



Medicaid Electronic Health Record Incentive Payments for Eligible Professionals



Last Updated: May 2013

The Medicaid Electronic Health Record (EHR) Incentive Program provides incentive payments for Medicaid eligible professionals (EPs) who adopt, implement, upgrade, or meaningfully use certified EHR technology in their first year of participation in the program, and successfully demonstrate meaningful use in subsequent years.

For the Medicaid EHR Incentive Program, an EP must be one of the following five types of Medicaid professionals: physicians, dentists, certified nurse-midwives, nurse practitioners, and physician assistants practicing in a Federally Qualified Health Center (FQHC) or a Rural Health Center (RHC) led by a physician assistant.

Note: Hospital-based EPs are generally not eligible to participate in the EHR Incentive Programs. The only exception is that Medicaid EPs practicing predominately in an FQHC or RHC are not subject to the hospital-based exclusion.

EPs may not receive EHR incentive payments from both the Medicare and Medicaid programs in the same year. In the event an EP qualifies for EHR incentive payments from both the Medicare and Medicaid programs, the EP must elect to receive payments from only one program and may only switch after receiving an incentive between the two programs once, and not after 2015. Furthermore, an EP who selects Medicaid must only receive incentive payments from one state in any payment year.

Medicaid Incentive Payment Calculation

To be eligible to participate in the Medicaid EHR Incentive Program, an EP must either:

1. Meet certain Medicaid patient volume thresholds; or
2. Practice predominantly in an FQHC or RHC where 30 percent of the patient volume is derived from needy individuals¹.

Note: One exception to this rule is that a pediatrician may have at least 20 percent Medicaid patient volume and still qualify but at a reduced incentive.

Table 1 demonstrates the above-referenced patient volume thresholds per provider type.

¹ Section 1903(t)(3)(F) of the Act defines needy individuals as individuals meeting any of the following three criteria: (1) They are receiving medical assistance from Medicaid or the Children's Health Insurance Program (CHIP); (2) they are furnished uncompensated care by the provider; or (3) they are furnished services at either no cost or reduced cost based on a sliding scale determined by the individual's ability to pay.

Table 1: Patient Volume Thresholds per Provider Type

Entity	Minimum Medicaid Patient Volume Threshold	Or the Medicaid EP practices predominately in an FQHC or RHC with a 30 percent "needy individual" patient volume threshold
Physician	30%	
Pediatrician	20%	
Dentist	30%	
Certified nurse-midwife	30%	
Nurse practitioner	30%	
Physician assistant when practicing in an FQHC/RHC led by a physician assistant	30%	

Patient Volume Calculation

The Medicaid patient volume calculation method is designated by the State Medicaid Agency and approved by CMS. In general, patient volume is calculated by dividing the provider's encounters with Medicaid-enrolled patients over the provider's total number of service encounters.

Note: EPs should include individuals enrolled in Medicaid managed care organizations, prepaid inpatient health plans, prepaid ambulatory health plans, and Medicaid medical home programs or Primary Care Case Management.

Timeframe

The Medicaid EHR Incentive Program is voluntary for state Medicaid agencies; however all 50 states plus the territories are planning on participating. As of mid-2013, 49 states and 3 territories have launched Medicaid EHR Incentive Programs. If a state decides to opt out of the incentive program, EPs in that state will be unable to receive an incentive payment through Medicaid. State Medicaid agencies began offering a program as early as January 2011.

The last year to begin participating in the Medicaid EHR Incentive Program is 2016. EPs may receive Medicaid EHR incentive payments for up to six years; 2021 is the final year for Medicaid EHR incentive payments. For more information visit the [Medicaid State Information page](#).

Payment Amounts

EPs who adopt, implement, upgrade, or meaningfully use certified EHR technology in their first year of participation in the program and successfully demonstrate meaningful use in [subsequent years](#) may be eligible for an incentive payment of \$21,250. In subsequent years of payment a Medicaid EP's incentive payment will be limited to \$8,500.

Pediatricians who meet the 30 percent patient volume requirement may qualify to receive the maximum incentive payments. Incentive payments for pediatricians who meet the 20 percent Medicaid patient volume but fall short of the 30 percent Medicaid patient volume are reduced to two-thirds of the incentive payment. This means some pediatricians may receive \$14,167 in the first year and \$5,667 in subsequent years.

Table 2 illustrates the maximum Medicaid EHR incentive payments an EP can receive by year and the total incentive payments possible if an EP successfully qualifies for an incentive payment each year.

Table 2: Medicaid EHR Incentive Payments by Calendar Year

Year	Medicaid EPs Who Adopted In					
	2011	2012	2013	2014	2015	2016
2011	\$21,250					
2012	\$8,500	\$21,250				
2013	\$8,500	\$8,500	\$21,250			
2014	\$8,500	\$8,500	\$8,500	\$21,250		
2015	\$8,500	\$8,500	\$8,500	\$8,500	\$21,250	
2016	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$21,250
2017		\$8,500	\$8,500	\$8,500	\$8,500	\$8,500
2018			\$8,500	\$8,500	\$8,500	\$8,500
2019				\$8,500	\$8,500	\$8,500
2020					\$8,500	\$8,500
2021						\$8,500
Total	\$63,750	\$63,750	\$63,750	\$63,750	\$63,750	\$63,750

Note: The total for pediatricians who meet the 20 percent patient volume but fall short of the 30 percent patient volume is \$14,167 in the first year and \$5,667 in subsequent years. This adds up to a maximum Medicaid EHR incentive payment of \$42,500 over a six-year period.

Additional Resources

For more information on the Medicaid EHR Incentive Program, see the [EHR Incentive Programs website](#).