

Medicare and Medicaid Incentive Payments for Adoption of Electronic Health Records - An Overview

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On January 13, 2010, the United States Department of Health and Human Services (HHS) issued proposed regulations that provide incentive payments for adoption and meaningful use of Certified electronic health records (EHR). These regulations will be finalized after March 15, 2010. Because the regulations are "proposed," they may change. However, since the regulations implement a statutory mandate, it is not expected that the final regulations will be significantly different from the proposed regulations.

Eligible professionals (EP), eligible hospitals, and critical access hospitals (CAH) can receive incentive payments from the Medicare Fee for Service Program which program includes physician fee schedule payments and hospital prospective payment. To receive incentive payments, the EP, eligible hospital and CAH must demonstrate meaningful use of Certified EHR technology in the relevant reporting period.

Incentive payments may also be made to Medicare Advantage Organizations for qualifying Medicare Advantage EPs and Medicare Advantage-affiliated eligible hospitals. To receive incentive payments, each qualifying Medicare Advantage EP and each qualifying Medicare Advantage-affiliated hospital must be a meaningful user of Certified EHR technology.

Individual states have the option of providing incentive payments to Medicaid providers for adopting, implementing or upgrading Certified EHR technology or for meaningful use of such technology. Incentive payments may be made to EPs, acute care hospitals or children's hospitals under the Medicaid incentive program.

Hospitals can participate in both the Medicare and the Medicaid incentive programs. However, EPs must elect and participate in only one incentive program.

These proposed regulations also establish detailed criteria and measures that must be satisfied to establish meaningful use. These criteria and measure are referred to as Stage 1 criteria. These criteria will be updated and measures will be made more stringent in Stage 2 and Stage 3. It is proposed that Stage 2 criteria be effective in 2013 and that Stage 3 criteria

be effective in 2015.

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