

May 25, 2010

# Montana Healthcare Programs Notice

## Physicians, Mid-Level Practitioners, Inpatient Hospitals, Optometrists, Podiatrists, Dentists, Chiropractors

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### Medicaid Incentive Payment Program for Adopting Electronic Health Records

The Department of Public Health and Human Services (Medicaid State Agency) is in the initial stages of developing and implementing the *Medicaid Incentive Payment Program for Adopting Electronic Health Records*. The attached cover letter and article outlines eligible participants and current qualifying requirements. For more information on this incentive program, providers can call Gail Briese-Zimmer at (406) 444 - 9740, or email questions to [gbriesezimmer@mt.gov](mailto:gbriesezimmer@mt.gov).

#### Contact Information:

Gail Briese-Zimmer at (406) 444 - 9740

[gbriesezimmer@mt.gov](mailto:gbriesezimmer@mt.gov)

Visit the Provider Information website for Electronic Health Records Incentives at:

<http://www.mtmedicaid.org>

DEPARTMENT OF  
PUBLIC HEALTH AND HUMAN SERVICES



Brian Schweitzer  
GOVERNOR

Anna Whiting Sorrell  
DIRECTOR

STATE OF MONTANA

[www.dphhs.mt.gov](http://www.dphhs.mt.gov)

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May 19, 2010

Dear Montana Medicaid Provider:

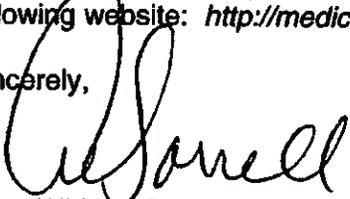
Cost has always been a major barrier to the widespread use of electronic health records (EHR) systems. Recognizing this, Congress appropriated approximately \$30 billion as part of the American Recovery and Reinvestment Act to help eligible hospitals and professional practices who acquire and use electronic health records to improve the quality of patient care over the next several years. The federal EHR incentives are paid out to eligible health care providers **after** they have invested in EHR systems and demonstrated they've achieved a specific level of EHR use, which the government calls "meaningful use."

Both Medicare and Medicaid play key roles in administering their EHR incentives. Medicare is responsible for processing the incentives under the Medicare program, whereas the Medicaid incentive program is delegated to the State Medicaid Agency.

The Department of Public Health and Human Services (Medicaid State Agency) is responsible for developing and implementing the Medicaid Incentive Payment Program. The Department is in the initial stages of developing our program. In the near future we will be contacting you to discuss your interest in participating in the Medicaid Incentive Program. We will use the information we gather from you to develop a reimbursement plan with our federal partner, the Center for Medicare and Medicaid Services. Our target date to begin distributing reimbursement incentives is January 2011.

Attached is a handout that explains what we know so far about this incentive payment program. The rules governing the program will be finalized by the federal government in June 2010. For more information on the Medicaid Provider Incentive Payment program please contact Gail Briese-Zimmer at (406)444-9740 or [gbriesezimmer@mt.gov](mailto:gbriesezimmer@mt.gov). Further information is at the following website: <http://medicaidprovider.hhs.mt.gov/providerpages/ehrincentives.shtml>.

Sincerely,

  
Anna Whiting Sorrell  
Director

  
Mary Dalton  
State Medicaid Director



## Medicaid Incentive Payment Program for Adopting Electronic Health Records

### Three Requirements to qualify you must:

1. Be an eligible provider and meet the patient volume threshold;
2. Use a certified electronic health record (EHR);
3. Meaningfully use the certified EHR.

**Who is eligible:** The following Medicaid providers are eligible to participate in the program if they meet the patient threshold in Table 1 below:

**TABLE 1: Qualifying Patient Volume Threshold for Medicaid EHR Incentive Program**

Entity	Minimum 90-day Medicaid Patient Volume Threshold	
Physicians *	30%	Or the Medicaid EP practices predominately in an FQHC or RHC - 30% "needy individual" patient volume threshold
Pediatricians *	20%	
Dentists *	30%	
Certified nurse mid-wives *	30%	
Physician Assistant when practicing at an FQHC/RCH led by a physician assistant	30%	
Nurse Practitioner *	30%	
Acute care hospital	10%	
Children's hospital	No threshold identified	Not an option for hospitals

\* non-hospital based

Physicians include: An MD or OD, doctor of dental surgery or of dental medicine, doctor of podiatric medicine, doctor of optometry or a chiropractor.

### Medicaid Patient Volume calculation:

$$\frac{\text{Total Medicaid patient encounters in any 90 period in the preceding calendar year}}{\text{Total patient encounters in the same 90 day period}} \times 100$$

### Needy Individual Volume calculation:

$$\frac{\text{Total Needy Individual encounters in any 90 day period in the preceding calendar year}}{\text{Total patient encounters in the same 90 day period}} \times 100$$

### Eligible Providers who qualify for both Medicare and Medicaid Incentives:

Some providers may qualify for both incentive programs. Providers that are eligible for both Medicare and Medicaid must chose one program and are allowed to switch once between the programs by calendar year 2014. For example, if a provider chooses to participate in Medicare their first payment year and but in year two decides to switch to the Medicaid incentive program this is allowed. The provider will receive their year 2 through year 6 payment amount under the Medicaid incentive program of \$8,500 per year, not to exceed the Medicaid total payment of \$63,750. (Note: Acute care hospitals qualify for both the Medicare and Medicaid Incentives.)



The Medicare program has a maximum payment of up to \$44,000 over 5 years beginning in 2011 and ending 2016. Medicaid providers will receive up to \$63,750 over 6 years beginning 2011 and ending 2021.

**Maximum Payment under the Medicaid Incentive Payment Program**

Calendar Year	First Calendar Year in which Physician receives an incentive payment *					
	2011	2012	2013	2014	2015	2016
2011	\$21,250					
2012	8,500	\$21,250				
2013	8,500	8,500	\$21,250			
2014	8,500	8,500	8,500	\$21,250		
2015	8,500	8,500	8,500	8,500	\$21,250	
2016	8,500	8,500	8,500	8,500	8,500	\$21,250
2017	0	8,500	8,500	8,500	8,500	8,500
2018	0	0	8,500	8,500	8,500	8,500
2019	0	0	0	8,500	8,500	8,500
2020	0	0	0	0	8,500	8,500
2021	0	0	0	0	0	8,500
	\$63,750	\$63,750	\$63,750	63,750	\$63,750	\$63,750

NOTE: Optional exception for Pediatricians who do not meet the 30% threshold but meet the 20% threshold; reduced payments—first year \$14,167 subsequent year is \$5,667 not to exceed a total of \$42,500. Also, an EP's payment may be adjusted downward depending on net average allowable costs.

Color indicator:

Stage 1 Meaningful Use	
Stage 2 Meaningful Use	
Stage 3 Meaningful Use	

**How does an Eligible Professional Achieve Meaningful Use?**

1. Use certified EHR technology,
2. Submit clinical quality measures,
3. Electronically exchange health information to improve quality of care.

**What are the Stage 1 measures?**

1. Health information technology functional measures (25 measures)
  - a. Functional measures relying on capabilities of certified electronic health records
  - b. Functional measures requiring health information exchange
  - c. Security Policy and Procedures
2. Clinical quality measures based on PQRI/NQF \*\*
  - a. Core measures (3 measures)
  - b. Specialty measures (15 specialties)

\*\*PQRI: Physician Quality Reporting Initiative; NQF: National Quality Forum  
 CMS plans to develop the next two stages: Stage 2—by end of 2011; Stage 3—by end of 2013.

**What are the Stage 1 Meaningful Use Goals?**

1. Electronically capturing health information in a coded format.



**Definitions:**

**Acute care hospital** means a health care facility—

1. Where the average length of patient stay is 25 days or fewer; and
2. With a CMS certification number (previously known as the Medicare provider number) that has the last four digits in the series 0001—0879

**Adopt, implement or upgrade means** (available for only 2011-criteria to qualify for a payment)

1. Install or commence utilization of certified EHR technology capable of meeting meaningful use requirements; or
2. Expand the available functionality of certified EHR technology capable of meeting meaningful use requirements at the practice site, including staffing, maintenance, and training.

**Certified EHR Technology** A complete EHR or a combination of EHR Modules, each of which:

1. Meets the requirements included in the definition of a Qualified EHR; and
2. Has been tested and certified in accordance with the certification program established by the National Coordinator as having met all applicable certification criteria adopted by the Secretary of Health and Human Services (HHS).

**Qualified EHR** an electronic record of health-related information on an individual that:

1. Includes patient demographic and clinical health information, such as medical history and problem lists; and
2. Has the capacity to:
  - provide clinical decision support;
  - support physician order entry;
  - capture and query information relevant to health care quality; and
  - exchange electronic health information with, and integrate such information from other sources.

**Needy individuals** mean individuals that meet one of following:

1. Received medical assistance from Medicaid or the Children's Health Insurance Program.
2. Was furnished uncompensated care by the provider.
3. Were furnished services at either no cost or reduced cost based on a sliding scale determined by the individuals' ability to pay.

**Non hospital based** the EP provides less than 90% of covered services in hospital inpatient and emergency room settings.

**Practices predominantly** means an EP for whom the clinical location for over 50 percent of his or her total patient encounters every period of 6 months.