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SUBJECT: Medical Assistance Electronic Health Records (EHR) Incentive Program for Eligible Hospitals	BY  Izanne Leonard-Haak, Acting Deputy Secretary Office of Medical Assistance Programs
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PURPOSE:

The purpose of this bulletin is to provide information to hospitals about the Department of Public Welfare's (Department) intent to implement and administer an MA EHR Incentive Program, and the eligibility criteria and payment information that eligible hospitals must meet in order to qualify for the Pennsylvania (PA) Medical Assistance (MA) hospital EHR Incentive Program payment.

Note: A subsequent MA Bulletin will be issued in the near future to provide more specific information about the application process and eligible hospital participation requirements.

SCOPE:

This bulletin applies to all inpatient acute care hospitals, including critical access hospitals (CAHs), and children's hospitals enrolled in the MA program.

BACKGROUND:

The American Reinvestment and Recovery Act of 2009 (ARRA) includes numerous provisions related to health information technology (HIT) and promoting EHR adoption, including incentive payments to eligible hospitals and eligible professionals (EPs). The EHR adoption incentive provisions provide states with one hundred percent federal financial participation (FFP) for the incentive payments made to eligible hospitals and EPs.

The Federal goal of the EHR Incentive Program is to promote the adoption and meaningful use of certified EHRs within the healthcare system, i.e., to provide higher quality and better coordinated care that leads to improved patient outcomes and patient safety while also improving the efficiency of the health care system.

On July 28, 2010, the Centers for Medicare and Medicaid Services (CMS) published final rules to implement the provisions of ARRA related to the initial eligibility criteria for eligible hospitals and EPs to qualify for the MA EHR Incentive Program, the calculation of the EHR incentive payment amounts, the conditions for states to receive FFP for EHR incentive payments and implementation funding, and other program requirements (See 75 Fed Reg. 44314, July 28, 2010).

COMMENTS AND QUESTIONS REGARDING THIS BULLETIN SHOULD BE DIRECTED TO:

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Visit the Office of Medical Assistance Programs Web site at
<http://www.dpw.state.pa.us/provider/healthcaremedicalassistance/index.htm>

Participation in the MA EHR Incentive Program is voluntary. Eligible hospitals are not required to participate in the MA EHR Incentive Program and states are not required to develop and administer EHR incentive programs. The Department set forth its vision for the MA EHR Incentive Program and has been seeking public input as well as planning and developing its MA HIT Initiative and EHR Incentive Program since 2009. The Department intends to begin accepting applications and making EHR incentive payments to eligible hospitals in the Spring of 2011.

Definition of Eligible Hospitals

The CMS final rule outlines the following criteria described in Table 1 below for a hospital to be considered eligible for the MA EHR Incentive Program:

Table 1: MA Eligible Hospital Volume Requirements

MA Eligible Hospital Types	Patient Volume Eligibility Requirement
Acute care hospital including critical access hospitals (CAH) with an average patient length of stay of 25 days or fewer and a CMS certification number with the last four digits in the series 0001-0879 or 1300-1399	10% patient volume from MA individuals
Children’s hospital, either freestanding or hospital-within-hospital that predominantly treats individuals under 21 years of age and has a CMS certification number with the last four digits in the series 3300-3399	No patient volume requirement

Additional Requirements for Eligible Hospitals to Participate in the MA EHR Incentive Program

Eligible hospitals will be required to register with CMS through the National Level Repository (NLR). The primary purpose of the NLR is to collect, maintain and process eligible provider information that is required for the Medicare and MA EHR Incentive Program. For more information about the NLR, providers may view the website at:

http://www.cms.gov/EHRIncentivePrograms/20_RegistrationandAttestation.asp#TopOfPage

Note: Hospitals may be eligible to participate in both the MA and Medicare EHR Incentive Programs and can receive payments from both programs at the same time. However, a hospital may only qualify for eligibility under one of these programs or may choose to apply to only one program.

Eligible hospitals will also be required to attest that they have either adopted, implemented, upgraded or are meaningfully using a Federally-certified EHR system. CMS has defined these terms as follows:

- Adopt: Acquire and install certified EHR technology
- Implement: Begin using certified EHR technology, training staff, deploying tools, and exchanging data
- Upgrade: Expand existing technology to meet certification requirements
- Meaningful use: demonstrate use of certified EHR technology in a meaningful manner, demonstrate that certified EHR technology is connected in a manner that provides for the electronic exchange of health information, and use certified EHR technology that submits information on clinical quality measures and other measures.

Note: Hospitals that choose to participate in both the MA and Medicare EHR Incentive Programs will need to demonstrate meaningful use in the first payment year to CMS for Medicare incentive payments. The CMS final rules stipulate that if a hospital demonstrates meaningful use to Medicare then the hospital is “deemed” a meaningful user for MA.

More information regarding meaningful use can be found at:

http://www.cms.gov/EHRIncentivePrograms/30_Meaningful_Use.asp#TopOfPage

Hospitals will also be asked during the application process to attest to the following program eligibility requirements in order to be eligible for the MA EHR Incentive Program:

- Confirmation that the hospital is seeking an incentive payment for MA in Pennsylvania.
- Confirmation that the hospital is NOT pursuing payment in another state.
- Confirmation that the hospital has no sanctions resulting in exclusion from participation in Federally funded programs.
- Confirmation that the hospital is compliant with HIPAA laws for electronic data.
- Confirmation that the hospital is licensed in the Commonwealth or in the state in which services are rendered.
- Confirmation that the hospital has a CMS Certification Number(s) indicating Federal EHR software certification.

Methodology for Hospital EHR Incentive Payments and Overview of Amounts Available (Year 1 and Out Years)

The Federal rule sets forth the methodology used to calculate hospital MA EHR incentive payments. Eligible hospitals who qualify for the MA EHR incentive payment may receive incentive payments for up to four years beginning in fiscal year (FY) 2011. Eligible hospitals may begin receiving incentive payments in any year from FY 2011 to 2016. The last year in which a hospital may receive its first EHR incentive payment is 2016. After 2016, eligible hospitals may not receive an incentive payment, unless a payment was received in the prior year. Hospitals can receive payments in non-consecutive years.

Specific information on the formula set forth in the Federal rule can be found at:

https://www.cms.gov/MLNProducts/downloads/Medicaid_Hosp_Incentive_Payments_Tip_Sheets.pdf

The Department will calculate patient volume and payments for all eligible hospitals using information submitted by the hospital upon application with the Department. The Department is responsible for using auditable data sources to calculate EHR hospital incentive amounts and will use MA and Medicare cost reports as well as other Departmental data to validate the self-reported information. The Department will make payments to eligible hospitals over a four-year time period: 50 percent in the first year, 30 percent in the second year and 10 percent in the third and fourth years. Per CMS rules, the Department may revisit the 4-year calculation, which drives the 3 consecutive growth periods, as cost report data is validated. More information regarding the methodology for calculating eligible hospital EHR incentive payments may be found in the CMS Final Rule on pages 44497-444501 at:

<http://www.gpo.gov/fdsys/pkg/FR-2010-07-28/pdf/2010-17207.pdf>.

DISCUSSION:

The Department intends to implement an MA EHR Incentive Program for eligible hospitals consistent with the Department's goals to increase the quality access and coordination of medical care for all MA recipients. In order to implement an MA EHR Incentive Program, the Department is required to submit a State Medicaid HIT Plan (SMHP). CMS approved Pennsylvania's SMHP in December 2010. The Department's approved SMHP can be viewed on line at:

http://www.dpw.state.pa.us/ucmprd/groups/webcontent/documents/document/p_003113.pdf

In order for a hospital to qualify for the MA EHR Incentive Program, hospitals must meet the federal requirements described above, and must meet the following Pennsylvania-specific requirements:

- Be enrolled and participating in PA's MA Program without sanctions or exclusions;

Note: Hospitals that are not enrolled in PA's MA Program will need to enroll prior to applying for the Department's EHR incentive program.

- Have a National Provider Identifier number (NPI); and
- Have a Tax Identification Number (TIN).

The Department intends to begin accepting applications for the MA EHR Incentive Program in May 2011. A subsequent MA Bulletin will be issued prior to that time to provide further instruction regarding the application process.

Hospitals that are interested in learning more about the MA EHR Incentive Program, including dates and times for educational events and how to subscribe to the MA HIT Initiative listserv, should view the Department's HIT website at the following link:

<http://www.dpw.state.pa.us/provider/healthcaremedicalassistance/medicalassistancehealthinformationtechnologyinitiative/index.htm>.