

Health Information Technology & Electronic Health Record

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Objectives

- Health Information Technology (HIT) and Electronic Health Record (EHR)

Hospital Incentive Payment Overview

- Basic criteria
- Differences between PPS and CAH
- Summary Payment Calculations & Examples

EHR Incentive Payments

- American Recovery and Reinvestment Act of 2009 (ARRA) - February 2009 provides over \$30 billion for the development and adoption of health information technology
 - Final rule issued 7/28/10 (275 pages – small print)
 - Provides incentive payments from Medicare and Medicaid to encourage hospitals and physicians to implement EHR systems and technologies
 - Payments - available for 5 years beginning 2011
 - Unlike physicians, hospitals may be able to receive payments tied to both Medicare and Medicaid

EHR Incentive Payments

- The key factor to qualifying for funding – successfully becoming a **meaningful user** of EHR
- Final rule defines Meaningful User criteria only for Stage 1 (2011 through 2012)
 - For the first qualification year, hospitals demonstrate the meaningful use criteria for 90 continuous days.
 - For every year after the first payment year, the EHR reporting period is for the entire year.

EHR Incentive Payments - PPS

- Incentive Payment = (Initial Amount) x (Medicare Share) x (Transition)
 - Initial Amount = \$2 million/hospital plus \$200 per discharge 1,150 to 23,000
 - Medicare Share equals [# of Part A days plus MA beneficiary days] ÷ [Total IP days x ((Total charges minus charity care charges) ÷ by total charges)]

EHR Incentive Payments - PPS

- Incentive Payment = (Initial Amount) x (Medicare Share) x (Transition)
 - Transition factors
 - Year 1 1
 - Year 2 ¾
 - Year 3 ½
 - Year 4 ¼

EHR Incentive Payments - PPS

- Medicaid payments
 - Calculation the same as Medicare computation except uses Medicaid patient days
 - Must meet threshold of 10%
 - Subject to State Plan

EHR Incentive Payments - CAH

- CAH's - up to 4 payment years starting with cost report periods beginning in federal FY 2011.
- 2015 - the last payment year for which a CAH can receive incentive payments. Reduction in CAH reimbursement begins for Non-EHR hospitals by 2015.

EHR Incentive Payments - CAH

- **Medicare:**
 - Payment for reasonable capital costs incurred for EHR assets and technology
 - Payment = reasonable capital costs for EHR times CAH Medicare share
 - Swing bed days are not in the calculation
 - Medicare share = sum of the Medicare fraction plus 20 percentage points
 - Not exceeding 100%

EHR Incentive Payments - CAH

- **Medicaid:**
 - Change in final rule
 - Calculation same as PPS hospital
 - Swing bed days are not included
 - Must meet 10% Medicaid threshold
 - Subject to State Plan

EHR Incentive Pmts – PPS & CAH

- Gross annual amount based on Medicare & Medicaid percentage
 - Medicare % impacted by MA days and charity care charges (greater charity care charges yield a greater Medicare percentage)
 - Excluded unit days such as Nursery, Rehab or Psych days not included
 - MA days from the cost report
 - Medicaid includes HMO days
 - Initial amounts based on most recent 12-month cost report
 - Final amounts based on actual cost report

EHR Incentive Pmts PPS & CAH

- Medicare & Medicaid % impacted by charity care charges
 - Data to be obtained from cost report
 - CAH will complete cost report S-10 worksheets
 - CMS definition of charity using Hospital's policy
 - Total Patient revenue to be used in the charity care % has not been well defined.
 - Gross revenue from the cost report

EHR PPS & CAH Calculation Examples

- PPS example –
 - Medicare \$3,256,057
 - Medicaid \$693,939
- CAH example –
 - Medicare \$802,465
 - Medicaid - \$693,939

EHR Incentive Payments

- Physicians in hospital settings
 - Provider-based are eligible
 - **Ineligible** if 90% or more are inpatient or ED
 - Plus a 10% HPSA bonus
 - Rural health clinics
 - Medicaid only – if more than 30% Medicaid and needy
 - Physician payments made to the physician but can assign to employer

EHR Incentive Payments

- Challenges
 - Paid to providers of record based on provider number
 - CAHs must spend money before they are entitled
 - CAHs based on capital cost: excludes operating leases, implementation if not in purchase price

EHR Incentive Payments

- Challenges
 - Home office capital purchases for CAH must be on CAH books
 - CAHs related interest is not allowable cost
 - Ability to meet meaningful use by 2013 to get entire incentive under Medicare (PPS)

Handouts

- CMS
 - EHR Incentive Program Tip Sheet for Medicare Hospitals
 - EHR Incentive Program Tip Sheet for Critical Access Hospitals
- Dixon Hughes Example Calculation
 - PPS
 - CAH

Questions?



Contact the Speaker

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