CALIFORNIA ACADEMY OF FAMILY PHYSICIANS
STRONG MEDICINE FOR CALIFORNIA

THE PHYSICIANS FOUNDATION

Health Information Technology Toolkit for Family Physicians

EHR Incentive Program Basic Facts

The American Recovery and Reinvestment Act of 2009 (ARRA) allocates $27 billion over 10 years to support adoption of electronic health records (EHRs).

Federal incentive payments will be available to providers when they adopt EHRs and demonstrate "meaningful use."

Eligible providers can receive as much as $44,000 over a five-year period through Medicare. Medicare providers must demonstrate meaningful use to qualify for incentive payments.

To register for Medicare incentives, visit the Centers for Medicare and Medicaid Services' (CMS) registration page at https://ehrincentives.cms.gov/hitech/login.action.

Eligible providers can receive as much as $63,750 over six years through Medicaid. Medicaid providers can receive their first year's incentive payment for adopting, implementing and upgrading certified EHR technology, but must demonstrate meaningful use in subsequent years to qualify for additional payments.

To register for the Texas Medicaid incentives, first register with CMS at www.cms.gov/EHRIncentivePrograms. Providers must be enrolled in the state Medicaid program; use your account information to log in to the Texas Medicaid and Healthcare Partnership, www.tmhp.com, and follow these three steps:

1. Go to "My Account."
2. Scroll to "Manage Provider Accounts."
3. Select the last item on the list—"Texas Medicaid EHR Incentive Program"—and follow the on-screen instructions. *Note:* If the link is not available, the person trying to access the site is not designated as a provider administrator in the TMHP portal system. For help in the enrollment process, e-mail HealthIT@tmhp.com or call (800) 925-9126.

The incentive payments are just one provision of ARRA. Since enactment of the law in February 2009, the Office of the National Coordinator for Health Information Technology (ONC), CMS, and other Health and Human Services (HHS) agencies have been taking the following actions.

- Creating Regional Extension Centers (RECs) to support providers in adopting EHRs.
- Developing workforce training programs.
- Identifying "Beacon Communities" that lead the way in adoption and use of EHRs.
- Developing capabilities for information exchange, including working toward a nationwide Health information network.
- Improving privacy and security provisions of federal law to bolster protection for electronic records.
- Creating a process to certify EHR technology, so providers can be assured that the EHR technology they acquire will perform as needed.
- Identifying standards for certification of products tied to meaningful use of EHRs.
- Identifying the meaningful use objectives that providers must demonstrate to qualify for incentive payments.
- Supporting state Medicaid agencies in the planning and development of their Medicaid EHR incentive programs with 90/10 matching funds.

Who is eligible for the incentives?
Providers may qualify for both the Medicare and Medicaid programs, but may not receive EHR incentive payments from both programs in the same year. Providers who qualify for EHR incentive payments under both programs will maximize their payments by choosing the Medicaid EHR incentive program. To qualify though the Medicaid program, the law stipulates the following patient volume requirements:

- Non-hospital-based professionals with at least a 30-percent Medicaid patient volume;
- Non-hospital-based pediatricians with at least a 20-percent Medicaid patient volume; or
- Eligible professionals who practice predominantly in federally qualified health centers or rural health clinics and have at least 30 percent of the patient volume attributable to needy individuals.

To qualify through the Medicare program, the law stipulates that a provider must treat Medicare patients and bill for Part B services on the Medicare Physician Fee Schedule.

There are other requirements for eligibility. Go to http://www.browserspring.com/widgets/cms/test.html to determine whether you qualify.

Who is eligible for Regional Extension Center (REC) services?
The Academy has developed the Guide to Working with RECs, LECs, and Service Partners. We invite you to view this guide to understand how these organizations can assist you.

REC services are available to clinical providers (M.D., D.O., N.P., P.A., C.N.M.W.) who want help implementing EHR systems and achieving federal meaningful use guidelines. The RECs and their partners will provide technical assistance and practice support, whether your practice is fully paper-based or already using an EHR.

The federal government funds REC assistance to priority primary care providers (providers in a practice of 10 or fewer physicians certified in family medicine, internal medicine, pediatrics, geriatrics,

obstetrics/gynecology, and adolescent medicine). These providers are eligible to receive approximately $4,100 worth of technical assistance services from the RECs, including:

- Access to group purchasing;
- Assistance with vendor selection;
- Education and training;
- High-level project management;
- Readiness and workflow assessment; and
- Assistance in meeting federal meaningful use guidelines.

When should a physician apply for these incentives?
Medicare funds are available over five years, ending in 2016. Funding payouts will start in 2011. In the Medicare program, the later you qualify, the less money is available to you. For example, if you do not qualify until year three, you will forfeit the first three years of payments but would still be eligible for payments in years four and five. Early adopters (including those who have already implemented HIT systems) whose first payment year is 2011 or 2012 will also be eligible for an initial, larger incentive payment up to $18,000. In 2014, the payment limit for new adopters will be reduced to $12,000.
The Medicaid incentive program has a more complex funding schedule, with payments extending to 2021, and is also anticipated to start funding in 2011. Medicaid provider incentives are paid out over six years, beginning with the first year that the provider enters the incentive program. Unlike the Medicare program, Medicaid providers are not penalized for delaying implementation for several years. Medicaid providers can begin the EHR incentive program as late as 2016 and receive the maximum provider incentive.

How much money is available for per provider?
Medicare: Up to $44,000 in Medicare reimbursements over the next five years

Calendar year	First calendar year for which the provider receives an incentive payment				
	2011	2012	2013	2014	2015 and subsequent years
2011	$18,000	---	---	---	---
2012	$12,000	$18,000	---	---	---
2013	$8,000	$12,000	$15,000	---	---
2014	$4,000	$8,000	$12,000	$12,000	---
2015	$2,000	$4,000	$8,000	$8,000	$0
2016	---	$2,000	$4,000	$4,000	$0
TOTAL	$44,000	$44,000	$39,000	$24,000	$0

The Medicare incentive program is administered via Medicare carriers and contractors. A payment year equals a calendar year. Incentive payments for this program end after 2016. A qualifying provider will receive an incentive payment equal to 75 percent of Medicare allowable charges for covered professional services furnished by the provider in a payment year, subject to maximum payments.

In general, a qualifying provider can receive an annual incentive payment as high as $18,000 if their first payment year is 2011 or 2012. Otherwise, the annual incentive payment limits in the first, second, third, fourth, and fifth years are $15,000, $12,000, $8,000, $4000, and $2,000, respectively. In general, the maximum amount of total incentive payments that a provider can receive under the Medicare program is $44,000.

A provider who predominantly furnishes services in a geographic Health Professional Shortage Area (HPSA) is eligible for a 10-percent increase in the maximum incentive payment amount. The maximum amount of total incentive payments that such a provider can receive under the Medicare program is $48,400.

Payment calculations for providers who first demonstrate meaningful use in 2014 will be made as if they began meaningful use in 2013. (That is, if a provider were to first demonstrate meaningful use in 2014, the provider would receive $12,000 for that year, the second year's amount as if they had begun in 2013.) The last year for which a provider can begin receiving incentive payments in this program is 2014.

Medicaid: Up to $63,750 in Medicaid reimbursements over the six years that a provider chooses to participate in the program

Possible model for Medicaid incentive payments (early adopter):

Calendar year	Incentive payment
2011	$21,250
2012	$8,500
2013	$8,500
2014	$8,500
2015	$8,500
2016	$8,500
TOTAL	$63,750

The Medicaid incentive program will be administered by the Texas Medicaid and Healthcare Partnership, and has a more complex funding schedule with payments extending to 2021, and a lengthier and more measured adoption rate.

Medicaid provider incentives are paid out over six years, beginning with the first year that the provider enters the incentive program. Medicaid providers can begin in the EHR incentive program as late as 2016 and receive the maximum provider incentive.

Contrary to the requirement of continuous demonstration of meaningful use in the Medicare program, a Medicaid provider could show meaningful use one year but not the next with no penalty. For example, a provider could receive an incentive for adoption in 2011, but not demonstrate meaningful use in 2012. That same provider could then achieve meaningful use in 2013 and still receive the maximum incentive. Unlike the Medicare incentive program, Medicaid providers are able to access upfront funding to help with the adoption, implementation, or upgrade of an EHR. In the first year that Medicaid providers

expect to receive incentives they do not need to demonstrate meaningful use. Instead, they can attest that they have purchased, implemented, or upgraded their EHR system during the previous year. Providers can demonstrate adoption of an EHR by directly purchasing a system from a commercial vendor. They can also attest that they have access to a system through an employment or contract arrangement, such as in a clinic or medical group.

Implementation involves any services required for bringing the EHR into the workflow of the practice. This could involve staff training, workflow redesign, or any other functions that a provider needs to implement the EHR in the practice.

Finally, many providers who have existing EHR systems will need to add additional functions to their systems in order to achieve meaningful use. This will qualify as an upgrade.

What is the downside of NOT becoming a meaningful user?
Providers who do not implement a certified EHR and achieve meaningful use will face reduction in their Medicare fee schedule payments of 1 percent in 2015, 2 percent in 2016, and 3 percent in 2017 and beyond.

The Medicaid program will not penalize eligible providers for failing to adopt a certified EHR or achieve meaningful use.

Can a provider receive incentive dollars from both programs?
Even if a provider qualifies for both Medicare and Medicaid incentive payments, he or she can only receive incentives from one program in any year. A provider who qualifies for both programs can switch between programs one time.

How do I know if my EHR is certified?
For EHR technology to qualify for certification, it must include patient demographic and clinical health information such as medical history and problem lists, provide clinical decision support for physician order entry, and be able to capture and query information relevant to health care quality.
For a list of current certified products and more information about the certification process, visit the CCHIT website at http://onc-chpl.force.com/ehrcert.