

2016 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 (EHR) Technology. 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 will be 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.

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?

https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Downloads/MLN_TipSheet_MedicareHospitals.pdf

What is the FY 2016 EHR Eligible Hospital payment adjustment?

Eligible hospitals that are not meaningful EHR users will be subject to a payment adjustment beginning on October 1, 2015. 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., an eligible hospital that did not successfully demonstrate meaningful use for an applicable EHR reporting period in 2014 will receive a reduction to the IPPS applicable percentage increase in FY 2016). The table below illustrates the application of the reduced update to the IPPS standardized amount.

Hospital Adjustment	2015	2016	2017+
% Decrease	25%	50%	75%

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. 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

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(<https://www.cms.gov/EHRIncentivePrograms>). Applications must be submitted no later than April 1st of the year before the applicable payment adjustment year.

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.

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?

Hospitals must demonstrate meaningful use every 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 2014 in order to avoid the payment adjustment in FY 2016.

Where can I go for more information?

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