

# 2016 Medicare Electronic Health Record (EHR) Incentive Program Payment Adjustment Fact Sheet for Eligible Professionals

## Overview of the Program

Over the past several years, we have seen increasing numbers of physicians, clinicians, and hospitals using EHRs to improve patient care. More than 70 percent of eligible physicians and other clinicians and more than 95 percent of eligible hospitals have successfully used EHRs and received incentive payments from the federal government.

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), Eligible professionals (EPs) who 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 Medicare payment adjustments began on January 1, 2015 for EPs and sunset at the end of 2018 per the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA).

If an EP is eligible to participate in the Medicare EHR Incentive Program, they must demonstrate meaningful use in either the Medicare EHR Incentive Program or in the Medicaid EHR Incentive Program, to avoid a Medicare payment adjustment. Medicaid EPs who do not furnish covered professional services under Medicare are not subject to these payment adjustments. Since 2011, more than 400,000 EPs have received incentive payments under the Medicare and Medicaid EHR Incentive Program.

### **CY 2016 EHR Eligible Professionals Incentive Payment**

EPs may receive EHR incentive payments under Medicare for up to 5 consecutive years throughout the duration of the program. The program started in 2011, and incentive payments will continue under Medicare through 2016.

An EP 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.

EPs' payment information can be found here: <https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Basics.html>

### **CY 2016 EHR Eligible Professional Payment Adjustment**

The EHR Incentive Program downward payment adjustment began to apply to Medicare Physician Fee Schedule (MPFS) payments for covered professional services furnished on January 1, 2015. The payment adjustment amount is established by statute for a specific calendar year (e.g., an EP that did not successfully demonstrate meaningful use for an applicable EHR reporting period in 2014 will receive a reduction in their MPFS payments for covered professional services in CY 2016). The table below illustrates the application of the reduced MPFS amount.

### **Payment Adjustment Background**

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- The Medicare EHR Incentive Program began in 2011, and incentive payments will continue under Medicare through 2016. Eligible professionals may receive meaningful use incentive payments under Medicare for up to 5 consecutive years throughout the duration of the program.
- The last year to begin participation and receive an incentive payment under Medicare was 2014. To receive the maximum total amount of incentive payments, EPs must have started participation by 2012. EPs who demonstrate meaningful use of certified EHR technology can receive up to \$43,720 in incentive payments through the Medicare EHR Incentive Program over 5 consecutive years.
- To qualify for incentive payments under Medicare, EPs must successfully demonstrate meaningful use for an applicable EHR reporting period for each payment year of the program.
- Beginning in 2015, EPs who do not successfully demonstrate meaningful use will be subject to a downward adjustment to MPFS payments for covered professional services

EP Payment Adjustment Percentage	2016	2017	2018
% Decrease of the MPFS amount	98%	97%	97%

### **CY 2016 EHR Exceptions Process for EPs**

EPs may apply for hardship exceptions if they are unable to meet the meaningful use requirements. Such exceptions are granted on a case-by-case basis and only if CMS determines that compliance with the requirement for an eligible professional to be a meaningful EHR user would result in a significant hardship. Exempted EPs are not subject to the payment adjustment described above.

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/PaymentAdj\\_Hardship.html](https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/PaymentAdj_Hardship.html)). Applications must be submitted no later than July 1<sup>st</sup> of the year before the applicable payment adjustment year. For example, for the 2017 payment adjustment, EPs must submit a hardship exception application by July 1<sup>st</sup>, 2016.

### **Applicable hardship exceptions categories for EPs:**

- **Infrastructure** – EPs must demonstrate that they are in an area without sufficient internet access or face insurmountable barriers to obtaining infrastructure (e.g., lack of broadband or high cost build out for internet for facility).
- **New EPs** – EPs who start to submit Medicare claims are granted additional time to initiate participation in the EHR Incentive Programs and avoid the Medicare payment adjustment. For example, an EP who begins to submit claims to Medicare in 2015 would receive an exception to the payment adjustment in CY 2015, CY 2016, and CY 2017, but would have to begin demonstrating meaningful use in CY 2016 to avoid the payment adjustment in 2018. CMS will identify the new EPs; they do not need to submit a hardship application.
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- **Extreme and Uncontrollable Circumstances** – Examples may include a natural disaster or other unforeseeable barriers.
  - **Vendor Issues** - If an EP switches EHR vendors during the Program Year and is unable to demonstrate meaningful use, the EP may apply for an EHR Vendor Issue hardship exception and be exempt from the payment adjustment
  - **Delay in Rule Publication** - If a provider is unable to meet the requirements of meaningful use for an EHR reporting period in 2015 for reasons related to the timing of the publication of the final rule
- **By Specialist/Provider Type**– EPs must demonstrate that they meet the following criteria:
  - Lack of face-to-face or telemedicine interaction with patients
  - Lack of follow-up need with patients
  - For EPs practicing in multiple locations: Lack of control over the availability of Certified EHR Technology at their practice location.

Anesthesiologists, pathologists, and radiologists will receive hardship exceptions without applying based on their primary specialty as listed in the Provider Enrollment Chain and Ownership System (PECOS) six months prior to the first day of the year in which the payment adjustment would otherwise apply.

We encourage all EPs who believe they are entitled to a hardship exemption to submit an application. CMS reviews these applications on a case-by-case basis.

## **CY 2016 EHR Meaningful use and Payment adjustments**

EPs must demonstrate meaningful use every year according to the timelines detailed above in order to avoid Medicare payment adjustments. For example, an eligible professional that demonstrates meaningful use for the first time in 2013 will avoid the payment adjustment in CY 2015, but will need to demonstrate meaningful use again in 2014 in order to avoid the payment adjustment in CY2016 and so on. First time participants will have an opportunity to attest from January 4, 2016 through February 29, 2016 and avoid the Medicare payment reduction in CY 2016.

**There will be 209,000 EPs subject to a downward payment adjustment in 2016 under Medicare for failing to demonstrate meaningful use**

Based on the estimated Medicare claims volume, for the vast majority of EPs, the total dollar amount of the Medicare EHR Incentive Program downward payment adjustment is expected to be less than \$1,000. In addition there are 44,579 EPs without Medicare physician claims.

1. 13,900 will receive a payment adjustment of less than \$100
2. 103,000 will receive a payment adjustment of \$100- \$1,000
3. 30,400 will receive a payment adjustment of \$1,000 - \$5,000
4. 56,000 will receive a payment adjustment of \$5,000 - \$10,000
5. 5,700 will receive a payment adjustment of \$10,000 or more

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**For more information on the Medicare and Medicaid EHR Incentive Program please visit:**

<https://www.cms.gov/EHRIncentivePrograms>