



Medicaid Electronic Health Record Incentive Payments for Eligible Professionals



The American Recovery and Reinvestment Act (Recovery Act) of 2009 provides for incentive payments for Medicaid eligible professionals (EPs) who adopt, implement, upgrade, or meaningfully use certified electronic health record (EHR) technology in their first year of participation in the program and successfully demonstrate meaningful use in subsequent years. Section 1903(t)(3)(B) of the Recovery Act defines the term eligible professional to mean the following five types of Medicaid professionals: Physicians, dentists, certified nurse-midwives, nurse practitioners, and physician assistants practicing in an Federally Qualified Health Center (FQHC) or a Rural Health Clinic (RHC) led by a physician assistant. Hospital-based EPs are generally not eligible to participate in the EHR incentive program. The only exception is that Medicaid EPs practicing predominately in an FQHC or RHC are not subject to the hospital-based exclusion. **Note: The definition of a hospital-based EP is included in the final regulation CMS issued on July 13, 2010.**

EPs may not receive EHR incentive payments from both the Medicare and Medicaid programs in the same year. In the event an EP qualifies for EHR incentive payments from both the Medicare and Medicaid programs, the EP must elect to receive payments from only one program and may only switch between the two programs once prior to 2015 after receiving an incentive. Furthermore, an EP who selects Medicaid must only receive incentive payments from one state in any payment year. **Note: Details about program election are included in the final regulation CMS issued on July 13, 2010.**

In addition, in contrast to the Medicare EHR Incentive Program, EPs who receive an EHR incentive payment through the Medicaid Program may also be eligible to receive an incentive payment through the Medicare eRx Incentive Program provided they meet all the requirements of the eRx Program.

Incentive Payment – Medicaid Patient Volume Requirements

To be eligible to participate in the Medicaid EHR Incentive Program, an EP must either: (1) Meet certain Medicaid patient volume thresholds or (2) practice predominantly in an FQHC or RHC where 30 percent of the patient volume is derived from needy individuals.¹ One exception to this rule is that a pediatrician may have at least 20 percent Medicaid patient volume and still qualify but at a reduced incentive.

Table 1 demonstrates the above-referenced patient volume thresholds per provider type.

Table 1: Patient Volume Thresholds per Provider Type

| Entity | Minimum Medicaid Patient Volume Threshold (percent) | Or the Medicaid EP practices predominantly in an FQHC or RHC with a 30 percent "needy individual" patient volume threshold |
|---------------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Physician | 30 | |
| Pediatrician | 20 | |
| Dentist | 30 | |
| Certified nurse-midwife | 30 | |
| Nurse practitioner | 30 | |
| Physician assistant when practicing in an FQHC/RHC led by a physician assistant | 30 | |

Incentive Payment - Patient Volume Calculation

The Medicaid patient volume methodology will be designated by the State Medicaid Agency and approved by CMS.

Note: The final rule describes acceptable methods for estimating patient volume. In determining patient volume thresholds, EPs should include individuals enrolled in Medicaid managed care organizations, prepaid inpatient health plans, prepaid ambulatory health plans, and Medicaid medical home programs or Primary Care Case Management.



¹ Section 1903(t)(3)(F) of the Act defines needy individuals as individuals meeting any of the following three criteria: (1) They are receiving medical assistance from Medicaid or the Children's Health Insurance Program (CHIP); (2) they are furnished uncompensated care by the provider; or (3) they are furnished services at either no cost or reduced cost based on a sliding scale determined by the individual's ability to pay.



Incentive Payment - Timeframe

The EHR Incentive Program is voluntary for state Medicaid agencies. In other words, if a state decides to opt out of the incentive program, EPs in that state will be unable to receive an incentive payment through Medicaid. State Medicaid agencies may begin offering a program as early as January 2011. The last year to begin participating in the Medicaid EHR Incentive Program is 2016. EPs may receive Medicaid EHR incentive payments for up to six years; 2021 is the final year for Medicaid EHR incentive payments.

Incentive Program - Payment Amounts

EPs, who adopt, implement, upgrade, or meaningfully use certified EHR technology in their first year of participation in the program and successfully demonstrate meaningful use in subsequent years may be eligible for an incentive payment of \$21,250. In subsequent years of payment a Medicaid EP's incentive payment will be limited to \$8,500.

Pediatricians who meet the 30 percent patient volume requirement may qualify to receive the maximum incentive payments. Incentive payments for pediatricians who meet the 20 percent Medicaid patient volume but fall short of the 30 percent Medicaid patient volume are reduced to two-thirds of the incentive payment. This means some pediatricians may receive \$14,167 in the first year and \$5,667 in subsequent years.

Table 2 illustrates the maximum Medicaid EHR incentive payments an EP can receive by year and the total incentive payments possible if an EP successfully qualifies for an incentive payment each year.

Table 2: Medicaid EHR Incentive Payments by Calendar Year

| Year | Medicaid EPs Who Adopted In | | | | | |
|--------------|-----------------------------|----------|----------|----------|----------|----------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 2011 | \$21,250 | | | | | |
| 2012 | \$8,500 | \$21,250 | | | | |
| 2013 | \$8,500 | \$8,500 | \$21,250 | | | |
| 2014 | \$8,500 | \$8,500 | \$8,500 | \$21,250 | | |
| 2015 | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$21,250 | |
| 2016 | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$21,250 |
| 2017 | | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$8,500 |
| 2018 | | | \$8,500 | \$8,500 | \$8,500 | \$8,500 |
| 2019 | | | | \$8,500 | \$8,500 | \$8,500 |
| 2020 | | | | | \$8,500 | \$8,500 |
| 2021 | | | | | | \$8,500 |
| Total | \$63,750 | \$63,750 | \$63,750 | \$63,750 | \$63,750 | \$63,750 |

Note: The total for pediatricians who meet the 20 percent patient volume but fall short of the 30 percent patient volume is \$14,167 in the first year and \$5,667 in subsequent years. This adds up to a maximum Medicaid EHR incentive payment of \$42,500 over a six-year period.

Additional Resources

For more information on the EHR incentive program, see <http://www.cms.gov/EHRIncentivePrograms/> on the CMS website.



Pub# 954759, ICN# 904763 (July 2010)



This fact sheet was prepared as a service to the public and is not intended to grant rights or impose obligations. This fact sheet may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations, and other interpretive materials for a full and accurate statement of their contents.