Overview of Medicare Incentives in the Centers for Medicare & Medicaid Services (CMS) Final Rule on Meaningful Use of Certified Electronic Health Records[1]

Eligibility

Medicare Eligibility: For Medicare incentive payments, an eligible professional (EP) is a doctor of medicine or osteopathy, dentist or dental surgeon, podiatrist, optometrist, or chiropractor. EPs can register for the program starting in January 2011.

Hospital-Based Professionals: Hospital-based EPs (i.e., inpatient and emergency room departments) are not eligible for the Medicare incentive payments nor are the majority of hospital-based EPs eligible for Medicaid incentive payments (the only exception to this rule is for those EPs practicing predominantly in a Federally Qualified Health Center (FQHC) or Rural Health Clinic (RHC)). **Refer to Attachment 3 for details on Medicaid eligibility.** CMS defines hospital-based EPs as those who furnish at least 90 percent of their professional services in a hospital setting, either inpatient or emergency room, in the year preceding the payment year. CMS will determine non-eligibility based upon site of service codes (code 21 for inpatient hospital and code 23 for emergency room, hospital). EPs providing services in outpatient settings, including ambulatory clinics, are eligible for incentives.

Program Structure and Process for Receiving Incentives

Common Set of Criteria for Medicare and Medicaid Incentives: In order to qualify for the Electronic Health Record (EHR) incentive programs under the Medicare and Medicaid programs, a physician must be a "meaningful user" of a certified EHR. CMS has developed meaningful use (MU) criteria that applies to EPs, including physicians, participating in the Medicare Fee For Service (FFS) and the Medicare Advantage (MA) incentive programs, and is the standard for those participating in the Medicaid incentive program. States can add additional meaningful use criteria to the Medicaid program only if they pertain specifically to public health objectives and data registries.

Reporting Period: For the first year an EP applies for and receives an incentive payment, the EHR reporting period will be 90 days for any continuous period beginning and ending within the calendar year (i.e., EHR reporting period can be January 1, 2011 to April 1, 2011, March 13, 2011 to June 11, 2011, etc.). For every year after the first payment year, the EHR reporting period will be for the entire calendar year.

Three Stages for Meeting Meaningful Use Criteria: In general, Stage 1 criteria will require: 1) electronically capturing health information in a structured format; 2) using that information to track key clinical conditions and communicating that information for care coordination purposes (whether that information is structured or unstructured, but in structured

[1] This document is a summary of CMS' final rule on the Medicare and Medicaid Electronic Health Record Incentive Programs set forth by the "American Recovery and Reinvestment Act of 2009." To view the entire rule and requirements link to: http://www.cms.gov/EHRIncentivePrograms/

format whenever feasible); 3) implementing clinical decision support tools to facilitate disease and medication management; and 4) using EHRs to engage patients and families and reporting clinical quality measures and public health information. The reporting requirements vary based on when a physician begins reporting. Stages 2 and 3 will be defined in future rulemaking.

	1st Payment Year	2nd Payment Year	3rd Payment Year	4th Payment Year	5th Payment Year
2011	Stage 1	-	-	-	-
2012	Stage 1	Stage 1	-	-	-
2013	Stage 2	Stage 1	Stage 1	-	-
2014	Stage 2	Stage 2	Stage 1	Stage 1	-
2015	TBD	TBD	TBD	TBD	TBD
2016	TBD	TBD	TBD	TBD	TBD

Registration: EPs can register for the program starting in January 2011. CMS will provide more details on the registration process in the future.

One-Time Switch Policy: EPs who meet the eligibility requirements for both the Medicare and Medicaid incentive programs are able to participate in only one program, and have to designate which one they wish to participate in. After their initial designation and receipt of an incentive payment, EPs are allowed to change their program selection only once and only for a payment year prior to 2015.

Payment Process: For EPs, the payment year is based on the calendar year starting in 2011. Incentive payments will be made electronically on a rolling basis by a single payment contractor as they ascertain that an EP has demonstrated meaningful use for the applicable reporting period, and has reached the threshold for maximum payment. Payments will be made as a single, consolidated, annual payment. Incentive payments will be tracked using the qualifying EP's Tax Identification Number (TIN) and NPI (National Provider Identifier). EPs who do not use TINs but use a social security number (SSN) will be tracked by their SSN. Incentive payments are tied to the individual EP, and not his/her place of practice. For 2011, incentive payments will be made, as early as May 2011, to EPs who successfully demonstrate they are a meaningful user of a certified EHR

Demonstration of Meaningful Use: For 2011, EPs are required to demonstrate that they satisfy each of the proposed meaningful use objectives through a one-time attestation following the reporting period, which will also cover the identification of the certified EHR technology they are utilizing, and the results of their performance on all the measures associated with the objectives of meaningful use.

Incentives

Medicare FFS Incentives: EPs who are meaningful EHR users, are eligible for incentives based on an amount equal to 75 percent of their allowed Medicare Part B charges for covered professional services subject to the annual maximum limits specified below:

Calendar Year (CY) Note: A Payment Year equals a Calendar Year (CY)	First CY in which the EP Receives an Incentive Payment				
	2011	2012	2013	2014	2015 and subsequent years
2011	$18,000				
2012	$12,000	$18,000			
2013	$8,000	$12,000	$15,000		
2014	$4,000	$8,000	$12,000	$12,000	
2015	$2,000	$4,000	$8,000	$8,000	$0; - 1% of Medicare fee schedule (penalty)
2016		$2,000	$4,000	$4,000	$0; -2% of Medicare fee schedule (penalty)
TOTAL	$44,000	$44,000	$39,000	$24,000	$0

For example, a physician with a total of $15,000 in allowed Medicare Part B charges in 2011 is eligible for up to $11,250, while a physician with a total of $30,000 in allowed Medicare Part B charges in 2011 is eligible for the maximum amount, $18,000.

Additional Incentives for Providing Services in Health Professional Shortage Areas: An EP who furnishes more than 50 percent of covered services in a geographic Health Professional Shortage Area (HPSA) is eligible for an additional 10 percent incentive on top of the maximum incentive payment amount. CMS will determine eligibility by reviewing the frequency of services provided over a 1-year period (January 1 through December 31). Note: FQHCs are not entitled to any Medicare or Medicaid incentive payments under this incentive program.

Criteria EPs Must Meet to Receive Incentives

Two Categories of Measures for Reporting: There are two categories of objectives and associated measures to be reported on: 1) Health IT objectives, which include a "core set" and a "menu set," that focus on an EP's use of certain EHR functions (e.g., entering medication orders using Computerized Physician Order Entry (CPOE)); and 2) Clinical quality measures, which focus on processes, experience, and/or outcomes of patient care, observations, or treatment.

Health IT Measures

Stage 1 Meaningful Use Criteria for EPs: EPs must successfully meet all 15 core objectives and measures as well as 5 objectives and measures of the EP's choice from a menu set. EPs have an option to exclude certain objectives/measures that are not applicable to his/her practice.

Health IT "Core" Measures: The core measures set include: (1) record more than 50 percent of patient demographics; (2) record more than 50 percent of patient vital signs and chart changes; (3) maintain up-to-date problem list of current and active diagnoses for more than 80 percent of patients; (4) maintain active medication list for more than 80 percent of patients; (5) maintain active medication allergy list for more than 80 percent of patients; (6) record smoking status for

more than 50 percent of patients age 13 or older; (7) provide clinical summaries to patients for more than 50 percent of all office visits within 3 business days; (8) upon request, provide more than 50 percent of patients with an electronic copy of their medical record within 3 business days of request; (9) generate and transmit more than 40 percent of permissible prescriptions electronically; (10) more than 30 percent of patients with at least one medication in their medication list have at least one medication ordered through computerized provider order entry (CPOE); (11) enable functionality for drug-drug and drug-allergy interaction checks; (12) perform at least one test of EHR's capacity to electronically exchange key clinical information; (13) implement at least one clinical decision support rule; (14) conduct or review a security risk analysis, implement security updates as necessary, and correct identified security deficiencies; and (15) report clinical quality measures.

Health IT "Menu" Measures: EPs must choose 5 from a menu of 10 measures. The menu measures set includes: (1) implement drug formulary check system and have access to at least one internal or external drug formulary; (2) incorporate more than 40 percent of clinical laboratory test results in the appropriate format; (3) generate at least one listing of patients with a specific condition; (4) provide more than 10 percent of patients with patient-specific education resources; (5) perform medication reconciliation for more than 50 percent of transitions of care; (6) provide a summary of care record for more than 50 percent of patient transitions or referrals; (7) perform at least one test of data submission and follow-up submission if successful to immunization registry (where registries can accept electronic submissions); (8) perform at least one test of syndromic surveillance data submission and follow-up submission if successful to a public health agency (where public health agencies can accept electronic data); (9) send reminders for preventive and follow-up care (per patient preference) for more than 20 percent of patients age 65 or older or age 5 or younger; and (10) provide more than 10 percent of patients with electronic access to their medical record within 4 days of it being updated in the EHR. **Refer to Attachments 1 for details on the core and menu sets.**

Reporting Method for 2011: Attestation/***Reporting Method for 2012:*** Attestation

Clinical Quality Measures

Stage 1 Clinical Quality Measures Criteria for EPs: Clinical quality measures adopted for the Medicare EHR incentive program would also apply to EPs in the Medicaid EHR incentive program. CMS limits the clinical quality measures to those for which electronic specifications are available as of the date of publishing of the final rule. EPs are required to submit information using certified EHR technology on: 3 core clinical quality measures and 3 additional clinical quality measures. **Refer to Attachment 2 for details on quality measures.**

Reporting Method for 2011: Attestation/***Reporting Method for 2012:*** Using certified EHR technology

Other Program Criterion

Medicare Advantage Organizations: Incentive payments are available to qualifying Medicare Advantage (MA) organizations for the adoption and meaningful use of EHR technology by their affiliated EPs. MA-Affiliated EPs are employed or subcontracted by an MA organization and on average provide at least 20 hours of patient care services per week. For a subcontracted EP, at

least 80 percent of his/her professional services have to be furnished to enrollees of the qualifying MA organization.

E-prescribing of Controlled Substances: For purposes of the e-prescribing meaningful use objective, a "permissible prescription" is based on the guidelines for prescribing Schedule II controlled substances, which were in effect when the notice of proposed rulemaking was published on January 13, 2010. Therefore, EPs will not be able to count the e-prescribing of controlled substances towards the 40 percent threshold requirement. EPs will have to electronically transmit 40 percent of non-controlled substances to meet the e-prescribing measure.

Participation in the Meaningful Use Incentive Program and Other Incentive Programs: An EP can participate in both the Meaningful Use Incentive Program as well as the Medicare Physician Quality Reporting Initiative (PQRI) if they qualify for both programs.
If the EP chooses to participate in the Medicare EHR incentive program, he/she cannot participate in the Medicare e-prescribing incentive program simultaneously. If the EP chooses to participate in the Medicaid EHR incentive program, he/she can participate in the Medicare e-prescribing incentive program simultaneously. For details regarding the Medicare e-prescribing incentive program link to: http://www.cms.gov/ERxIncentive/.

Online Posting of Names of Medicare EPs Who are Meaningful EHR Users: HHS will list in an understandable format the names, business addresses, and business phone numbers of successful EHR users. HHS will not post information on group practices because incentive payments will not be based at the group practice level.

Document Maintenance for Compliance Review: EPs will need to maintain evidence of qualifications to receive incentive payments for 10 years after the date they register for the incentive program.