

Medicaid EHR Provider Incentive Payment Program

January 2011



- **Basics of the Medicaid EHR Incentive Payment Program**
- **MassHealth Planning Activities**

Funding Sources for Medicaid EHR Incentive Payments

- **Medicaid EHR Incentive Payments to providers are administered by the states but are reimbursed at 100% by CMS**
- **Planning, administrative and oversight expenses for states to carry out the Medicaid Incentive Payment provisions are reimbursed at 90% by CMS and 10% by state funds**
- In May 2010, CMS awarded Massachusetts's Medicaid program up to \$3.6 million in Federal Matching Funds for state planning activities necessary to implement the electronic health record (EHR) incentive program established by the American Recovery and Reinvestment Act of 2009 (Recovery Act).

Which Providers are Eligible for Medicaid Incentives?

- Eligible Professionals (EPs) who do not practice predominately at a FQHC or RHC
- Eligible Professionals (EPs) who do practice predominately at a FQHC or RHC
- Short-term Stay Acute Care Hospitals, Children's Hospitals and Critical Access Hospitals

Eligible Professionals (EP)-not FQHC/RHC Based at Individual NPI

- **Non-hospital based Physicians, Dentists, Certified Nurse Mid-Wives, and Nurse Practitioners**
- “Hospital Based” EPs are excluded from receiving incentive payments
 - **“Hospital Based”**- if 90% or more of an EP’s services take place at a setting of “Inpatient Hospital” or “Emergency Room”
 - Must meet minimum patient volume thresholds
 - **30% Medicaid Patient Volume Threshold** for non-Pediatricians
 - **20% Medicaid Patient Volume Threshold** for Pediatricians (2/3 of the incentive payment)
- **EPs must waive rights to Medicare Incentive Payments in order to receive Medicaid Incentive Payments (No double dipping!)**
- **EPs can only receive Medicaid Incentive Payment from one state per year**

Eligible Professionals (EP) – Practice Predominately at FQHC/RHC

- **Physicians, Dentists, Certified Nurse Mid-Wives, Nurse Practitioners, and Physician Assistants who practice at a FQHC/RHC that is led by a Physician Assistant**
- **“Practicing Predominately”** at a FQHC or RHC means 50% or more of their patient encounters at the FQHC or RHC.
- Must meet minimum patient volume thresholds
 - **30% “Needy Individuals”** Patient Threshold for providers who practice at FQHCs or RHC
 - **“Needy Individual”** means an individual receiving care from any of the following (1) CHIP or Medicaid, (2) Uncompensated Care, (3) No cost or reduced cost services on a sliding scale based on the individual’s ability to pay
- **EPs must waive rights to Medicare Incentive Payments in order to receive Medicaid Incentive Payments (No double dipping!)**
- **EPs can only receive Medicaid Incentive Payment from one state per year**

Short Stay Acute Care, Critical Access and Children's Hospitals (based on CCN)

- **Acute Care Hospitals, Cancer Hospitals and Critical Access Hospitals that are considered short-term stay hospitals (less than 25 days ALOS)**
 - Must meet or exceed 10% minimum Medicaid patient volume thresholds
 - Must have a CCN with the last 4 digits that fall in the range of (0001 through 0879) or (1300-1399)

- **Children's Hospitals- No minimum Medicaid patient volume threshold**
 - Must have a CCN with the last 4 digits that fall in the range of (3300-3399)

- **Hospitals can receive both Medicaid and Medicare EHR Incentive Payments (Double dipping allowed!!)**

Criteria for Receiving Medicaid EHR Incentives in First Payment Year

- **First Payment Year Only**- Medicaid Providers may demonstrate the following:
 - **Adopted** –Acquired and Installed
 - **Implemented** –Commenced Utilization (example: Staff training, data entry of patient demographic information into EHR)
 - **Upgraded** –Expanded Upgraded to certified EHR technology or added new functionality to meet the definition of certified EHR technology
 - Must be **certified EHR technology** capable of meeting **meaningful use**
 - No EHR reporting period

Criteria for Receiving Medicaid Incentives Payment Years 2-6

- **In Payment Years 2 through 6 - Medicaid EP and Hospitals must demonstrate Meaningful Use of a *Certified* EHR**
- **Stage 1 Meaningful Use Criteria**
 - **15 Core Objectives** (examples: CPOE, e-prescribing, record demographics, clinical quality measures, etc.) plus
 - **5 Objectives out of 10 from menu set** (examples: drug-formulary checks, incorporate clinical lab test results as structured data, generate lists of patients by specific conditions, etc.)
 - **6 total Clinical Quality Measures**
- **90 day reporting period for participation year 2**
- **Reporting period full calendar year for participation years 3-6**

Medicaid EHR Incentive Payments -EPs

| Calendar Year | 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 |

Note:

- 1) **Pediatricians with a minimum 20% patient volume may qualify for up to a maximum of \$14,167 in the first incentive payment year and to up a maximum of \$5,667 in each of the 5 subsequent incentive payment years for no more than a total of \$42,500 over the maximum 6 year period.**
- 2) **If a Pediatrician meets or exceeds the 30% patient volume threshold they are eligible for the full incentive payment amounts.**

Medicaid EHR Incentive Payments – Hospitals

The aggregate EHR incentive calculation for Medicaid eligible hospitals is represented mathematically as follows to be paid over 3 to 6 years:

(Overall EHR Amount) X (Medicaid Share)

Medicaid EHR Incentive Payments -Example

Example: Medicaid Hospital Incentive Payment Calculation

- 20,000 discharges (Note: This calculation assumes the same average annual growth
 - based on a previous example)
- 34,000 inpatient Medicaid bed-days (including fee-for-service and managed care days)
 - 100,000 total inpatient bed-days
 - \$1,000,000,000 in total charges
 - \$200,000,000 in charity care

Year 1: $\{\$2,000,000 + ((20,000-1,149) \times 200)\} \times 1 \times 1.0 = \$5,770,200$

Year 2: $\{\$2,000,000 + ((20,454-1,149) \times 200)\} \times 1 \times .75 = \$4,395,750$

Year 3: $\{\$2,000,000 + ((20,918-1,149) \times 200)\} \times 1 \times .50 = \$2,976,900$

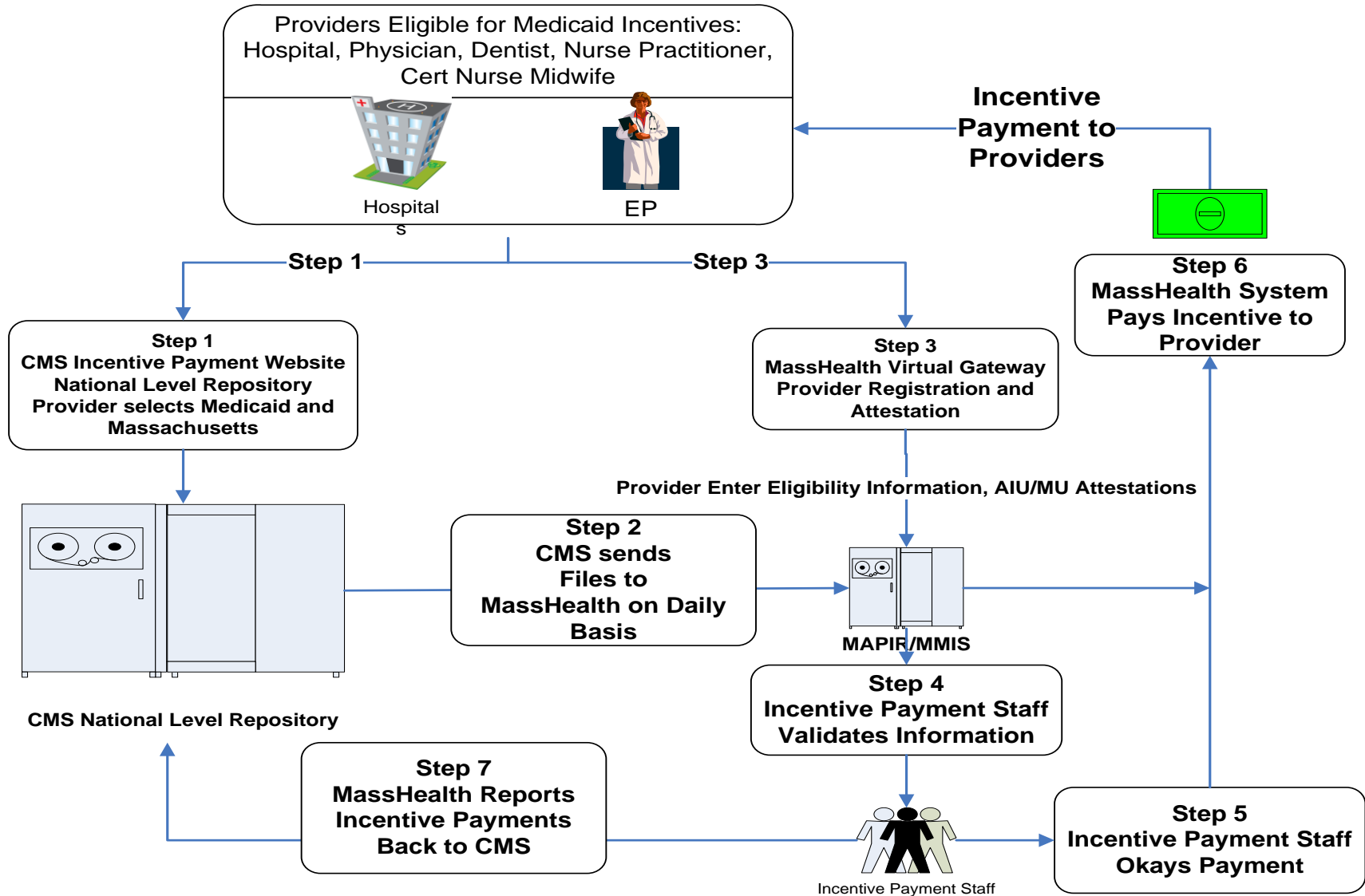
Year 4: $\{\$2,000,000 + ((21,393-1,149) \times 200)\} \times 1 \times .25 = \$1,512,200$

**Overall EHR amount = Sum (Year 1, Year 2, Year 3, Year 4) =
\$14,655,050**

Medicaid Share: $34,000 / (100,000 \times ((\$1,000,000,000 - \$200,000,000) / 1,000,000,000)) = 0.425$

Overall EHR Amount x Medicaid Share = Medicaid aggregate EHR incentive amount
 $\$14,655,050 \times 0.425 = \$6,228,396$

High Level Medicaid Incentive Payment Process



Initial Estimates of Medicaid EHR Provider Incentive Payments

- Hospitals Incentive Payments at 100% FFP-
 - Many of the Massachusetts short-term acute care and Critical Access Hospitals will meet 10% Medicaid Patient Threshold including Children's Hospital
 - Approximately \$100,000,000-\$120,000,000* in total Medicaid Incentive Payments paid to Massachusetts eligible hospitals from 2011-2021.
 - Important note: All hospitals must receive their first Medicaid Incentive Payment by 2016.
- *Hospital Estimates are very preliminary – charitable care adjustment not included

- Eligible Providers Incentive Payments at 100% FFP-
 - Using national estimates 20% of Massachusetts EPs may be eligible for Medicaid Incentive
 - Approximately 5,000 eligible providers in Massachusetts may receive up to \$63,750 in Medicaid Incentive Payments
 - Approximately \$320,000,000 in total Medicaid Incentive Payments paid to Massachusetts EPs from 2011-2021.
 - Important note: All EPs must receive their first Medicaid Incentive Payment by 2016.

Activities Currently Underway

- **MassHealth is currently developing a plan, the State Medicaid HIT Plan (SMHP) which will describe how we will implement and administer the Medicaid Incentive Payment Program for submission to CMS for review and approval in early February 2011**
- **Highlights of the SMHP include the following:**
 - Results of EHR Provider Survey and meetings with professional organizations
 - Provider outreach and communications strategies
 - Operational processes and flows for administration and oversight of the incentive payment program—including provider registration, provider eligibility verification, attestation validation, provider appeals, provider notifications, payment of incentives, fraud/abuse and auditing processes, reporting and analysis
 - Staffing model, resources and budget to support the activities listed above
 - System requirements, staffing model and budget to support the actual payment and reporting of incentive payments (***MAPIR a multi-state initiative-Mass. is one of 13 states purchasing the core MAPIR product***)
 - Provider EHR Outreach activities including EHR website, fact sheets, EHR Provider Resource Screening Wizard, etc.
 - Plans for EOHHS/MassHealth HIT initiatives to support EHRs and HIE (i.e. DPH HL7 Gateway)
- **After CMS approval, MassHealth can implement the systems and components of the Plan that are approved by CMS (March 2011 through July 2011)**
- **MassHealth is planning to launch Incentive Payment Program in July or August 2011 pending CMS approval**

- MeHI was established through an Act of the Massachusetts Legislature- Chapter 305
- MeHI is a division of the Massachusetts Technology Collaborative (MTC)
- MeHI is responsible for advancing the dissemination of health information technology (HIT) across the Commonwealth, including the deployment of electronic health records (EHR) systems in all health care provider settings that are networked through a statewide health information exchange (HIE).
- HIT Council which is the governing board of MeHI is chaired by the Secretary of EOHHS and the Medicaid Director is member of HIT Council

Joint Planning Activities

- MeHI staff are members of MassHealth HIT Steering Committee
- EOHHS/MeHI Joint development of common marketing and communication strategy for consistent messaging of EHR information for Massachusetts providers
- EOHHS/MeHI joint development/deployment of Medicaid Provider EHR Survey with shared results
- MassHealth and EOHHS staff are supporting the MeHI's Adhoc Workgroups for Health Information Exchange; Privacy and Security; and Regional Extension Center
- Proposal to have MeHI staff support key planning and administrative functions of the Medicaid Incentive Payment Program to leverage Regional Extension Center "on the ground" presence with providers* (**Pending CMS approval*)