

# Payment Adjustments & Hardship Exceptions Tipsheet for Eligible Professionals

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## Overview



As part of the American Recovery and Reinvestment Act of 2009 (ARRA), Congress mandated payment adjustments to be applied to Medicare eligible professionals who are not meaningful users of Certified Electronic Health Record (EHR) Technology under the Medicare EHR Incentive Programs. These payment adjustments will be applied beginning on January 1, 2015, for Medicare eligible professionals. Medicaid eligible professionals who can only participate in the Medicaid EHR Incentive Program and do not bill Medicare are not subject to these payment adjustments.

Under the [new Merit-based Incentive Payment System \(MIPS\)](#), separate payment adjustments under the Physician Quality Reporting System (PQRS), Value-Based Payment Modifier (VM), and the Medicare EHR Incentive Program will sunset December 31, 2018. MIPS payment adjustments will begin January 1, 2019. The maximum payment adjustment amount starts at 4 percent in 2019 and incrementally increases to 9 percent in 2022 and onward. For 2019 to 2024, there will also be an additional payment adjustment given to the highest MIPS performers for exceptional performance.

Eligible professionals who can participate in either the Medicare or Medicaid EHR Incentive Programs will be subject to the payment adjustments unless they are meaningful users under one of the EHR Incentive Programs in the time periods specified below.

## Payment Adjustments for Medicare Eligible Professionals

Medicare eligible professionals who are not meaningful users will be subject to a payment adjustment beginning on January 1, 2015.

This payment adjustment will be applied to the Medicare physician fee schedule (PFS) amount for covered professional services furnished by the eligible professional during the year (including the fee schedule amount for purposes of determining a payment based on the fee schedule amount). Eligible professionals receive the payment adjustment amount that is tied to the year that they did not demonstrate meaningful use (e.g., an eligible professional who receives a payment adjustment in 2018 will receive a 4% PFS reduction regardless of if this is their first or fourth year not demonstrating meaningful use.)

The EHR reporting periods for the payment adjustments will begin and end prior to the year of the payment adjustment. Eligible professionals must continue to demonstrate meaningful use every year to avoid payment adjustments in subsequent years.

The table below illustrates the timeline to avoid payment adjustments for eligible professionals who demonstrated meaningful use.

Payment Adjustment Year	2016	2017	2018
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EHR Reporting Period	2014	2015	2016
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### **Payment Adjustments for EHR Reporting Periods in 2014 through 2016**

Eligible professionals who first demonstrated meaningful use in 2014 must have demonstrated meaningful use for a 90-day reporting period in 2014 to avoid payment adjustments in 2015 and 2016. This reporting period must have occurred in the first 9 months of calendar year 2014, and eligible professionals must have attested to meaningful use no later than October 1, 2014 to avoid the payment adjustments.

#### ***In 2015***

In 2015, the EHR reporting period for a payment adjustment year for EPs who have not successfully demonstrated meaningful use in a prior year (new participants) is any continuous 90-day period in calendar year (CY) 2015. New participants who successfully demonstrate meaningful use for this period and satisfy all other program requirements will avoid the payment adjustments in CYs 2016 and 2017 if the EP successfully attests by February 29, 2016.

In 2015, the EHR reporting period for a payment adjustment year for EPs who have successfully demonstrated meaningful use in a prior year (returning participants) is any continuous 90-day period in CY 2015. Returning participants who successfully demonstrate meaningful use for this period and satisfy all other program requirements will avoid the payment adjustment in CY 2017 if the EP successfully attests by February 29, 2016.

#### ***In 2016***

In 2016, the EHR reporting period for a payment adjustment year for EPs who are new participants is any continuous 90-day period in 2016. New participants who successfully demonstrate meaningful use for this period and satisfy all other program requirements will avoid the payment adjustment in CY 2017 if the EP successfully attests by October 1, 2016, and will avoid the payment adjustment in CY 2018 if the EP successfully attests by February 28, 2017.

In 2016, the EHR reporting period for a payment adjustment year for EPs who are returning participants is the full CY 2016. Returning participants who successfully demonstrate meaningful use for this period and satisfy all other program requirements will avoid the payment adjustment in CY 2018 if the EP successfully attests by February 28, 2017.

## **Hardship Exceptions for Medicare Eligible Professionals**

Eligible professionals may apply for hardship exceptions to avoid the payment adjustments described above. Hardship exceptions will be granted only under specific circumstances and only if CMS determines that providers have demonstrated that those circumstances pose a significant barrier to their achieving meaningful use. Information on how to apply for a hardship exception will be posted on the [CMS EHR Incentive Programs website](#) in the future.

Eligible professionals can apply for hardship exceptions in the following categories:

- **Lack of Infrastructure:** Eligible professionals must demonstrate that they are in an area without sufficient internet access or face insurmountable barriers to obtaining infrastructure (e.g., lack of broadband).
- **Extreme and Uncontrollable Circumstances:** Examples may include a natural disaster or other unforeseeable barrier.
  - **EHR Vendor Issues:** The eligible professional's EHR vendor was unable to obtain certification or the eligible professional switched vendors.
- **Patient Interaction:**
  - Lack of face-to-face or telemedicine interaction with patient
  - Lack of follow-up need with patients

**Practice at Multiple Locations:** Lack of control over availability of CEHRT for more than 50% of patient encounters.

## Frequently Asked Questions

### **How will the Merit-Based Incentive Payment System (MIPS) affect payment adjustments for the EHR Incentive Programs?**

Under the [new MIPS program](#), separate payment adjustments under the Physician Quality Reporting System (PQRS), Value-Based Payment Modifier (VM), and Medicare EHR Incentive Program will sunset December 31, 2018. MIPS payment adjustments will begin January 1, 2019. The maximum payment negative adjustment amount starts at 4 percent in 2019 and incrementally increases to 9 percent in 2022 and onward. For 2019 to 2024, there will also be positive payment adjustment given to the highest MIPS performers for exceptional performance.

### **Do I have to be a meaningful user each year to avoid the payment adjustments or can I avoid the payment adjustments by achieving meaningful use only once?**

You must demonstrate meaningful use every year according to the timelines detailed above in order to avoid Medicare payment adjustments.

### **If I am an eligible professional who is eligible for both the Medicare and Medicaid EHR Incentive Programs, but I register to participate in the Medicaid EHR Incentive Program, do I still have to be a meaningful user to avoid the payment adjustments?**

Yes. If you are eligible to participate in both the Medicare and Medicaid EHR Incentive Programs, you must demonstrate meaningful use according to the timelines detailed above to avoid the payment adjustments. You may demonstrate meaningful use under either Medicare or Medicaid.

### **If I am an eligible professional who is eligible for both the Medicare and Medicaid EHR Incentive Programs, will I avoid the payment adjustments during a calendar year when I receive a Medicaid incentive payment for adopting, implementing, or upgrading my Certified EHR Technology?**

No. Congress mandated that an eligible professional must be a meaningful user in order to avoid the payment adjustment; therefore receiving a Medicaid EHR incentive payment for adopting, implementing, or upgrading your Certified EHR Technology would not exempt you from the payment adjustments. You must demonstrate meaningful use according to the timelines detailed above to avoid the payment adjustments. You may demonstrate meaningful use under either Medicare or Medicaid.

**How do I demonstrate meaningful use in order to avoid a payment adjustment?**

You demonstrate meaningful use by successfully attesting through either the CMS Medicare EHR Incentive Programs Attestation System (<https://ehrincentives.cms.gov/>) or through your state's attestation system.

**If I am a hospital-based Medicare eligible professional, am I subject to the payment adjustments?**

No. If you perform 90% or more of your covered professional services in either the inpatient (Place of Service 21) or emergency department (Place of Service 23) of a hospital, then you will be determined to be hospital-based and are not eligible to receive an EHR incentive and will not be subject to the payment adjustments.

However, your hospital-based status can change from year to year. For example, an eligible professional who is determined to be hospital-based for the 2015 program year would not be subject to the payment adjustments in 2017. But if that eligible professional is determined not to be hospital-based for the 2016 and the 2017 program year, then he or she could be subject to the payment adjustments in 2018 if the eligible professional does not demonstrate meaningful use. Therefore it is important to check your hospital-based status at the beginning of each year. You can check your hospital-based status by visiting the Medicare EHR Incentive Programs Registration System (<https://ehrincentives.cms.gov/>).