

## Frequently Asked Questions Electronic Health Records – Incentive Payments

### What are the payment amounts that a provider may receive?

Eligible providers may receive a maximum payment of \$21,250 in year one for the adoption, implementation, or upgrade of an EHR. In the second through sixth year, an eligible provider may receive up to \$8,500 for the meaningful use of the EHR. Hospitals will receive a payment amount based on a formula.

### Proposed Maximum Incentive Payment Amounts for Eligible Professionals

	Maximum payment	Maximum cumulative payment over six year period
Year one for eligible professionals including pediatricians with 30% Medicaid patient volume (for adoption, implementation, or upgrade)	\$21,250	\$63,750
Years two through six for meaningful use	\$8,500	
Year one for pediatricians with a minimum 20% but less than 30% Medicaid patient volume (for adoption, implementation, or upgrade)	\$14,167	\$42,500
Years two through six for meaningful use	\$5,667	

### Can eligible professionals and hospitals collect payments from both Medicaid and Medicare?

The proposed rule specifies that eligible hospitals may receive incentives from Medicare and Medicaid. Eligible professionals, however, must select one program. Furthermore, Medicaid eligible professionals and hospitals must select one state from which to receive their incentive payment each year.

### What do you mean by adopting, implementing, or upgrading an EHR?

According to the proposed rules, providers in their first year of participation in the Medicaid incentive payment program can qualify for an incentive payment by demonstrating that they have adopted (e.g., acquired and installed), implemented (e.g., trained staff, deployed tools, exchanged data), or upgraded (e.g., expanded functionality or interoperability) a certified EHR.

## How long will the incentive payment program be available to Medicaid eligible professionals?

The Medicaid incentive program in Idaho will be available to provide payments to eligible professionals from 2011 through 2021. However, the last year an eligible professional can initiate payment in the program is 2016.

### Proposed Maximum Incentive Payments\* for Medicaid Eligible Professionals by Year

Calendar Year	First Calendar Year in which the Eligible Professional Receives an Incentive Payment					
	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 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

\* All payment amounts illustrate the maximum allowed payment.

Actual payments will be less for pediatricians with a 20% to 29% Medicaid patient volume.

## Will pediatricians be eligible for the same maximum payment as other eligible professionals?

Pediatricians will be eligible to receive two-thirds of the maximum payment proposed for eligible professionals if they have between 20% and 29% Medicaid patient volume. If their Medicaid patient volume is 30% or more, they will be eligible for the same maximum payment as all other eligible providers.

## How is the Medicaid EHR incentive payment amount for hospitals determined?

According to the proposed rules, the payment amount is calculated by multiplying the "Overall EHR (Electronic Health Record) amount" by the "Medicaid share": (overall EHR amount) times (Medicaid share).

The Overall EHR Amount equals: {Four year sum of [(Base Amount plus Discharge Related Amount applicable for each year) times (Transition Factor Applicable for each year)]} The factors in the Overall EHR Amount are defined as follows:

- Base Amount: Defined by statute as \$2,000,000.
- Discharge Related Amount: Defined as \$200 for the 1150<sup>th</sup> through the 23,000<sup>th</sup> discharge for the first payment year. For subsequent payment years, States must assume discharges increase by the provider's average annual rate of growth for the most recent 3 year period for which data is available.
- Transition Factor: Equal to 1 in year 1, 3/4 in year 2, 1/2 in year 3, and 1/4 in year 4.

The Medicaid Share equals: {(Medicaid inpatient bed days plus Medicaid managed care inpatient bed days) divided by [(total inpatient bed days) times [(estimated total charges minus charity care charges) divided by (estimated total charges)]]}

Sample Calculation: Assume the following over a four-year period:

- 20,000 discharges in the first year with an assumed annual growth rate of 2.27 percent
- 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

Overall EHR Amount = Sum (Year 1 + Year 2 + Year 3 + Year 4) = **\$14,655,050**, calculated as follows:

Year 1: { \$2,000,000 + ((20,000 – 1149) \* \$200) } \* 1 = \$5,770,200

Year 2: { \$2,000,000 + ((20,454 – 1149) \* \$200) } \* 0.75 = \$4,395,750

Year 3: { \$2,000,000 + ((20,918 – 1149) \* \$200) } \* 0.5 = \$2,976,900

Year 4: { \$2,000,000 + ((21,393 – 1149) \* \$200) } \* 0.25 = \$1,512,200

Medicaid Share = 34,000 / {(100,000 \* (\$1,000,000,000 - \$200,000,000) / \$1,000,000,000)} = 0.425

Medicaid EHR incentive amount = (\$14,655,050 \* 0.425) = **\$6,228,396**