

2017 Medicare Electronic Health Record (EHR) Incentive Program Payment Adjustment Fact Sheet for Critical Access Hospitals

Overview of the Program

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), Congress mandated that critical access hospitals (CAHs) that are not meaningful users of certified electronic health record (EHR) technology (CEHRT) receive downward payment adjustments for cost reporting periods beginning in Federal fiscal year (FY) 2015 or a subsequent FY.

CAHs will be subject to a downward adjustment to their Medicare reimbursement for inpatient services unless they demonstrate meaningful use under the Medicare or Medicaid EHR Incentive Program. CAHs must successfully demonstrate meaningful use of CEHRT for an EHR reporting period in calendar year (CY) 2017, or qualify for a significant hardship exception, to avoid a reduction in reimbursements for cost reporting periods beginning in FY 2017. For the FY 2017 payment adjustment year, the EHR reporting period is any continuous 90-day period within CY 2017.

How are Payment Adjustments Applied?

The adjustment applies to the Medicare reimbursement for inpatient services during the cost reporting period for which the CAH failed to demonstrate meaningful use. A CAH will receive a reduced rate of reimbursement for each FY for which it does not demonstrate meaningful use of CEHRT.

When do Payment Adjustments Begin?

Reduced Medicare payments for CAHs that do not successfully demonstrate meaningful use began with the cost reporting periods beginning in FY 2015 and will continue for each subsequent FY.

What are the Payment Adjustment Amounts for CAHs?

If a CAH did not demonstrate meaningful use of certified EHR technology for an applicable EHR reporting period, its reimbursement for a cost reporting period beginning in FY 2015 was reduced from 101 percent of its reasonable costs to 100.66 percent. For a cost reporting period beginning in FY 2016, its reimbursement was reduced to 100.33 percent of its reasonable costs. For a cost reporting period beginning in FY 2017 and for each subsequent fiscal year, its reimbursement will be reduced to 100 percent of reasonable costs. See the table below for an overview of reimbursement reductions:

Payment Adjustment Year	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020+
% of Reasonable Cost	100.66%	100.33%	100%	100%	100%	100%