



Incentives for Eligible Professionals

Beginning in 2011, the American Recovery and Reinvestment Act of 2009 will provide Medicare or Medicaid financial incentives for physicians that adopt “certified EHR technology for meaningful use.” Medicare offers incentive payments for a period of up to five (5) years, 2011-2015. The incentive payments available to eligible professionals will vary depending upon the year in which the eligible professional applies for the incentive payment. The first payment year incentive is \$18,000 for 2011 or 2012, \$15,000 for 2013 and \$12,000 for 2014. If the first payment year is after 2014, then the amount shall be zero (\$0). There are payments for the second, third, fourth and fifth years; therefore, those professionals starting in 2011 or 2012 may receive the maximum Medicare incentive payments available (\$44,000). Medicare will begin penalizing professionals who fail to adopt EHR technology by 2015.

Medicaid professionals are eligible for incentive payments, with first-year payments available until 2016. The Medicaid incentive is based on allowable costs and may not exceed \$63,750 over 5 years.

How do I meet Medicare Eligibility requirements?

An eligible professional may apply to the Secretary of HHS (otherwise referred to as the Secretary) beginning in 2011, but no later than 2014, to receive incentive payments. An eligible professional includes: doctor of medicine or osteopathy, doctor of dental surgery or of dental medicine, doctor of podiatric medicine, doctor of optometry, and chiropractor. Eligible professionals may be employed by a qualified Medicare Advantage ("MA") organization organized as a health maintenance organization or employed by or are partners of an entity that furnishes at least eighty percent (80%) of the entity's patient care services to enrollees of the MA organization through a contract with the MA organization. They must provide at least seventy-five percent (75%) of professional services to enrollees of the MA organization and provide an average of at least twenty (20) hours per week of patient care services. In general, hospital-based eligible professionals in the hospital setting, such as a pathologist, anesthesiologist, or emergency physician, who provides substantially all covered professional services, will not be eligible for incentive payments.

If the professional qualifies as an eligible professional, they can receive incentive payments for “meaningful use of certified EHR technology.” An eligible professional is considered a meaningful EHR user if he or she demonstrates use of certified EHR technology in a meaningful way, including use of electronic prescribing, demonstrates that the use of certified EHR technology is connected in a manner that provides for the electronic exchange of health information to improve the quality of health care, such as promoting care coordination, and submits information on clinical quality measures.

How do I receive Medicare Incentive Payments?

The professional will need to demonstrate the use of the EHR through a means specified by the Secretary which could include (1) attestation, (2) submission of claims with appropriate coding, (3) survey response, (4) submission of information on clinical quality measures and other measures selected by the Secretary, and (5) other means specified by the Secretary.



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How much are the Medicare Incentive Payments?

The incentive payment is calculated on 75% of allowable Part B charges for the payment year. Maximum incentives are as follows:

Year EHR Use Begins	2011	2012	2013	2014	2015	2016	Totals
2011	\$18,000	\$12,000	\$8,000	\$4,000	\$2,000		\$44,000
2012		\$18,000	\$12,000	\$8,000	\$4,000	\$2,000	\$44,000
2013			\$15,000	\$12,000	\$8,000	\$4,000	\$39,000
2014				\$12,000	\$12,000	\$8,000	\$32,000
2015					\$0	\$0	\$0

Payment will increase ten percent (10%) for eligible professional services in a rural area that is designated by the Secretary to as a health professional shortage area (HPSA). Incentive payments will be paid in a single consolidated payment or as installments.

Are there limitations on the Medicare Incentive Payments?

Incentive payments begin in 2011. Payments will be given to eligible professionals until year 2016. If the first payment year is after 2014, the amount is zero (0).

Are there Disincentives for not using the EHR?

If an eligible professional has not become a meaningful user of certified EHR technology by 2015, the fee schedule will be reduced by 1% in 2015, 2% in 2016 and 3% in 2017 and subsequent years. Starting in 2018, the Secretary may reduce payments by 5%.

Year EHR Use Begins	2011	2012	2013	2014	2015	2016	2017	2018
Penalties begin if not using a certified HER by 2015. The reduction in the professional's fee schedule would be:					1%	2%	3%	5%

The Secretary, on a case-by-case basis, may determine if eligible professionals are exempt from the payment reductions for failure to adopt certified EHR technology, if the requirement would result in significant hardship. Such an example would be an eligible professional who practices in a rural area without sufficient internet access. However, in no case may an eligible professional be granted such exemption for more than five years.



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Can I apply for Medicaid Incentives?

Medicaid incentive payments include professionals not hospital-based and who have at least thirty percent (30%) of volume attributable to Medicaid patients. These include physicians, dentists, certified nurse midwives, nurse practitioners, and physician assistants practicing in physician assistant led rural health clinics or federally qualified health centers. A pediatrician who is not hospital-based with at least twenty percent (20%) of the professional's volume attributable to Medicaid patients may also be eligible. Please review both Medicare and Medicaid options before committing to an incentive program.

How much are the Medicaid Incentives?

Eligible professionals may receive Medicaid incentive payments up to eighty-five percent (85%) of the net allowable cost for certified EHR technology. For eligible professionals, first year costs (which must occur prior to 2016) may not exceed \$25,000, and subsequent costs may not exceed \$10,000 per year. The incentive payments for eligible professionals is based on the difference between average allowable costs and any payments an eligible professional received from sources other than federal, state, and local governments. Average allowable costs are the average first-year costs for purchase and initial implementation and subsequent years of payment related to the operation, maintenance and use of EHR technology. These average costs are determined by studies conducted by the Secretary.

Are there limitations on the Medicaid Incentives?

Payments must also be made over no longer than five years for cost of EHR technology and support services, or after 2021. The total amount may not exceed \$63,750 over five years. The amounts for qualified pediatricians are only two-thirds of the eligible professional total amount. Pediatrician totals are \$16,500 for first year and \$6,600 for maintenance.

Are there Medicaid Disincentives for not using an EHR?

The American Recovery and Reinvestment Act section does not include language referring to reductions in Medicaid payments if a provider does not adopt certified EHR technology.