

# Medicaid EHR

Incentive Program



# Eligible Hospital

## Quick Facts

## Overview

The Medicaid EHR Incentive program is funded by the American Reinvestment & Recovery Act (ARRA) of 2009 and offers financial incentives to encourage the adoption, implementation and “meaningful use” of “certified” electronic health records (EHRs) in ways that improve the quality of health care, increase efficiency, and promote safety.

## Eligibility

The only hospitals that meet the eligibility requirements to receive the EHR incentive are acute care hospitals, critical access hospitals, and free-standing children’s hospitals. These hospitals must have a minimum of 10% Medicaid patient volume of total inpatient days less uncompensated care days. The data used to qualify for the program must come from an auditable source such as the cost report. For Year One of the program, the hospital must only show that it has adopted, implemented, or upgraded to an ONC-ATCB certified software. For Years Two and Three, the eligible hospital must meet meaningful use requirements. Eligible hospitals may participate in both the Medicare and the Medicaid incentive programs. The hospital must meet all requirements for the Federal Fiscal Year in which the hospital’s fiscal year ends.

## Financial Incentive

The incentive amount for eligible hospitals is a one-time calculation that is based on 1) cost report data from the current and 3 previous years, 2) Medicaid percentage of patients, and 3) will be calculated for each CCN regardless of the number of campuses. The total incentive will be paid over three years, which do not have to be consecutive years. In year one, the eligible hospital will receive 50% of the total payment. In year two, the hospital will receive 40% of the total payment, and the remaining 10% of the total payment will be paid in year three. The formula includes a base amount of \$2 million, annual discharge days, and annual growth rate. There are several steps in the formula to complete the calculation:

1. Calculate the average annual growth rate over three years using the Medicare/Medicaid Cost Report.
  - Increase = Current Year Discharges – Prior Year Discharges
  - Growth rate = Increase/Prior Year Discharges
  - Average Growth Rate = Sum of the 3 year’s growth rate /3
2. Compute total discharge related amount using the growth factor.
  - Eligible Discharges = (Total prior year discharges X (1+growth rate) less ineligible discharges (less than 1,150 and more than 23,00)
  - Total Amount = Eligible Discharges X \$200 per discharge

# Financial Incentive

## 3. Compute the Overall EHR Amount.

- Aggregate EHR Amount = Base Amount (\$2 Million per year) plus the Discharge Related Amount (Calculated in Step 2)
- Annual Aggregate EHR Amount = Aggregate EHR Amount X the Transaction Factor for applicable year.  
Year 1 – 1.00    Year 2 - .75    Year 3 - .50    Year 4 - .25
- Overall EHR Amount = Sum of Annual Aggregate EHR Amount for all 4 years.

## 4. Calculate the Medicaid Share Percentage

- Total Medicaid EHR Days = Total Medicaid Days plus the Total Medicaid HMO Days from the prior year's cost report.
- Non-Charity Percentage = (Total Hospital Charges less Uncompensated Care charges)/Total Hospital Charges.
- Total Non-Charity Days = Total Hospital Days (per Cost Report) X the Non-Charity Percentage.
- Medicaid Share (Percentage) = Total Medicaid EHR Days/Total Non-Charity Days.

## 5. Apply the Medicaid Share percentage to the Overall EHR Amount

- Medicaid Aggregate EHR Incentive Payment = Overall EHR Amount X Medicaid Share
- Medicaid Incentive Payment by Qualifying Year = Medicaid Aggregate EHR Incentive Payment X Qualifying Year Percentage

# Registering for the Medicaid Incentive Program

Eligible hospitals must register to receive the incentive payment. This is a two step process: the provider must first register with CMS through the National Level Registry (NLR) at <https://ehrincentives.cms.gov>, then the provider registers with the State Level Registry (SLR) at <http://ms.ara incentive.com>. The application must be approved through the NLR before the state can proceed. Hospital registration requirements include:

Name of the hospital or CAH

National Provider Identifier (NPI)

Business address and business phone

Taxpayer Identification Number (TIN) to which the provider would like their incentive payment made

CMS Certification Number (CCN)

State selection for Medicaid providers

# Meaningful Use

Meaningful use is a set of measures that an eligible hospital must satisfy in Year 2 to demonstrate that the EHR is being used to improve quality, increase efficiency, and promote patient safety. There are five broad healthcare goals that must be achieved to qualify as using the EHR in a "meaningful" manner. These five healthcare goals are to improve quality, safety, and efficiency and reduce health disparities; engage patients and their families; improve care coordination; ensure adequate privacy and security protections for personal health information; and improve population and public health. There are 14 core objectives and 10 menu objectives to meet the requirement of meaningful use. Also, eligible hospitals must meet all clinical quality measures to satisfy meaningful use requirements.



<http://ms.ara incentive.com>



[www.medicaid.ms.gov](http://www.medicaid.ms.gov)