



National
PACE
Association

MEMORANDUM

Date: July 16, 2014
To: Primary & Secondary PACE Contacts, Finance Contacts and Medical Directors.
From: Samuel Kunjukunju
Re: Guidance for PACE - Eligibility and Penalties for the EHR Incentive Programs

Background and Eligibility

The Medicare and Medicaid Electronic Health Record Incentive Programs were created under the Health Information and Technology for Economic and Clinical Health Act (HITECH), which was enacted into law under the American Recovery and Reinvestment Act (ARRA) of 2009. The programs were designed to provide financial incentives to promote the adoption and utilization of certified electronic health record technology (EHR) by eligible professionals (EPs) and eligible hospitals (EHs). Generally, EPs can choose to participate in either the Medicaid or Medicare Incentive Program, but not both. **Each incentive program will provide incentive payments to EPs who demonstrate meaningful use of certified EHR technology (CEHRT).** EPs can assign payments to external entities such as PACE organizations.

The two incentive programs have different eligibility criteria. Under the Medicaid Incentive Program, EPs include providers such as physicians, dentists, certified nurse-midwives, nurse practitioners, and physician assistants who practice in a federally qualified health center (FQHC) or lead a rural health clinic. These providers are eligible for up to \$63,750 in funding over a six-year period. In order to qualify for an incentive payment, an EP must meet one of the following criteria and begin part:

- have a minimum 20 percent Medicaid patient volume (for pediatricians),
- have a minimum 30 percent Medicaid patient volume (for all other EPs), or
- practice predominantly in a Federally Qualified Health Center or Rural Health Center and have at least 30 percent of patient volume attributable to needy individuals.

According to the guidelines, PACE physicians and nurse practitioners are eligible to participate in the Medicaid EHR Incentive Program and receive incentive payments that they assign to their PACE employer.

Under the Medicare EHR Incentive Program, EPs can receive up to \$44,000 over five years for demonstrating meaningful use. EPs include doctors of medicine or osteopathy, dental surgery or dental medicine, podiatry, optometry, and chiropractic. **To be eligible for the Medicare EHR Incentive Program, EPs must treat Medicare patients and bill the Medicare Part B Physician Fee Schedule for patient services.** Since the PACE model utilizes a capitated payment methodology and is not based on a fee-for-service payment system, it is unlikely that PACE providers are eligible to participate in the Medicare EHR Incentive Program. However, there may be circumstances in which PACE providers also work in other facilities and bill according to the Medicare Part B Physician Fee Schedule. In those cases,

the providers working in other locations will be eligible to participate in the Medicare EHR Incentive Program.

Additional information about the two programs is available at: <http://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/index.html?redirect=/ehrincentiveprograms/>.

Penalties

If a Medicare EP does not demonstrate meaningful use of CEHRT by January 2015, the EP's Medicare physician fee schedule amount of covered services will be initially reduced by 1 percent in 2015 and rise by an additional 1 percent each year for the next two years. Thereafter, the maximum penalty is expected to be a 5 percent reduction. All adjustments are directed at the providers.

Since it is unlikely for PACE providers to bill according to the Medicare Part B Physician Fee Schedule and be eligible to participate in the Medicare EHR Incentive Program, **it is unlikely that PACE providers will be penalized for failing to demonstrate meaningful use as the incentive programs are currently designed.**

NPA Contact

NPA will continue to keep members apprised of new developments relating to the EHR Incentive Programs. If you have any questions, comments, or concerns, contact Sam Kunjukunju, Senior Associate for Strategic Policy Initiatives, at SamK@npaonline.org or (703) 535-1535.