

Financial Incentives for Adoption of Electronic Health Records: Medicaid Incentive Payments to Eligible Professionals

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On January 13, 2010, the United States Department of Health and Human Services (HHS) issued proposed regulations which authorize states, at their option, to provide for incentive payments to providers for adopting, implementing or upgrading Certified Electronic Health Record (EHR) technology or for meaningful use of Certified EHR technology. Whether these incentive payments are available will depend upon whether a state chooses to provide the incentive payments through the state's Medicaid program and any such incentives will be subject to yet-to-be-developed state regulations.

Professionals eligible for Medicaid EHR incentive payments are: (i) a physician; (ii) a dentist; (iii) a certified nurse-midwife; (iv) a nurse practitioner; and (v) a physician assistant practicing in a Federally Qualified Health Center (FQHC) or Rural Health Clinic (RHC) which is led by the physician assistant. A hospital-based eligible professional (EP) is not eligible for payments under the Medicaid incentive program. A hospital-based EP is defined to be an EP who furnishes 90 percent or more of his or her covered professional services in a hospital setting. The hospital-based exception does not apply to an EP practicing predominantly at a FQHC or RHC.

To qualify for a Medicaid EHR incentive, an EP must have a minimum of 30 percent of all patient encounters attributable to Medicaid. There are two exceptions to this rule. The first is that a pediatrician may have at least 20 percent patient volume attributable to Medicaid. The second is that EP's practicing predominantly in an FQHC or RHC must have a minimum 30 percent patient volume attributable to "needy individuals." A needy individual is one of the following:

1. An individual who received medical assistance from Medicaid or the Children's Health Insurance Program;
2. An individual furnished uncompensated care by the provider; or
3. An individual furnished services at either no cost or reduced cost based on a sliding scale determined by the individual's ability to pay.

An EP can receive cumulative Medicaid incentive payments over 6 years of \$63,750.00. A pediatrician with 20 percent Medicaid volume can receive cumulative Medicaid incentive payments over 6 years of \$42,500.00. An EP can receive incentive payments in the first year for adopting, implementing or upgrading Certified EHR technology. After the first year, the EP must demonstrate meaningful use of Certified EHR technology. EP's must begin receiving incentive payments no later than calendar year 2016.

An EP cannot participate in both the Medicare incentive program and the Medicaid incentive program. However, an EP may change his or her EHR incentive program once for payments occurring before calendar year 2015.

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