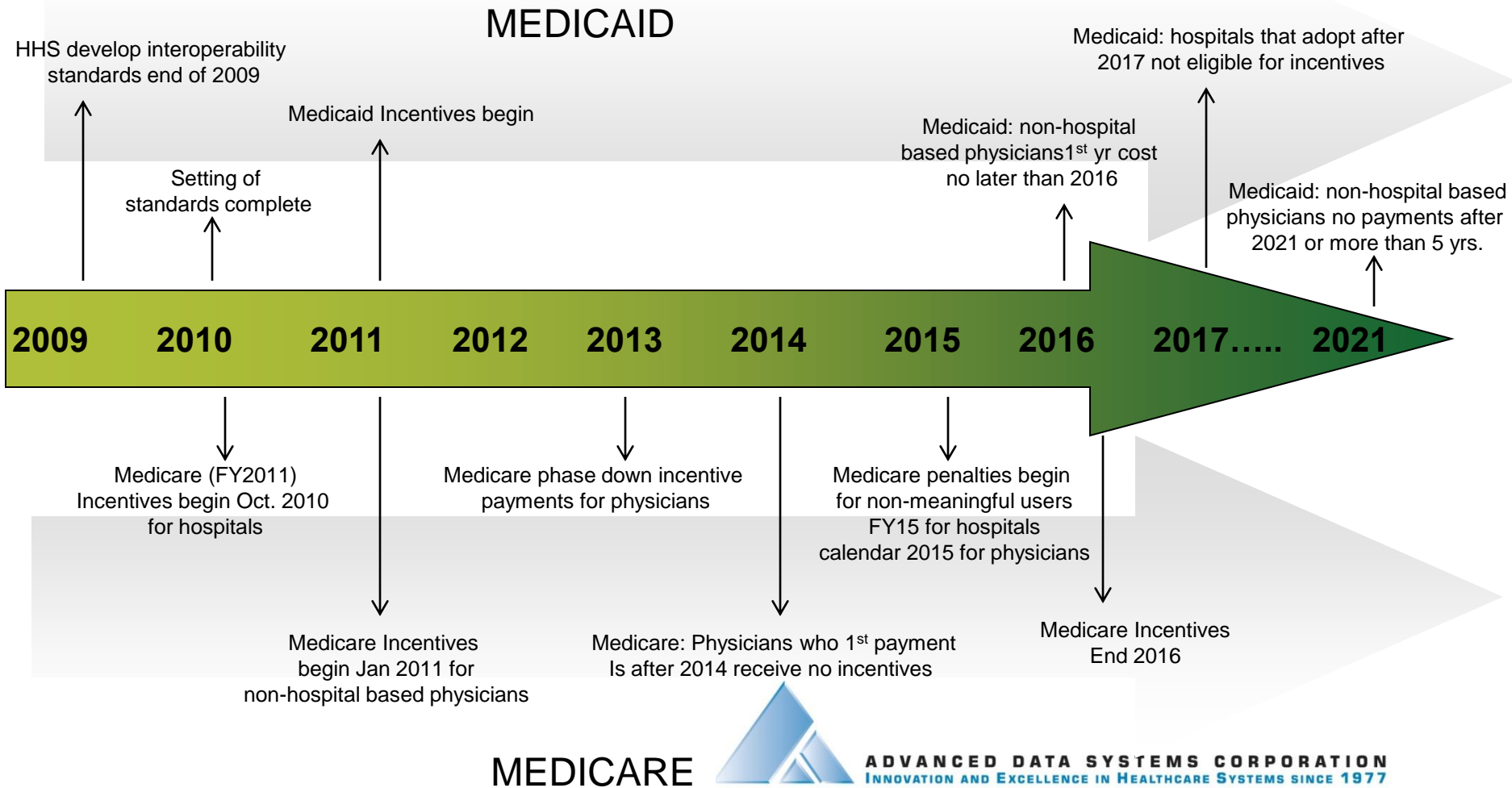
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Sources: HIMSS <http://www.himss.org/ASP/index.asp>
and AHIMA <http://www.ahima.org/>

Medicare and Medicaid Timeline



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