

Medicaid Financial Incentives for Eligible Professionals Converting to Electronic Health Records

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The American Recovery and Reinvestment Act of 2009 provides for Medicaid incentive payments to eligible professionals for adoption of electronic health record technology. Eligible professionals include physicians, dentists, certified nurse midwives, nurse practitioners and physician assistants if the physician assistant is practicing in a rural health clinic or federally-qualified health center that is led by a physician assistant. The incentive payment may not exceed 85% of net average allowable costs for certified EHR technology which can include support services, maintenance and training necessary for adoption and operation of EHR technology. The net allowable cost for the first year of payment cannot exceed \$25,000 and cannot exceed \$10,000 in the second and subsequent years.

To receive Medicaid incentives, eligible professionals must waive their right to receive incentive payments from Medicare for meaningful use of EHRs. In addition, an eligible professional must fall into one of the following categories: (1) not be hospital-based and have at least 30% of the professional's patient volume receiving medical assistance; (2) be a pediatrician who is not hospital-based and have at least 20% of pediatrician's patient volume receiving medical assistance; (3) practice predominantly in a federally-qualified health center or rural health clinic and have at least 30% of the professional's patient volume attributable to "needy individuals."

Needy individual is defined as an individual: (1) who is receiving Medicaid assistance; (2) who is receiving SCHIP assistance; (3) who is furnished uncompensated care by the provider; or (4) for whom charges are reduced by the provider on a sliding scale based on an individual's ability to pay.

To be eligible for Medicaid incentive payments, first year costs must be incurred by 2016. No payments may be made for more than 5 years or after 2021. To receive payments in the first year, an eligible professional must demonstrate that he or she is engaged in efforts to adopt, implement, or upgrade certified EHR technology. After the first year, the eligible professional must demonstrate meaningful use of certified EHR technology.

While these incentive payments are not likely to cover the entire cost of conversion to EHR technology, they do provide a way to reduce a Medicaid provider's out-of-pocket cost for conversion. Payments under this

incentive program can begin later than under the Medicare incentive program and can continue past deadlines established in the Medicare incentive program. The Medicaid deadline for satisfying meaningful use can also be later than the deadline under Medicare. These Medicaid incentives should be evaluated as an alternative to incentives under the Medicare program.

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