

Medicaid EHR Incentive Program: Promoting the Adoption and Meaningful Use of Health Information Technology

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Medicaid Electronic Health Record Incentive Payment Program Background

- Section 4201 of the American Recovery and Reinvestment Act of 2009 (ARRA) authorized funding for Medicaid programs to run incentive payment programs for the adoption and meaningful use of health information technology (HIT).
- Planning for, and implementation and operation of the Electronic Health Record (EHR) incentive program is funded 90% by the federal government, 10% by state general funds.



Medicaid EHR Incentive Payment Program Background

- Incentive payments to providers who participate in the program will be funded 100% by the federal government.
- The final rule governing the EHR incentive program was published July 13, 2010.



Medicaid EHR Incentive Program Overview

- The purpose of the incentive is to *offset* costs of purchase, implementation and changes in practice when adopting and using an EHR.
- Incentive payments are **NOT** intended to cover all costs of adoption, implementation and practice re-organization.



Medicaid EHR Incentive Program Overview

- The incentive payment program starts January 2011.
- For any given provider, the program lasts 6 years.
- Providers can start as early as 2011 or as late as 2016.



Overview of the Medicaid EHR Incentive Program

- A participating eligible professional (EP) can receive up to a maximum of \$63,750 over a 6 year period.
- The incentive is paid after the provider demonstrates compliance.
- First year payment can be as much as \$21,250. Subsequent year payments are lower.



Example of Payment Schedule to EPs

| Adoption Year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Total Payment |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|---------------|
| 2011 | \$ 21,250 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | - | - | - | - | - | \$ 63,750 |
| 2012 | - | \$ 21,250 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | - | - | - | - | \$ 63,750 |
| 2013 | - | - | \$ 21,250 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | - | - | - | \$ 63,750 |
| 2014 | - | - | - | \$ 21,250 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | - | - | \$ 63,750 |
| 2015 | - | - | - | - | \$ 21,250 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | - | \$ 63,750 |
| 2016 | - | - | - | - | - | \$ 21,250 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 8,500 | \$ 63,750 |



Medicaid EHR Incentive Program Overview

- EPs can participate in the Medicaid incentive program or the Medicare incentive program but not both.
- Each EP in a group practice can receive incentive payments. The EP can assign their payments to their group practice.



Medicaid EHR Incentive Program Overview

- Medicare payments will be reduced if EPs are not achieving meaningful use goals in 2015.
- Medicaid has no penalties if EPs do not achieve CMS' meaningful use goals.



Medicaid EHR Incentive Program Overview

- Hospital EHR incentive payments are based on a complex formula that can mean a total incentive of millions of dollars for a hospital.
- The hospital program can last from 3 to 6 years.
- Eligible hospitals (EHs) can participate in both the Medicare and Medicaid incentive programs.



Medicaid EHR Incentive Program – Eligible Professionals (EPs)

- physicians
- dentists
- certified nurse-midwives
- nurse practitioners
- physician assistants who are practicing in FQHCs/RHCs led by a physician assistant

*** Legislation was introduced in April that allows for wider inclusion of behavioral health clinicians introduced April 2010 (H.R. 5025)*



Medicaid EHR Incentive Program – Eligible Professionals

EPs must meet Medicaid patient volume criteria:

- 30% Medicaid patient volume
- Pediatricians - 20% Medicaid patient volume
- EPs practicing in a federally qualified health center (FQHC) or rural health center must have at least 30% patient volume attributable to Medicaid or “needy individuals”.
- Patient volume criteria must be met annually



Medicaid EHR Incentive Program – Eligible Hospitals

- Eligible Hospitals (EHs)
 - acute care hospitals,
 - critical access hospitals
 - children's hospitals



Medicaid EHR Incentive Program – Eligible Hospitals

- EHs must meet the following criteria to participate:
 - Acute care hospitals (including critical access hospitals) - minimum 10% Medicaid discharge rate
 - Children's hospitals – no volume requirement



Medicaid EHR Incentive Program

In order to receive incentive payments, EPs must:

- First year –
 - Adopt, implement, or upgrade a certified EHR
- Subsequent years -
 - Achieve and demonstrate ‘meaningful use’ (MU)
 - MU criteria defined in recent final rule
 - Meeting MU criteria becomes more challenging over the course of the incentive program.



Medicaid EHR Incentive Program

- In order to receive incentive payments, EHRs must:
 - Be meaningful users of certified EHRs (meet meaningful use criteria)



What is Meaningful Use?

- Examples of Meaningful Use:
 - The generation and transmission of “permissible prescriptions electronically” (e-prescribing)
 - Use of “computerized provider order entry” (e.g. – computerized lab orders, not paper orders.)
 - The exchange of “key clinical information among providers of care” – health information exchange
 - Incorporating clinical lab-test results into EHRs



The State Medicaid HIT Plan

- CMS requires a State Medicaid HIT Plan (SMHP) from the Medicaid agency prior to implementing the EHR incentive program
- CMS reviews and approves the SMHP and implementation funding.



Planning and Program Timeline

- CMS approved a total of \$579,800 in planning funds for MAD to develop the SMHP and plan the incentive program. \$521,820 are federal funds.
- Current MAD time frames are:
 - Basic planning activities to be completed August 2010
 - Implementation planned for January 2011
- Plan development will include consultations with provider groups, MCOs and other stakeholders.



Medicaid Statewide HIT/HIE Involvement

- HSD sits on the Lovelace Clinic Foundation's (the state HIE) Board of Directors, the New Mexico Health Information Collaborative (NMHIC) HIE Steering Committee and the New Mexico HIT Regional Extension Center (NMHITREC) Steering Committee.
- HSD coordinates closely with NMHIC, NMHITREC and the State HIT Coordinator (Bob Mayer) in planning and communication activities.



Expected Impacts to New Mexico – the Stimulus

- Employment
 - MAD will need staff to perform administrative functions, oversight, marketing and auditing activities.
 - MAD will initially hire 9 term employees (paid for with EHR incentive program implementation funds)
 - Large providers may choose to hire IT staff or contract with a company to help with implementation and maintenance.
 - Smaller providers may contract with an IT support company for this kind of help.
 - Providers will purchase EHRs.



Expected Impacts to New Mexico – Stimulus

- Financial Impacts
 - Expected financial disbursement of approximately \$300,000,000 of federal funds into New Mexico's economy over the life of the program, assuming all 35 hospitals and 2000 EPs participation for full 6 years.
 - Cost savings to Medicaid and other health plans from reduction of duplicative services.
 - Cost savings to Medicaid and other health plans through improved health monitoring and care management of chronic conditions



Other Impacts

- Health Improvement
 - Improve clinical care and health outcomes
 - Reduce duplicate testing
 - Reduce adverse events
 - Improve care management for chronic conditions
 - All lead to program savings
- Improved Medicaid Program Effectiveness and Cost Management
 - Access by the Medicaid program to clinical data for better program analysis and decision support.



Medicaid EHR Incentive Program – an Integral Part of Health Care Reform

- The EHR incentive program is from the stimulus bill but it is inextricably linked to health care reform.
- EHR adoption and meaningful use is critical to health care reform goals such as:
 - reducing health care costs
 - increasing health care quality
 - improving health outcomes
 - empowering individuals to take more responsibility for maintaining and improving their health



Medicaid EHR Incentive Program – an Integral Part of Health Care Reform

- Even though the incentive program is through Medicaid for certain Medicaid providers, its benefits will translate not only to the Medicaid program and its members, but to all citizens receiving health care and to employers and other entities that pay for health insurance.



New Mexico Human Services Department

Health Information Technology Abbreviations/Acronyms

- **EH** – eligible hospital – a hospital that meets criteria to participate in the incentive program
- **EHR** – electronic health record (can be used to indicate an EHR system or a specific health record)
- **EMR** – electronic medical record (another term for EHR)
- **EP** – eligible professional – a practitioner who meets criteria to participate in the incentive program.



Health Information Technology Abbreviations/Acronyms

- **HIE** – health information exchange (can be a verb - the act of exchanging health information or a noun - the entity that enables the exchange of health information between EHRs)
- **HIT** – health information technology
- **MU** – meaningful use
- **NMHIC** – New Mexico Health Information Collaborative



Health Information Technology Abbreviations/Acronyms

- **NMHITREC** – New Mexico Health Information Technology Regional Extension Center
- **SMHP** – State Medicaid HIT Plan – the plan required by CMS in order to implement and run Medicaid EHR incentive payment program.

