

The American Re-Investment and Recovery Act (ARRA) of 2009 provided as much as 27 billion dollars to be distributed over 10 years to support the adoption of Electronic Health Records (EHR). Enacted as part of the ARRA, the Health Information Technology for Economic and Clinical Health Act (HITECH Act) created programs under the Centers for Medicare and Medicaid Services (CMS) to provide incentive payments for ‘meaningful use’ of certified EHR technology. The Commonwealth of Massachusetts Medicaid EHR Incentive Program is a multi-year, multi-stage program administered by the Executive Office of Health and Human Services (EOHHS).

***When does the Commonwealth’s Medicaid EHR Payment Program begin?***

The Commonwealth’s Medicaid EHR Incentive Program is set to launch on October 3, 2011. For more information regarding this, please contact MeHI, the Massachusetts eHealth Institute, at 1-855-MassEHR or visit our website at [mehi.masstech.org](http://mehi.masstech.org).

***What are the goals of the Medicaid EHR Incentive Program?***

The goals of the EHR Incentive Program are to promote the adoption of certified electronic health records across the Commonwealth of Massachusetts in order to improve the quality, safety and efficiency of patient care.



***Which Eligible Hospitals (EHs) qualify to receive the incentive payment?***

- Acute Care Hospitals (including Critical Access Hospitals (CAH’s) and Cancer Hospitals)
- Children’s Hospitals

***How do I register for the Medicaid EHR Incentive Program?***

- EHs will be required to register through the Center for Medicare & Medicaid Registration & Attestation System (CMS R & A) to participate in the Medicaid EHR Incentive Program. Once the provider registers with the CMS R & A and selects Medicaid and Massachusetts, the CMS R & A will send the registration information to MeHI, the Massachusetts eHealth Institute, which is working in collaboration with the Executive Office of Health and Human Services and MassHealth to process requests for the Medicaid EHR Incentive Program.

***Are hospitals eligible to participate in both the Medicare and Medicaid EHR Incentive Program?***

A hospital is considered “dually-eligible” if they meet the following qualifications:

- You are a subsection(d) hospital in the 50 U.S. States or the District of Columbia, or you are a CAH
- You have a CMS Certification Number ending in 0001-0879 or 1300-1399
- 10% of your patient volume derived from Medicaid encounters (this excludes children’s hospitals. They are not required to meet any patient threshold volume)

### ***If I am considered a dually-eligible hospital, will I have to register twice?***

Dually-eligible hospitals should select “both Medicare and Medicaid” when registering with CMS, even if they plan to only apply for the Medicaid EHR Incentive Program. It is important to select “both Medicare and Medicaid” from the beginning, because hospitals that select Medicaid only will not be able to manually change their registration after payment is initiated. This could cause a significant delay in the registration and payment process.

### ***How is an acute care hospital defined for purposes of the Massachusetts Medicaid EHR Incentive Program?***

An acute care hospital is defined as a healthcare facility where:

- The Average Length of Stay (ALOS) is 25 days or fewer; and
- Has a CMS certification number that has the last four digits in the series 0001-0879 or 1300-1399.

### ***How is a children’s hospital defined for purposes of the Massachusetts Medicaid EHR Incentive Program?***

A children’s hospital is defined as a separately certified children’s hospital, either freestanding or hospital –within- a hospital that

- Has a CMS certification number, that has the last four digits in the series 3300-3399; and
- Predominately treats individuals under 21 years of age
- Is not obligated to meet any patient threshold requirements

### ***How do I obtain a CMS EHR certification ID for my EHR system?***

EHR certification IDs can be found by visiting the Office of the National Coordinator for Health Information Technology (ONC) website. Here, you can search by product name or Certified Health IT Product List (CHPL) number. Once the EHR product list is generated, click on the appropriate system to obtain the EHR certification ID.

### ***How would I get my EHR system certified?***

If your system is not certified, it must be tested and certified by an ONC Authorized Testing and Certification Body (ATCB). More information can be found by visiting the ONC website at [www.healthit.gov](http://www.healthit.gov)

### ***What are the requirements for EHs in year one of the program?***

In the first year, EHs must have Adopted, Implemented, or Upgraded (A/I/U) to Certified EHR Healthcare Technology in order to receive an incentive payment from the Commonwealth. A/I/U is defined as:

- Acquired, Purchased, or Secured access to certified EHR technology
- Installed or initiated the use of certified EHR technology
- Expanded functionality of certified EHR technology

### ***How do I demonstrate A/I/U?***

EHs can demonstrate A/I/U by providing their EHR certification number with either a Proof of Purchase, Data User Form, Vendor Agreement or a letter from their Chief Information Officer (CIO) stating they have a certified EHR system.



***Other than demonstrating A/I/U within the first year of the program, are there any other requirements that must be met to receive the Medicaid EHR Incentive Payment?***

Yes. EHs must also meet one of the following patient threshold criteria in order to qualify for incentive payments:

- Acute Care Hospitals must have a minimum of 10% Medicaid patient volume
- A children’s hospital is exempt from meeting a patient volume threshold



***What is the definition of an encounter?***

For the purpose of the Medicaid EHR Incentive Program, an encounter is defined as one service rendered to an individual per inpatient discharge where Medicaid (including the 1115 Waiver Population) paid for all or parts of the service, including individual’s premiums, co-payments or cost-sharing; or; services rendered in an emergency department on any one day where Medicaid (including the 1115 Waiver Population) paid for all or parts of the service including an individual’s premiums, co-payments or cost sharing.

***Where can the Medicaid/1115 Waiver Population list be found?***

For a comprehensive list of the Medicaid/1115 Waiver population, please visit [mehi.masstech.org](http://mehi.masstech.org), select the Programs menu, select the Medicaid EHR Incentive Program menu, select Toolkit, and finally click on the link titled Medicaid 1115 Waiver Population Grid.

***What is the reporting period for EHs participating in the Medicaid EHR Incentive Program?***

For an EHs first payment year, the EHR reporting period is a continuous 90-day period within a Federal fiscal year. In subsequent years, the EHR reporting period for EHs is the entire Federal fiscal year.

***How is patient volume threshold calculated for EHs?***

Patient volume threshold for EHs is calculated by dividing the total number of Medicaid encounters by the total number of hospital encounters during the selected 90 day reporting period (previous calendar year)

**Scenario A:** Central North Hospital has a total of 500,000 patient encounters within the selected 90 day reporting period (previous calendar year); 100,000 are Medicaid encounters. In order to calculate the percentage of Medicaid patient volume, Central North Hospital divides the total number of Medicaid patient encounters by the total number of patient encounters. Central North’s Medicaid patient volume would be as follows:

$$100,000/500,000 = .20 \times 100 = 20\%$$

**Central North meets the patient volume threshold and is eligible to participate in the Medicaid EHR Incentive Program.**



**Scenario B:** Central Northwest Hospital has a total of 400,000 patient encounters within the 90 day reporting period (previous calendar year); 20,000 are Medicaid encounters. In order to calculate the percentage of Medicaid patient volume, Central Northwest Hospital divides the total number of Medicaid patient encounters by the total number of patient encounters. Central Northwest’s Medicaid patient volume would be as follows:

$$20,000/400,000 = .05 \times 100 = 5\%$$

**Central Northwest Hospital does not meet the patient volume threshold and is not eligible to participate in the Medicaid EHR Incentive Program.**

### *How is the total incentive payment for EHs calculated?*

The aggregate EHR incentive calculation for EHs is represented mathematically as follows:

Aggregate Incentive = "Total EHR Amount" x "Medicaid Share"

Total EHR Amount = "Estimated EHR Amount<sub>Year</sub>" + "Estimated EHR Amount<sub>Year+1</sub>" x 0.75 +  
"Estimated EHR Amount<sub>Year+2</sub>" x 0.50 + "Estimated EHR Amount<sub>Year+3</sub>" x 0.25

Estimated EHR Amount<sub>Year+n</sub> = \$2M + \$200 x ("Estimated Discharges<sub>Year+n</sub>" - 1,149); but no less than \$2M

Estimated Discharges<sub>Year+n</sub> = Discharges estimated for federal fiscal<sub>Year+n</sub>; but no more than 23,000

Medicaid Share =  $\frac{\text{"Medicaid Inpatient Bed Days"} + \text{"Medicaid Managed Care Inpatient Bed Days"}}{\text{"Total Inpatient Bed Days"} \times (\text{"Total Charges"} - \text{"Charity Care Charges"}) / \text{"Total Charges"}}$

#### Notes:

- Year refers to the first incentive application year. Year+1, Year+2, and Year+3 refer to the next 3 years for which values must be estimated.
- Estimate future year discharges as: Current year discharges increased annually by the Average Discharge Growth Rate of the most recent 3 years.
- While the Total EHR Amount is calculated based on four years of data, the Medicaid Share is calculated based on the current year data.

### *What is needed to calculate the Overall EHR Amount?*

The Overall EHR Amount is found using the following three factors:

- **An Initial Amount**
  - The Initial Amount is the sum of a base amount and discharge related amount. The base amount is \$2,000,000 and the discharge-related amount provides an additional \$200 for the estimated discharges between 1,150 and 23,000. No payment is made for discharges prior to 1,150
- **The Medicare Share**
  - The Medicare Share portion of the Medicaid hospital overall EHR amount is set at one by statute
- **A Transition factor applicable to each of a theoretical four year period.**
  - For each of the four years of payment, a different transition factor applies

	Transition Factor
Year 1	1.00
Year 2	0.75
Year 3	0.50
Year 4	0.25

### How is Medicaid Share calculated?

The numerator of the Medicaid Share is the sum of:

- The estimated number of Medicaid inpatient bed-days
- The estimated number of Medicaid managed care inpatient-bed-days

The denominator of the Medicaid Share is the product of:

- The estimated total number of inpatient-bed-days for the EH during that period
- The estimated total amount of the EH's charges during that period, not including any charges that are attributable to charity care divided by the estimated total amount of the hospitals charges during that period

For Example, the following information has been collected by Metro West Hospital:

- 20,000 discharges (\*Note: The average annual rate of growth of discharges is based on the 3 most recent years of available data)
- 34,000 inpatient Medicaid bed-days (including fee-for-service and managed care days)
- 100,000 total inpatient bed-days
- \$1,000,000,000 in total charges
- \$200,000,000 in charity care



First, Metro West calculates the overall EHR amount:

$$\text{Year 1: } \{ \$2,000,000 + ((20,000 - 1,149) \times 200) \} \times 1 \times 1.0 = \$5,770,200$$

$$\text{Year 2: } \{ \$2,000,000 + ((20,454 - 1,149) \times 200) \} \times 1 \times .75 = \$4,395,750$$

$$\text{Year 3: } \{ \$2,000,000 + ((20,918 - 1,149) \times 200) \} \times 1 \times .50 = \$2,976,900$$

$$\text{Year 4: } \{ \$2,000,000 + ((21,393 - 1,149) \times 200) \} \times 1 \times .25 = \$1,512,200$$

$$\text{Overall EHR amount} = \text{Sum (Year 1, Year 2, Year 3, Year 4)} = \$14,655,050$$

Next, they calculate Medicaid share:

$$\text{Medicaid Share: } 34,000 / (100,000 \times ((\$1,000,000,000 - \$200,000,000) / 1,000,000,000)) = 0.425$$

In order to compute their total incentive payment, Metro West multiplies their total EHR amount by their Medicaid Shares.

**Overall EHR Amount x Medicaid Share = Medicaid aggregate EHR incentive amount**

$$\$14,655,050 \times 0.425 = \$6,228,396$$

***How will Massachusetts distribute EHR incentive payments?***

Massachusetts plans to issue the hospital payments over a period of three years.

<b>Year 1</b>	50% of the hospitals aggregate incentive payment
<b>Year 2</b>	30% of the hospitals aggregate incentive payment
<b>Year 3</b>	20% of the hospitals aggregate incentive payment

***Is the incentive payment considered taxable income?***

Yes, the incentive payment is considered taxable income. A 1099 will be issued to the payee.

***If I meet the requirements, what year can I register to participate in the Medicaid EHR Incentive Program?***

We suggest all Medicaid EHs register as soon as possible. The last year EHs are eligible to register for the Medicaid EHR Incentive Program is 2015. It is important to note that EHs that wait until 2015 to register will receive a significantly smaller payment. For example, an EH registers in 2015 is eligible to receive payments for only 2015 and 2016.

Therefore, we recommend that EHs register by 2014 at the latest to receive their full incentive payment.

***How and when will incentive payments for the Massachusetts Medicaid EHR Incentive Program be made?***

Incentive payments will be made approximately 45 days after an EH successfully attests. Our goal is that EHs will receive their payments through Electronic Fund Transfers (EFT).

***What if my facility does not have certified Electronic Health Records? Are there any resources available to help decide if a certified EHR would be beneficial for my practice?***

The eHealth Services Center at MeHI has many resources available and will work directly with providers and hospitals to effectively implement qualified Electronic Health Records and achieve meaningful use. Please visit the Services Center web pages: <http://mehi.masstech.org/ehealth-services-center>.

***When will the state be accepting Attestation for Meaningful Use (MU)?***

Meaningful Use Attestation for the Commonwealth will begin in your second year of participation in the program.

***Who should I contact if I have a question, need on-site training or if I am experiencing difficulty registering or attesting to participate for the Medicaid EHR Incentive Program?***

Please contact the Massachusetts eHealth Institute, Medicaid EHR Incentive Program, a Division of the Massachusetts Technology Collaborative by using one of the following methods:

**Inquiry Line:** 1-855-Mass-EHR (1855-627-7347)

- Our Customer Service Line will be available to accept calls on October 3, 2011.

**Email:** [massehr@masstech.org](mailto:massehr@masstech.org)

**Fax:** TBD

**Website:** <http://www.maehi.org/>

- Request a training session
- Submit a question

***What are some other helpful links to visit?***

Useful Information about Health Information Technology and the Medicaid EHR Incentive Program can be found at the following websites:

MeHI, the Massachusetts eHealth Institute: [mehi.masstech.org](http://mehi.masstech.org)

Executive Office of Health and Human Services: [www.mass.gov/eohhs/provider/insurance/masshealth/ehr](http://www.mass.gov/eohhs/provider/insurance/masshealth/ehr)

Centers for Medicare and Medicaid: [www.cms.gov](http://www.cms.gov)

Office of the National Coordinator for Health Information Technology: [www.healthit.gov](http://www.healthit.gov)

Office of Civil Rights (**questions regarding EHR privacy/security**): [www.hhs.gov/ocr/office](http://www.hhs.gov/ocr/office)