



Medicaid Incentive Program under HITECH Act

American Reinvestment and Recovery Act (ARRA) includes the Health Information Technology Economic and Clinical Health (HITECH) Act to support the use and exchange of electronic health data. This outlines the Medicaid Incentive Program but it is subject to federal guidelines.

Goals

- The overall goal of electronic exchange of health data is to put the patient first and encourage the practice of health care information following the patient. The expectation is that exchanging electronic health data will result in improved quality, care coordination, and reductions in medical errors and duplicative care.
- Incentive program rewards meaningful use of certified electronic health technology, not reimbursement for purchasing an electronic health record (EHR). The Office of the National Coordinator (ONC) for Health Information Technology (HIT) will further define what certified technology means.

Meaningful use

- Each state must define meaningful use for their state for approval by the secretary of the U.S. Department of Health and Human Services.
- Preliminary guidance on this includes use of certified EHR technology, information exchange and the ability to report on clinical quality measures. This effort is underway by the Minnesota eHealth Initiative.
- A national standards committee is expected to publish a list of certified EHRs by end of 2009.

Incentive payments

- There is provision for incentive payments for eligible providers who participate in electronic exchange of data, including those who have already invested in an EHR.
- Federal incentive cannot exceed 85 percent of a practitioner's investment. The federal Centers for Medicare and Medicaid Services will determine an average allowable cost. Details will be determined, including how that relates to limits on percent of total investment that can be paid in the first and second year of program participation.
- A practitioner program maximum will be set by the HHS secretary based on a study to be completed by end of 2009. The maximum of 85 percent of \$25,000 for initial acquisition/implementation and \$10,000 for subsequent years is listed in the act, but the actual payment maximum will be set following the guidance of the study. Maximum program participation is six years.
- The difference for hospital reimbursement for Medicaid is there is no declining percentage in the formula for years two through four, unlike the Medicare arrangement.

Eligible providers

- Select non-hospital based professionals with at least 30 percent patient volume attributable to Medicaid patients, including physicians, dentists, certified nurse mid-wives, nurse practitioners, and physician assistants in physician-assistant led Federally Qualified Health Centers (FQHCs).
- Non-hospital based pediatricians who have at least 20 percent patient volume attributable to Medicaid patients.
- Children's hospitals regardless of Medicaid population served.
- Acute-care hospitals with at least 10 percent patient volume attributable to Medicaid patients.
- FQHCs or Rural Health Clinics with at least 30 percent of the center or clinic's patient volume attributable to needy individuals.
- Non-hospital based practitioners must choose between the Medicaid and Medicare incentive programs; no double-dipping.
- How Medicaid patient volume will be measured is yet to be determined.

Other issues

- Minnesota can recoup 90 percent of its costs of administering the Medicaid incentive program.
- Minnesota must ensure that populations with unique needs are appropriately addressed.
- Which populations in Minnesota have unique needs is to be determined. The example in legislation is children.
- HHS is expecting an "environmental scan" or roadmap of what the electronic exchange of health information in Minnesota is currently and a vision of what will be in the future: the "to-be" document and a plan from how to get from the "as-is" to the "to-be."

Federal guidance

- Published standards on what constitutes a certified or qualified EHR by end of 2009. The latter is for cases where a product is geared to a specialty area.
- Approved definition of meaningful use of an EHR by end of 2009.
- Guidelines on payment structure, reimbursable items and federal payment limits by end of 2009.
- Guidelines on provider-related eligible activities for Medicaid incentive payments.
- Guidance by the end of March as to what activities the state does that will be reimbursed at a 90 percent match for administration.

What providers should be doing

- Get familiar with the basic provisions such as eligibility requirements.
- Begin your planning process to assess needed changes to your business process for EHRs.
- If you do not use EHRs now, search the Internet or check with your professional association.

For more information

- MN HITECH website at www.health.state.mn.us/e-health/hitech.html
- DHS Provider web page – coming soon