Healthcare Financial Management Association

Hospital Medicaid Electronic Health Records (EHR) Incentive Program

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Agenda

- Overview
  - Meaningful Use and AIU
  - Registration and attestation
  - EHR Certification
- Special considerations in Oregon:
  - Medicare Advantage
  - CHIP
  - Immunization reporting
- Medicaid Eligible Professionals
- Medicaid Eligible Hospitals
- Calculating hospital incentive payments
- Resources

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2009 American Recovery and Reinvestment Act (ARRA), Provides for Health Information Technology Investments

- ARRA specifically provides for incentives for those Hospitals and Eligible Providers (EP) achieving “meaningful use” of Electronic Health Records (EHRs)

- For Medicaid, program details include:
  - Year 1: Adopt, Implement and Upgrade
  - Year 2: Begin demonstrating “Meaningful Use”
  - Up to $63,750 for individual providers over 6 years
  - Approximately $64 million to Oregon hospitals

- For Medicare,
  - Year 1: Begin demonstrating “Meaningful Use”
  - Up to $44,000 for individual providers over 5 years
  - $TBD million to Oregon hospitals

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What is *Meaningful Use*?

By demonstrating the meaningful use of ‘certified’ Electronic Health Records, providers are eligible for Medicare/Medicaid incentives.

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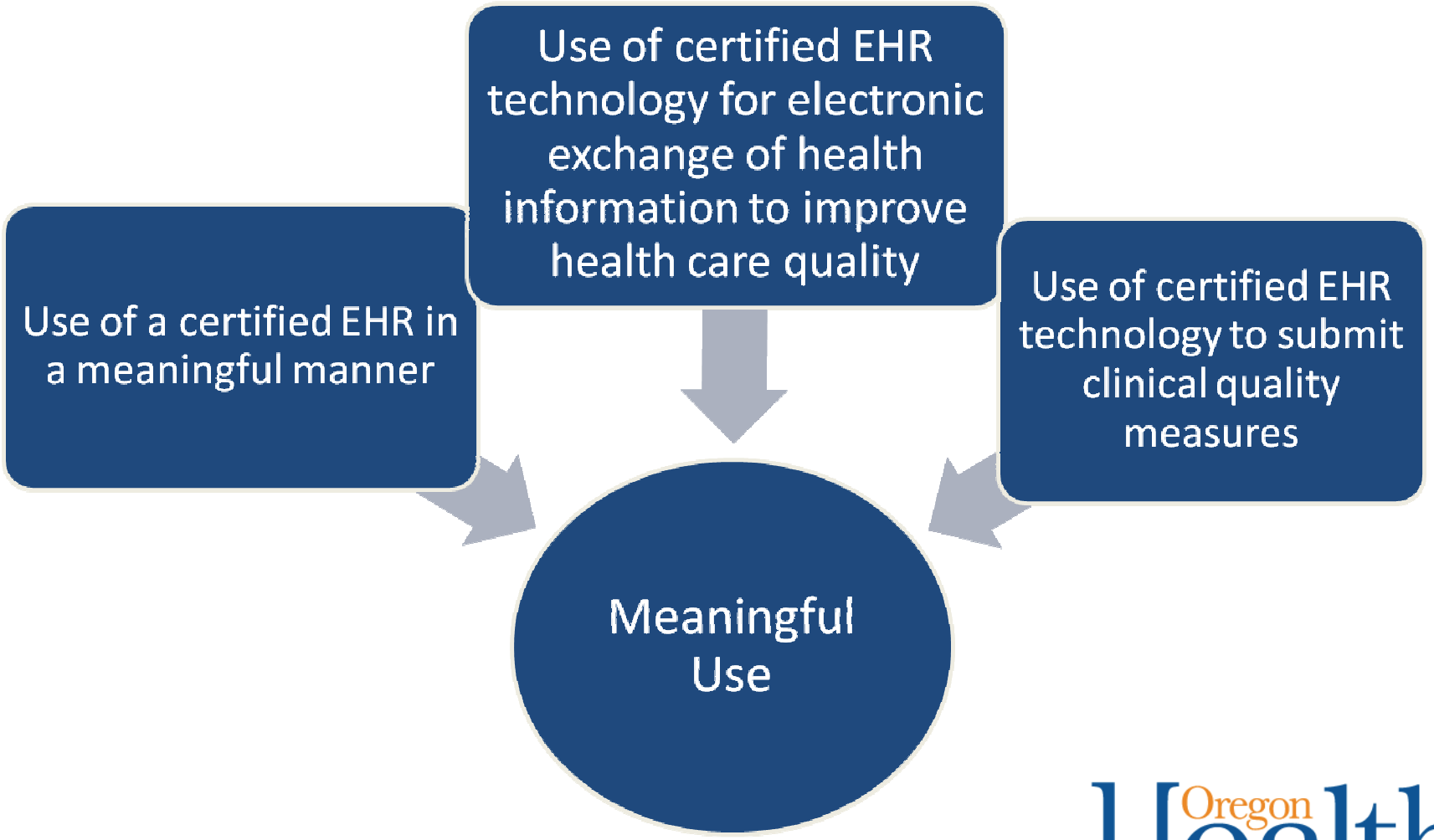
3 Components of *Meaningful Use*



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24 Total EH Meaningful Use Objectives
19 Must be completed to qualify for incentive payment

Core Objectives: 14 total

- Use CPOE for medication orders
- Implement drug-drug & drug-allergy interaction checks
- Record demographics
- Maintain up-to-date problem list of current & active diagnoses
- Maintain active medication list
- Maintain active medication allergy list
- Record and chart vital signs
- Record smoking status for patients 13 years old or older
- Implement one clinical decision support rule & the ability to track compliance with the rule
- Provide patients with an electronic copy of their discharge instructions at time of discharge, upon request
- Report clinical quality measures to CMS or the States
- Provide patients with an electronic copy of their health information upon request
- Capability to exchange key clinical information
- Protect electronic health information created or maintained by certified EHR technology

Menu-Set Objectives: Select 5 of 10 total

- Implement drug-formulary checks
- Record advance directives for patients 65 years old or older
- Incorporate clinical lab-test results into certified EHR technology as structured data
- Generate lists of patients by specific conditions to use for quality improvement, reduction of disparities, research or outreach
- Use certified EHR technology to identify patient-specific education resources
- Perform medication reconciliation
- Provide a summary of care record for each transition of care or referral
- ☆Capability to submit electronic data on reportable (as required by state or local law) lab results to public health agencies
- ☆Capability to submit electronic data to immunization registries
- ☆Capability to submit electronic syndromic surveillance data to public health agencies

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AIU Documentation

- MAPIR will require applicants to select and attest to their EHR system certification number, and to select a certified EHR from a dropdown list.
- Two methods to verify:
  - Customize application to capture provider's relationship with O-HITEC. If providers use O-HITEC assistance, the incentive program staff can verify matches with the O-HITEC client list. O-HITEC will share lists of providers who have signed a contract for a certified EHR system.
  - Providers will be encouraged to submit proof of purchase or demonstration of a signed contract by uploading the documents into MAPIR prior to completing the application.

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Register for Medicaid Incentives

- Hospitals can now register with CMS for *both* Medicare and Medicaid
  www.cms.gov/EHRIncentivePrograms/20_RegistrationandAttestation.asp
  - Hospitals should register for both Medicaid and Medicare programs to avoid problems later
- Timing of Registration:
  - Hospitals should register this spring for both programs
  - Oregon eligible professionals can only register with CMS for Medicare now
  - Registration for Medicaid will open after the OR Medicaid EHR Incentive program is approved by CMS
- Registration at the federal and state level must be done in multiple systems:
  - Federal: PECOS, NPPES, I&A, R&A.
  - State: Provider Services to verify CCN and EFT payment method, then MAPIR (via State Provider Web Portal) to make an attestation and request an incentive payment.

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EHR Systems – Which are Certified?

Many providers have questions about eligible EHR systems, or whether current systems are certified.

The **ONC Certified HIT Product List (CHPL)** is available here:

http://onc-chpl.force.com/ehrcert

Additional questions about systems can be directed to the ONC:

ONC.certification@hhs.gov.

Special Considerations: Medicare

- For eligible professionals in Medicare EHR Incentive Program:
  - Yearly incentive amounts are 75% of Medicare Part B allowable charges for the prior year, capped at a set amount each year ($18k-$2k)
  - Need $24,000 in Medicare Part B allowable charges in the first year to receive maximum first year incentive payment ($18,000)
  - Medicare Advantage (Part C) will not count toward allowable charges for calculation of incentives

Special Considerations: CHIP Challenge

The Issue:

- Providers can't tell which children covered by OHP are covered by CHIP and which by Medicaid, and Medicaid patient volume for providers excludes CHIP

State Approach:

- OHA wants to work with eligible providers to help them assess their eligibility and ultimately maximize Oregon participation in the program.

Proposed Solutions:

- Oregon has calculated a statewide CHIP proxy of 4.4%. The provider or hospital must reduce their OHP patient volume by 4.4% when applying for an EHR incentive.
- Providers who believe they meet the threshold, but do not do so using the statewide proxy, can work with program staff to analyze their actual data.

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Special Considerations: Public Health Meaningful Use

- **Immunization registry objective and measure:**
  - Capability to submit electronic data to immunization registries
  - Perform and submit at least one test of certified EHR technology's capacity to electronic data to immunization registries and follow-up submission if the test is successful
  - Oregon requesting CMS approval to move to the core list of meaningful use objectives
- **Syndromic Surveillance objective:**
  - Capability to submit electronic data to state public health syndromic surveillance program
  - Oregon has a program for hospitals only at this point
- **Electronic Lab Reporting objective (hospitals only):**
  - Capability to submit electronic data to state public health agency

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Medicaid EHR Incentive Program: Eligible Professional (EP)

- A Medicaid Eligible Professional is defined as
  - Physician
  - Nurse practitioner
  - Certified nurse-midwife
  - Dentist
  - Physician assistant in a Federally Qualified Health Center or Rural Health Clinic that is so led by a physician assistant

- A Medicaid EP can not be “hospital based”
  - defined as 90% or more of the EP's services performed in a hospital inpatient or emergency room setting.

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Eligible Provider (EP) Criteria

To qualify for an EHR incentive payment, a Medicaid EP must meet *one* of the following criteria:

- Have a minimum 30% Medicaid patient volume

- Have a minimum 20% Medicaid patient volume, and be a pediatrician (Will receive 2/3rd of the payment if less than 30% Medicaid patient volume)

- Practice predominantly in a Federally Qualified Health Center (FQHC) or Rural Health Center (RHC) and have a minimum 30% patient volume attributable to "needy individuals"

Providers must also have adopted, implemented or upgraded to a certified electronic health record system

In future years, providers will also have to meet the meaningful use objective

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Hospital EHR Medicaid Incentive Payments

- Oregon front-loaded payment for hospitals
  - Year 1: 50%
  - Year 2: 40%
  - Year 3: 10%
- Oregon Medicaid EHR incentive program is scheduled to launch in late summer/early fall 2011 (2016 is last year to enter program)

Year	Requirement for Eligible Hospitals
1	Adopt, implement, or upgrade only
2	90 days of meaningful use reporting
3	Full year of meaningful use reporting

- Years of Medicaid qualification do not have to be consecutive – can skip years up to 2016

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Hospital Eligibility for Medicaid Incentives

- Acute care and Critical Access Hospitals are eligible
- Average Length of Stay of no more than 25 days
  - All Oregon hospitals meet this threshold
  - Medicaid patient volume: discharge threshold of at least 10%
  - 9 Oregon hospitals may struggle to meet this threshold based on 2010 Databank data
- 10% calculation:
  - over 90 day period in prior federal fiscal year:

$$\frac{\textbf{Medicaid inpatient + ED discharges}}{\textbf{Total inpatient + ED discharges}}$$

Paying Medicaid Hospital Incentives

- Aggregate EHR Incentive amount is calculated once estimated for four theoretical years of the program
- In Oregon, incentives will be paid out over three years (the hospital must qualify each year) in portions:
  - Year 1: 50%
  - Year 2: 40%
  - Year 3: 10%
- States have 45 days to pay from validating application. Oregon will run EFT payment cycles weekly.
- Program integrity: State will use pre-payment validation and post payment audit strategies. Incentives subject to recoupments.

Calculating Medicaid Hospital Incentives

- Aggregate EHR incentive amount= **Sum for 4 years of:**
  EHR Amount (Initial Amount x Transition Factor) x Medicaid Share

- Initial Amount = up to $6,370,400 calculated as:
  - A base amount of $2,000,000 + a discharge-related amount, where
    - Discharge related amount = $200 x Number of discharges between 1,150 & 23,000 for the Federal Fiscal Year before hospital's first payment fiscal year
  - Calculated for each of 4 theoretical payment years
    - The last 3 years, the discharge amount is adjusted by the average annual rate of growth for the hospital over the most recent 3 years of available data

- Transition Factor:
  - Year 1 Transition Factor = 1.00
  - Year 2 Transition Factor = 0.75
  - Year 3 Transition Factor = 0.50
  - Year 4 Transition Factor = 0.25

Calculating Medicaid Hospital Incentives: Example

- FY2010 Discharges: 2,000
- FY2010 Medicaid inpatient-bed-days: 7,000
- FY2010 inpatient-bed-days: 21,000
- FY2010 total charges for the period was $10m, charity care = $1.3m
- The annual growth data in discharges for the last three years of available data are:
  - FY2008 = 0.022 annual growth rate
  - FY2009 = 0.025 annual growth rate
  - FY2010 = 0.017 annual growth rate
  - Average = 0.0213

Calculating Medicaid Hospital Incentives: Example

Medicaid Share:

$$\frac{\text{(\# of inpatient-bed-days attributable to Medicaid)}}{\text{(Total \# of inpatient-bed-days) x (non-charity care rate)}}$$

Non-charity care rate:

$$\frac{\text{(Total amount of the eligible hospital's charges during that period) – (Charity care)}}{\text{(Total amount of the eligible hospital's charges during that period including charity care)}}$$

- Example Medicaid Share:

$$\frac{7{,}000}{21{,}000 \times (8{,}700{,}000 / 10{,}000{,}000)} = 0.38$$

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Calculating Medicaid Hospital Incentives: Example

	Initial Amount*			Transition Factor =	EHR Amount*	Medicaid Share =	EHR Incentive Amount
	Base Amount +	Discharge related amount					
		Discharges (adjusted by 0.0213 average annual rate of growth)	Total discharge related amount				
Year 1	$2M	200(2000-1149)	170,200	1	$2,170,200		
Year 2	$2M	200(2043-1149)	178,720	0.75	$1,634,100		
Year 3	$2M	200(2086-1149)	187,421	0.5	$1,093,800		
Year 4	$2M	200(2131-1149)	196,308	0.25	$549,100		
Aggregate EHR Incentive Amount					$5,447,200	0.38	$2,069,936

Hospital Medicaid Calculations

	Medicaid Threshold (10% patient volume calculation)	Medicaid Share (payment calculation)
Unit	Encounters	Days
Patient Type	Inpatient and ED	Inpatient
Qualification	Medicaid paid	Medicaid paid
Dual Eligibles	Included	Excluded
Healthy Newborns	Included	Excluded
Time Period	90 Days	1 Year
Time Frame	Previous Federal Fiscal Year	Hospital Fiscal Year*

* Hospital fiscal year, "ending in the Federal fiscal year before the hospital's fiscal year that serves as the first payment year." 42 CFR *§495.310(g)*

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Cost Report Sources for Medicaid Share

Effective for fiscal years beginning on or after 5/1/10, Hospitals must use the new Medicare Cost Report form for FY2011 Cost Reports.

Worksheet E-1,II on the new Cost Report forms summarizes the EHR information.

Component	2552-96 (Old)	2552-10 (New)*
Medicaid IP Bed Days	Not on Cost Report	Not on Cost Report
Total IP Bed Days	= S-3,I Col. 6, Ln. 1 + S-3,I Col. 6, Lns. 6-10	= S-3,I Col. 8, Ln. 1 + S-3,I Col. 8 Lns. 8-12
Total Discharges	S-3,I Col. 15, Ln. 12	S-3,I Col. 15, Ln. 14
Gross Revenue	C,I Col. 8, Ln. 101	C,I Col. 8, Ln. 200
Charity Charges	S-10, Ln. 30?*	S-10, Col. 3, Ln. 20

* The criteria for charity charges may have changed.

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Resources

Oregon's Medicaid EHR Incentive Program

- www.MedicaidEHRIncentives.oregon.gov (eSubscribe to receive email alerts),
- E-mail: Medicaid.EHRIncentives@state.or.us, Phone: 503-945-5898

CMS's Medicare EHR Incentives

- www.cms.gov/ehrincentiveprograms

CMS's Meaningful Use

- www.cms.gov/ehrincentiveprograms/30_meaningful_use.asp

Oregon's Public Health Meaningful Use Requirement

- http://public.health.oregon.gov/ProviderPartnerResources/Healthcareproviders/meaningfuluse/Pages/index.aspx.

Technical Assistance:

- O-HITEC: www.o-hitec.org
- Tribal providers can contact the National Indian Health Board: (www.nihb.org/rec/rec.php.)

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