

FREQUENTLY ASKED QUESTIONS ON HITECH HOSPITAL INCENTIVES UNDER MEDICARE

Hospital Medicare Payment Incentives under the HITECH Act

How do hospitals qualify for incentives as a “meaningful user” of an EHR?

Hospitals applying for incentives must demonstrate that they are “meaningful users” of certified EHR technology.

There are three base requirements for “meaningful use” identified in the new law, including:

- Use of certified or qualified EHR technology.
- Electronic exchange of health information
- Use of EHR in reporting on clinical and other quality measures

Additional details are expected on the specifics of the definition of “meaningful use”.

How will hospitals be able to prove that they are “meaningful users”?

Demonstrations of meaningful use may include: 1) attestation, 2) submission of claims with appropriate coding, 3) a survey response, 4) reporting of clinical quality data, and 5) other means to be specified. Further details are expected.

To get reimbursed, do hospitals have to demonstrate the cost of the EHR they chose to implement?

The cost of the system is not part of the calculation, the incentive payments are based on achieving “meaningful use”.

How are incentive payments for hospitals determined?

Incentive payments for hospitals are based on a formula which includes an initial amount and a per discharge amount for all discharges between the 1,150th and 23,000th factored by the Medicare share and a transition factor.

Base Amount	+	Discharge-related payments	x	Medicare share	x	Transition factor
(((\$2 Million	+	(\$200 x 1,150-23,000 th discharges))	x	<i>*See below</i>	x	Year 1 (2011-13): 1.0 Year 2 (2014): .75 Year 3 (2015): .5 Year 4 (2016): .25

***Medicare share**

$\frac{\text{Part A Inpatient bed days} + \text{Part C Inpatient bed days}}{\text{Est. total Inpatient bed days}} \times \frac{\text{Est. total charges less charity care}}{\text{Estimated total charges}}$	
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Are Critical Access Hospitals eligible for Medicare incentives under the HITECH Act?

Critical Access Hospitals are eligible for enhanced incentives under cost-based reimbursement. Meaningful EHR users may obtain reimbursement for the undepreciated value of EHR expenditures plus 20 percentage points, provided that the Medicare share does not exceed 100%.



Critical Access Hospitals can enhance bonus incentive value by reaching meaningful user designation as early as possible; those that are meaningful users by 2011 are eligible for 4 years of enhanced Medicare payments with immediate full depreciation of certified EHR costs, which includes undepreciated costs from previous years.

What are the penalties for hospitals that fail to achieve “meaningful use”?

Prospective Payment System (PPS) Hospitals

Beginning in FY2015, hospitals who are not meaningful EHR users will receive reductions to their otherwise applicable Market Basket Adjustment (MBA), as follows:

Year	.75 MBA increase reduced by:
2015	33 1/3 %
2016	66 2/3 %
2017 & beyond	100%

Critical Access Hospitals (CAH)

Critical Access Hospitals that are not meaningful EHR users by 2015 or subsequent years will receive reductions in their 101% of Medicare cost-based reimbursements as follows:

Year	Cost-based reimbursement
2009-2014	101%
2015	100.66%
2016	100.33%
2017 & beyond	100%

The Secretary may exempt eligible providers on a case-by-case basis (up to 5 years) if determined that compliance with the requirement would result in significant hardship.

Can hospitals receive both Medicare and Medicaid incentive payments?

Hospitals are eligible for payments under both Medicare and Medicaid; these payments will be coordinated and unduplicated. Further details are expected.

