



## MEDICAID EHR INCENTIVES FOR MICHIGAN PROVIDERS

The American Recovery and Reinvestment Act of 2009 (Recovery Act) was signed into law by President Obama on February 17, 2009. The law includes the Health Information Technology for Economic and Clinical Health Act, or the "HITECH Act," which established Centers for Medicare and Medicaid Services (CMS) programs to provide incentive payments for the "meaningful use" of certified electronic health records (EHR) technology. The payments are not direct reimbursement for the purchase and acquisition of such technology, but rather are intended to serve as incentives for eligible professionals (EPs) and eligible hospitals to adopt and meaningfully use certified EHR technology.

Details establishing eligibility and payment vary by patient population, provider and organization type and state. Incentives apply differently to EPs, eligible hospitals and certified Critical Access Hospitals (CAHs). For example, EPs may participate in either Medicare or Medicaid's incentive program, while most eligible hospitals may participate in both. EPs, except those practicing in Federally Qualified Health Centers or certified Rural Health Clinics (FQHCs/RHCs), cannot be hospital-based. For the Medicaid EHR Incentive Program, states can request CMS approval to implement additional meaningful use measures.

### MEANINGFUL USE

Congress specified three types of requirements for meaningful use:

1. Use of certified EHR technology in a meaningful manner;
2. Use of certified EHR technology connected in a manner that provides for the electronic exchange of health information to improve the quality of care; and
3. Submission of clinical quality measures and such other measures selected by the Secretary of HHS.

A draft definition of meaningful use of an EHR, along with the requirements to demonstrate meaningful use, was issued by CMS at the end of 2009. This draft definition included 25 objectives for EPs and 23 objectives for hospitals that range from electronic eligibility verification to use of computerized physician order entry (CPOE).

CMS has planned a phased approach to "meaningful use," consisting of the following stages:

**Stage 1:** Capture data in a coded format.

**Stage 2:** Expand upon the Stage 1 criteria in the areas of disease management, clinical decision support, medication management, support for patient access to their health information, transitions in care, quality measurement and research, and bi-directional communication with public health agencies.

**Stage 3:** Achieve improvements in quality, safety and efficiency, focusing on decision support for national high priority conditions, patient access to self management tools, access to comprehensive patient data, and improving population health outcomes.

### ELIGIBILITY

**EPs** include physicians, dentists, nurse practitioners, certified nurse midwives, and physician assistants practicing predominantly in an FQHC/RHC that is directed by a physician assistant. EPs working in more than one state must choose a state from which to receive incentive payments.

This document is intended as a summary only. Requirements to obtain incentives are subject to change. For more details and verification, please consult M-CEITA or the CMS website [www.cms.hhs.gov](http://www.cms.hhs.gov)

**Eligible hospitals** include acute care hospitals and children’s hospitals. An acute care hospital is a primary health care facility where the average length of patient stay is 25 days or fewer. Hospitals with a CMS Certification Number (CCN) that has the last four digits in the series 0001 – 0879 are eligible.

**EPs and hospitals** each must serve a minimum percentage of Medicaid patients according to the following table, or in the case of Medicaid EPs practicing predominantly in an FQHC or certified RHC, a minimum percentage of “needy individuals.” An EP practices predominantly at an FQHC or an RHC when the clinical location for over 50% of his/her total patient encounters over a period of 6 months occurs at an FQHC or a certified RHC. Needy individuals are those meeting any of the following three criteria: (1) Receiving medical assistance from Medicaid or the Children’s Health Insurance Program (CHIP); or (2) Furnished uncompensated care by the provider; or (3) Received services at either no cost or reduced cost based on a sliding scale.

**PAYMENT**

**EPs** can receive 85% of “net average allowable costs,” capped at \$63,750 per provider over the six year period.

**Hospital payments** may be made up to 100% of an aggregate EHR hospital incentive amount provided over a minimum of a 3-year period and a maximum of a 6-year period for children’s and acute care hospitals. The incentive payment for each eligible hospital will be calculated based on (1) an initial amount which is the sum of a \$2 million base amount and the product of a per discharge amount and the number of discharges; (2) the Medicaid share; and (3) a transition factor which phases down the incentive payments over a four year period.

**Fee Schedule Reductions** do not apply to Medicaid providers and hospitals at this time.

**SPECIAL CONSIDERATIONS**

**Pediatricians** with Medicaid patient volume between 20% - 29% of their total patient volume can receive two-thirds of the maximum amount, while those who reach the 30% threshold qualify to receive the full incentive.

**HOW TO FIND OUT MORE**

Email M-CEITA at [mceita.info@altarum.org](mailto:mceita.info@altarum.org), visit [www.mceita.org](http://www.mceita.org) or call **1-888-MICH-EHR** (1-888-642-4347)

<b>Qualifying Patient Volume Threshold for Medicaid EHR Incentive Program</b>	
<b>Entity</b>	<b>Minimum 90-day Medicaid patient volume threshold (percent)</b>
Physicians	30
Pediatricians	20
Dentists	30
Certified Nurse Midwives	30
Physician Assistants (when practicing at an FQHC/RHC led by a PA)	30
Nurse Practitioners	30
Acute Care Hospitals	10
Children's Hospitals	0

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