



Electronic Health Records (EHR) Provider Incentive Program

The nation's health care system is undergoing a transformation to improve quality, safety and efficiency of care, from the upgrade to ICD-10 to the adoption of certified electronic health records (EHR) technology and increased capacity for health information exchange. The federal Health Information Technology for Economic and Clinical Health (HITECH) Act is part of the American Recovery and Reinvestment Act (ARRA) of 2009. HITECH supports the adoption of EHR technology by providing Medicare and Medicaid-funded financial incentives to eligible professionals and hospitals that implement and demonstrate "meaningful use" of certified EHR technology. The Centers for Medicare and Medicaid Services (CMS) is administering Medicare EHR incentives, and states are administering Medicaid EHR incentives.



Eligible Hospitals

Acute care hospitals, critical access hospitals, and children's hospitals whose last four digits of their CMS Certification Number (CCN) fall into one of the following ranges:

- 0001-0879 for acute care hospitals
- 1300-1399 for critical access hospitals
- 3300-3399 for children's hospitals

To be eligible for a Medicaid EHR incentive payment, acute care and critical access hospitals must have at least a 10% Medicaid patient volume. Children's hospitals have no Medicaid patient volume requirements.

How much are the incentive payments for Eligible Hospitals?

The hospital incentive is based on a formula that includes \$2 million base + per discharge amount x Medicaid share. To calculate the formula the following items are required:

- Annual discharges
- Medicaid inpatient-bed days (most recent year)
- Total inpatient-bed days (most recent year)
- Historical trending information for discharges (most recent 3 years)

Hospital Incentive Payment Calculation	
Calculate base payment amount	\$2 million + ([discharge bonus] 200) Discharge bonus = \$200 per total discharge between 1,150 and 23,000
Calculate four years	Year 1 = 100% of base payment amount Year 2 = 75% of base payment amount adjusted for historical trend Year 3 = 50% of base payment amount adjusted for historical trend Year 4 = 25% of base payment amount adjusted for historical trend
Base Hospital EHR amount	Year 1 + Year 2 + Year 3 + Year 4
Multiply by “Medicaid Share”	Medicaid inpatient days / (total inpatient days X [gross revenue – charity care charges] / total charges)
Total Hospital Incentive	Base Hospital EHR Amount x Medicaid Share

In any one payment year, the total incentive payment cannot exceed 50 percent of the total hospital incentive amount. Also, over a two-year period, the incentive payments cannot exceed 90 percent of the total hospital incentive amount.

Hospital Calculation Spreadsheet

The calculations on the attached spreadsheets are based on calculations as provided in the final meaningful use rule published in the Federal Register on July 28, 2010, and found at 42 CFR 495.2, et seq. These sheets are intended to be a tool for providers to estimate the amount of incentive payment based on their facility data as submitted in previous years' Medicare cost reports. Hospital providers will be required to attest to the accuracy of the data provided at the time of payment and will agree to cooperate with their State EHR Incentive Program verification and audit requirements.

Download the [EHR Hospital Incentive Payment Calculation Spreadsheet](#) and [SAMPLE EHR Hospital Calculation Spreadsheet](#). These spreadsheets are provided to allow eligible hospitals to estimate their State Medicaid EHR incentive payments.

What can we do to get ready for the Medicaid EHR Provider Incentive Program?

- Step 1: Learn more about the Medicaid and Medicare EHR Incentives for Eligible Providers from the CMS EHR website by clicking on the CMS EHR Incentive icon at the top of this page.
- Step 2: Determine if you may be eligible
- Step 3: Register for the Medicaid or Medicare incentive program on the CMS National Level Repository (NLR).
- Step 4: Adopt, implement or upgrade to a certified EHR system
- Step 5: Keep up-to-date with latest news and information about the Medicaid EHR Incentive Program. Save this page and the CMS EHR website as a favorite in your browser and come back frequently for updates.

Helpful Links

- Centers for Medicare and Medicaid (CMS) Website
- CMS Final Rule: Medicare and Medicaid Electronic Health Records Incentive Program
- Certified HIT Product List – Check if your EHR is certified. If it is not, ask your EHR vendor when they expect their product to be certified