

JULY 2010 FINAL RULE



Medicare & Medicaid Programs

**Electronic Health Record Incentive Program
as it Applies to Physicians**



CPAs & BUSINESS ADVISORS

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Brief History

- The American Recovery & Reinvestment Act of 2009 (ARRA) was enacted on Feb. 17, 2009.
- One of the key focuses is on preserving and improving affordable health care.
- The final Electronic Health Record (EHR) rule was released July 2010 with Stage One Meaningful Use Requirements.
- Title IV, Division B of ARRA established *incentive payments* to eligible professionals (EPs) and eligible hospitals to promote the adoption and *meaningful use* of interoperable health information technology and *qualified EHRs*.
- *Incentive payments* are made from the Medicare and/or Medicaid programs.
- *Meaningful use* intends that certified EHR technology should result in health care that is patient-centered, evidence-based, prevention-oriented, efficient and equitable. The development of criteria to define meaningful use has been set up as a three-stage approach.
- *Qualified EHR* signifies that the EHR technology has been **certified** as meeting the definition established by the Office of the National Coordinator for Health Information Technology (ONC).

Eligible Professionals (EPs) Under Medicare Program

- Defined to include a doctor of medicine (MD) or osteopathy (DO), a doctor of dental surgery or dental medicine, a podiatrist, an optometrist or a chiropractor.
- Does not include hospital-based physicians that provide greater than 90 percent of their services in the inpatient or emergency room setting.
- Incentive Payments in General
 - An EP must make an election between receiving the Medicare or Medicaid incentive payment. A one-time election change may be made. An EP may not receive more than the maximum incentive payment, which is \$63,750.
- Medicare Incentive Payments for EPs
 - The Medicare incentive payment is subject to an annual limit of 75 percent of the Medicare allowed charges for covered professional services furnished by the EP during the relevant payment year.
 - Medicare incentive payments may begin as early as calendar year 2011. After 2012, the amount of the maximum Medicare incentive (\$44,000) begins to decline. Incentive payments may not begin after 2014. EPs in Health Professional Shortage Areas receive an additional 10 percent bonus under the Medicare Incentive Payment.

**Maximum Total Amount of EHR Incentive Payment for a
Medicare EP Who Does Not Predominately Furnish
 Services in a HPSA**

Calendar Year	First CY in Which the EP Receives an Incentive Payment					2015
	2011	2012	2013	2014	2015	
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	\$ -	\$ -
2016	\$ -	\$ 2,000	\$ 4,000	\$ 4,000	\$ -	\$ -
Total	\$ 44,000	\$ 44,000	\$ 39,000	\$ 24,000	\$ -	\$ -

Penalties for Medicare EPs

- If after the 3 years, 75 percent of EPs are not meaningful users, CMS can implement 1 percent reductions for two additional years to a maximum of 5 percent.

Eligible Professionals Under Medicaid Program

- Eligible professionals are defined to include physicians, dentists, certified nurse-midwives, nurse practitioners and physician assistants practicing in a Federally Qualified Health Center (FQHC) or Rural Health Clinic (RHC) that is led by a physician assistant.
- Most Medicaid EPs cannot be hospital-based, which is defined in the prior section. The only exception to this rule is that Medicaid EPs practicing predominately in a FQHC or RHC are not subject to the hospital-based exclusion.

Medicaid Incentive Payments for EPs

- The general rule is that the EP must have at least 30 percent patient encounters attributable to patients who are receiving Medicaid. This must occur over any continuous 90-day period within the most recent calendar year prior to reporting.
- There are two exceptions to the above rule. The first exception is that a pediatrician with a 20–29 percent Medicaid volume may still participate, but at a reduced incentive amount. The second exception is that a Medicaid EP practicing predominately in a FQHC or RHC must have a minimum of 30 percent patient encounters attributable to “needy individuals.” The FQHC/RHC specifics are discussed below.
- Medicaid incentive payments are available for those EPs who have implemented or upgraded certified EHR technology and can attest to meaningful use.

Eligible Professionals Under Medicaid Program

- Payment for EPs is 85 percent of net average allowable cost, which is capped at \$75,000. The maximum payment ($\$63,750 = \$75,000 * 85$ percent) may begin as early as calendar year 2011 and is available as late as being a meaningful user beginning in 2016.

**Maximum Incentive Payment for *Medicaid* EPs Who Are
Meaningful Users or Begin Adoption in the First Year of Payment
- Non-Pediatric Physicians & Pediatric w/ 30% Medicaid Volume**

Calendar Year	Medicaid EPs Who Begin Meaningful Use of Certified EHR Technology					
	2011	2012	2013	2014	2015	2016
2011	\$ 21,250	\$ -	\$ -	\$ -	\$ -	\$ -
2012	\$ 8,500	\$ 21,250	\$ -	\$ -	\$ -	\$ -
2013	\$ 8,500	\$ 8,500	\$ 21,250	\$ -	\$ -	\$ -
2014	\$ 8,500	\$ 8,500	\$ 8,500	\$ 21,250	\$ -	\$ -
2015	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 21,250	\$ -
2016	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 21,250
2017	\$ -	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500
2018	\$ -	\$ -	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500
2019	\$ -	\$ -	\$ -	\$ 8,500	\$ 8,500	\$ 8,500
2020	\$ -	\$ -	\$ -	\$ -	\$ 8,500	\$ 8,500
2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,500
Total	\$ 63,750	\$ 63,750	\$ 63,750	\$ 63,750	\$ 63,750	\$ 63,750

- For those pediatricians with a 20–29 percent Medicaid volume, their incentive payment is reduced to two-thirds of the 85 percent threshold.
- Medicaid EPs are not required to participate on a consecutive annual basis. Note: Incentive payments would not be realized for that particular year.
- Penalties for Medicaid EPs
- There are no penalties if the EP participates as late as 2016. Thereafter, no incentive payments are available.

FQHCs/RHCs Eligible Professionals

- Medicaid EPs practicing predominately in a FQHC or RHC are not subject to the hospital-based exclusion. To practice predominately is defined as the clinical location for more than 50 percent of patient encounters over a period of six months occurs at the FQHC or RHC.
- Medicaid EPs may qualify for the Medicaid incentive if 30 percent of patient encounters are attributable to “needy individuals, which are those who receive medical assistance from Medicaid or CHIP, furnished uncompensated care by the provider, or furnished services at either no cost or reduced cost based on a sliding scale determined by the individual’s ability to pay.

Incentive Payments for Eligible FQHCs/RHCs

- The incentive payments are the same as outlined in the previous section.

Penalties for Eligible FQHCs/RHCs

- There are no penalties for an eligible FQHC/RHC for failure to meet meaningful users.

Questions to Consider

- How familiar are you with the EHR incentive program?
- Have you started planning for the implementation of a certified EHR system?
- If you have implemented a certified EHR system, which vendor are you using? To verify a vendors certification status, visit www.healthit.hhs.gov.
- What types of providers are in your practice (e.g., physicians, physician assistants, certified nurse mid-wives, etc.)?
- What is the annual amount of Medicare charges experienced by each EP in your practice?
- Do any of your physicians work in a Health Professional Shortage Area?
- Do you practice in a FQHC or RHC?
- What is each provider's volume of Medicaid patient encounters for a continuous 90-day period?

Aqreva Service Offerings

Aqreva can assist you with planning and implementing your EHR system. Our team will:

- Prepare a financial assessment, which will calculate the incentive payment, provide recommendations to optimize the incentive payments and minimize penalties; and assist in the determination of the initial and potential future elections between the Medicare and Medicaid incentive programs.
- Conduct an application gap analysis as it pertains to identifying modules necessary to meet meaningful use, document the physicians meeting the meaningful use requirements and recommend implementation plans.
- Conduct an information security review to assist in identifying gaps in compliance with HIPAA, Red Flag Rules, etc.
- Perform a technology infrastructure assessment to document upgrade requirements to support EHR functionality.
- Prepare an action plan to outline current status and recommended future projects. In addition, identify partnerships necessary to meet ARRA requirements.
- Serve as the liaison between your EHR/EMR vendor or provide access to a fully integrated practice management and EHR/EMR system as your application service provider (ASP).

Eide Bailly LLP Contact



Ron Luetmer
Manager
Fargo, ND
320.634.0117

Aqreva LLC Contact



Cindy Hughes
Consultant
Tulsa, OK
918.748.5004



www.aqreva.com



www.eidebailly.com