

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

Overview of the Program

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), Congress established payment adjustments under Medicare for eligible hospitals that are not meaningful users of Certified Electronic Health Record Technology (CEHRT). Eligible hospitals that do not successfully demonstrate meaningful use for an EHR reporting period associated with a payment adjustment year will receive reduced Medicare payments for that year.

The payment adjustments began on October 1, 2014 for eligible hospitals. Eligible hospitals that only participate in the Medicaid EHR Incentive Program and do not bill Medicare are not subject to these payment adjustments. Eligible hospitals that participate in both the Medicare and Medicaid EHR Incentive Programs are subject to the payment adjustments unless they successfully demonstrate meaningful use under one of these programs. Over 4,800 eligible hospitals may participate in the EHR Incentive Programs.

What is an eligible hospital?

How does a hospital demonstrate meaningful use in order to avoid a payment adjustment?

An eligible hospital demonstrates meaningful use by successfully attesting through either the CMS Medicare EHR Incentive Programs Attestation System (<https://ehrincentives.cms.gov/hitech>) or through its state's Medicaid EHR Incentive Program attestation system.

How have hospitals received incentives payments? Are incentive payments still available?

The Medicare Electronic Health Record (EHR) Incentive Program provides incentive payments for eligible acute care inpatient hospitals that are meaningful users of certified EHR technology. The tip sheet below discusses incentive payments in detail: https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Downloads/MLN_TipSheet_MedicareHospitals.pdf. The Medicaid EHR Incentive Program is run by each state. The Medicaid Electronic Health Record (EHR) Incentive Program provides for incentive payments for eligible acute care hospitals and children's hospitals. The tip sheet below discusses Medicaid incentive payments in detail: https://www.cms.gov/regulations-and-guidance/legislation/ehrincentiveprograms/downloads/mln_tipsheet_medicaidhospitals.pdf

What is the FY 2017 EHR Eligible Hospital payment adjustment?

Eligible hospitals that are not meaningful EHR users are subject to a payment adjustment beginning on October 1, 2016. This payment adjustment is applied as a reduction to the applicable percentage increase to the Inpatient Prospective Payment System (IPPS) payment rate, thus reducing the update to the IPPS standardized amount for these hospitals.

Eligible hospitals receive the payment adjustment amount that is tied to a specific fiscal year (e.g., eligible hospitals that did not successfully demonstrate meaningful use for an applicable EHR reporting period in 2015 are receiving a reduction to the IPPS applicable percentage increase in FY 2017). The table below illustrates the application of the reduced update to the IPPS standardized amount.

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Hospital Adjustment	2015 (2013 Reporting Period)	2016 (2014 Reporting Period)	2017+ (2015 Reporting Period)
% Decrease	25%	50%	75%

How many hospitals successfully demonstrated meaningful use for the 2017 payment adjustment year?

In total, 98% of eligible hospitals and CAHs across the country have successfully demonstrated meaningful use at either Stage 1 or Stage 2.

Is there an exceptions process for hospitals that did not demonstrate meaningful use?

Eligible hospitals may apply for hardship exceptions to avoid the payment adjustments described above. Applications must be submitted no later than April 1st of the year before the applicable payment adjustment year. The time period for hardship exceptions for the 2017 payment adjustment closed on April 1, 2016.

Hardship exceptions are granted on a case-by-case basis and only if CMS determines that requiring an eligible hospital to be a meaningful EHR user would result in a significant hardship. Information on how to apply for a hardship exception is posted on the CMS EHR Incentive Programs website (<https://www.cms.gov/EHRIncentivePrograms>).

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

- **Infrastructure** — Eligible hospitals must demonstrate that they are in an area without sufficient internet access or face insurmountable barriers to obtaining infrastructure (e.g., lack of broadband).
- **New eligible hospitals** — Eligible hospitals with new CMS Certification Numbers (CCNs) that do not have time to become meaningful EHR users can apply for an exception for one full cost reporting period.
- **Unforeseen Circumstances** — Examples may include a natural disaster or other unforeseeable barrier.
- **2014 EHR Vendor Issues** — An eligible hospital’s EHR vendor was unable to obtain 2014 certification or the hospital was unable to implement meaningful use due to 2014 EHR certification delays.

Additionally, due to the Patient Access and Medicare Protection Act (PAMPA), the new streamlined hardship applications reduce the amount of information that eligible hospitals, eligible professionals, and CAHs have to submit to apply for an exception for calendar year 2016. .

Does a hospital have to achieve meaningful use each year to avoid the payment adjustments or can it avoid the payment adjustments by achieving meaningful use only once?

Eligible hospitals must demonstrate meaningful use every payment year according to the timelines detailed above in order to avoid Medicare payment adjustments. For example, an eligible hospital that demonstrates meaningful use for the first time in 2013 will avoid the payment adjustment in FY 2015, but will need to demonstrate meaningful use again in 2015 in order to avoid the payment adjustment in FY 2017.

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Where can I go for more information?

- Medicare and Medicaid EHR Incentive Programs
<https://www.cms.gov/EHRIncentivePrograms>