

2015 Medicare Electronic Health Record (EHR) Incentive Program Payment Adjustment Fact Sheet for Critical Access Hospitals

Overview of the Program

Under Section 1814(l)(4) of the Social Security Act, as modified by the American Recovery and Reinvestment Act of 2009, Congress required adjustments to Medicare payments for critical access hospitals (CAHs) that are not meaningful users of Certified Electronic Health Record (EHR) Technology under the Medicare EHR Incentive Program. These CAHs receive negative payment adjustments for cost reporting periods beginning in fiscal year (FY) 2015 or a subsequent fiscal year.

CAHs that are able to participate in the Medicare EHR Incentive Program will be subject to a reduction in the payment of reasonable costs unless they demonstrate meaningful use under the Medicare EHR Incentive Programs. CAHs must demonstrate meaningful use during an applicable EHR reporting period for the year in order to avoid the adjustment in their Medicare payment for the applicable cost reporting periods starting in that fiscal year.

A CAH that did not successfully demonstrate meaningful use for the 2015 EHR reporting period (a minimum of 90 continuous days from October 1, 2014 through December 31, 2015) will be subject to a reduction in the payment of reasonable costs for the FY 2015 cost reporting period. In subsequent years, the EHR reporting period is the full calendar year that starts during the fiscal year. The payment adjustment applies to the Medicare reimbursement to the CAH for inpatient services during cost reporting periods starting in the fiscal year in which the CAH failed to demonstrate meaningful use.

Payment Adjustment Amounts for CAHs

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

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

Hardship Exceptions

Medicare-participating providers who did not successfully participate in the Medicare EHR Incentive Program can apply for a hardship exception to avoid the payment adjustments. CAHs must apply for an exception each year, and the exceptions are granted on a case-by-case basis. CAHs will only be granted an exception for up to five years.

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Hardship exceptions are available to CAHs that experience significant hardships during an EHR reporting period such that they are unable to demonstrate meaningful use of Certified EHR Technology. There are several categories of hardship exceptions for which CAHs may be eligible:

- A CAH that is new in the payment adjustment year and has not previously operated with new CMS Certification Numbers (CCNs) is automatically granted a limited one-year hardship exception to payment adjustments.
- A CAH that is located in an area without sufficient Internet access to comply with meaningful use objectives requiring Internet connectivity, and faces insurmountable barriers to obtaining such Internet connectivity.
- A CAH that encounters an unforeseeable barrier, such as a natural disaster, including a natural disaster that affects the CAH's EHR vendor's operations.

Information on how to apply for a hardship exception is posted on the CMS EHR Incentive Programs website: https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Downloads/PaymentAdj_HardshipExceptTipsheetforCAH.pdf.

Critical Access Hospitals (CAHs) Reconsideration Form

The deadline for CAHs to submit Reconsideration Forms for the 2015 payment adjustment, based on the FY 2015 EHR reporting period is November 30th, 2016. **No applications will be accepted after the deadline.** For inquiries about the Reconsideration Form, please email pareconsideration@provider-resources.com.

Please visit the URL below for the Reconsideration Form and the instructions:
https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/PaymentAdj_Hardship.html