



# Medicare EHR Incentive Program Payment Adjustments: What Providers Need to Know

Last Updated: May 2013



Eligible professionals (EPs), eligible hospitals, and critical access hospitals (CAHs) who are not meaningful users of certified electronic health record (EHR) technology may be affected by the mandated Medicare EHR Incentive Program payment adjustments. Here is what providers need to know.

## Who Is Affected by the Payment Adjustments?

### ***Affected***

- Medicare EPs, eligible hospitals, and CAHs
- EPs and hospitals that bill Medicare and can participate in either the Medicare or Medicaid EHR Incentive Programs

### ***Not Affected***

- Medicaid EPs who can only participate in the Medicaid EHR Incentive Program and do not bill Medicare

## When Do Adjustments Start?

Adjustments will be applied:

- At the start of the 2015 fiscal year (FY) for eligible hospitals and CAHs (October 1, 2014)
- At the start of the calendar year (CY) for EPs (January 1, 2015)

EPs, eligible hospitals, and CAHs must continue to demonstrate meaningful use **every year** to avoid payment adjustments in subsequent years.

## How Are Adjustments Applied?

### ***For EPs***

- Applied to the Medicare physician fee schedule (PFS) amount for covered professional services furnished by EP during the year
- Adjustment is 1% per year, and cumulative for every consecutive year the EP is not a meaningful user

### ***For Eligible Hospitals***

- Applied to the percentage increase to the Inpatient Prospective Payment System (IPPS) payment rate
- Hospitals receive a reduced update to the IPPS standardized amount
- Payment adjustments are cumulative for every consecutive year the hospital is not a meaningful user

### ***For CAHs***

- Applied to the Medicare reimbursement for inpatient services during the cost reporting period in which they failed to demonstrate meaningful use
- For a cost reporting period that begins in FY 2015, a CAH reimbursement would be reduced from 101 percent of its reasonable costs to 100.66 percent

## How Do Providers Avoid Adjustments?

EPs and eligible hospitals must:

- Demonstrate meaningful use prior to the 2015 calendar/fiscal payment adjustment year (and every year after)
  - 2013 participation will avoid the 2015 adjustment for those that participate in 2013
  - 2014 participation will avoid the 2015 adjustment for those that begin participation in 2014

CAHs must:

- Demonstrate meaningful use during the same FY the payment adjustments take place to avoid the adjustments (starting in 2015, and beyond)

EPs, eligible hospitals, and CAHs that are eligible to participate in both the Medicare and Medicaid EHR Incentive Programs may attest to meaningful use under either program to avoid the payment adjustments. EPs, eligible hospitals, and CAHs must continue to demonstrate meaningful use **every year** to avoid payment adjustments in subsequent years.

EPs, eligible hospitals, and CAHs may apply for hardship exceptions to avoid the payment adjustments. Review the Payment Adjustments & Hardship Exceptions Tipsheets [for Eligible Hospitals and CAHs](#) and for [EPs](#) for more information.