



Physician Incentives Under the Federal Stimulus Package

If you treat Medicare or Medicaid patients and use electronic health records (EHRs) in a “meaningful” way, you could earn thousands of dollars in incentives over the next few years, thanks to the federal economic stimulus bill. The bill allocates \$19 billion for advancing the adoption of health information technology (HIT) through incentives and other means.

Physicians who participate in both Medicare and Medicaid may receive incentives from only one program. TMA encourages you to take advantage of the incentives but proceed cautiously and tap into our resources to make wise decisions regarding your EHR selection and implementation.

Medicare Incentives

Physicians who accept Medicare patients could earn up to \$44,000 in incentives over five years. For those who meet the requirements by 2011 or 2012, the first Medicare incentive payment is \$18,000. The annual payment amounts drop after that.

First Payment Year	2011	2012	2013	2014	2015	2016	Maximum Potential
2011	\$18,000	\$12,000	\$8,000	\$4,000	\$2,000	-	\$44,000
2012		\$18,000	\$12,000	\$8,000	\$4,000	\$2,000	\$44,000
2013			\$15,000	\$12,000	\$8,000	\$4,000	\$39,000
2014				\$12,000	\$8,000	\$4,000	\$24,000

Eligible physicians who work in health professional shortage areas will receive a 10-percent increase in incentive payments, which end after 2016.

The legislation imposes penalties on Medicare physicians who have not become “meaningful users” of EHRs by 2015. They will be subject to reduced Medicare payments, beginning with a 1-percent cut in 2015, increasing to 3 percent by 2017.

The U.S. Department of Health and Human Services (HHS) has yet to define “meaningful use,” but we do know you must:

1. Demonstrate use of certified EHR technology, including electronic prescribing, as HHS deems appropriate;
2. Exchange health information electronically through your EHR, in accordance with law and standards, to improve health care quality, for example, to promote care coordination; and
3. Submit information (e.g., on clinical quality measures) according to HHS specifications.

For EHR technology to qualify for certification, it must include patient demographic and clinical health information such as medical history and problem lists, provide clinical decision support for physician order entry, and be able to capture and query information relevant to health care quality.

To avoid “double-dipping,” physicians who report using an EHR with e-prescribing capabilities will qualify for HIT incentives only. They forfeit their eligibility for the e-prescribing bonuses established by the 2008 Medicare Improvements for Patients and Providers Act.

Medicaid Incentives

Medicaid incentives for meaningful use of certified EHR technology are more vague. The stimulus legislation stipulates the following health care professionals are eligible for incentive payments:

- Non-hospital-based professionals (physicians, certified nurse midwives, and nurse practitioners) with at least a 30-percent Medicaid patient volume;
- Non-hospital-based pediatricians with at least a 20-percent Medicaid patient volume (they would be eligible for two-thirds of the incentive payments available to physicians meeting the 30-percent standard); and
- Health professionals (also including physician assistants) who practice predominantly in federally qualified health centers or rural health clinics, and have at least a 30-percent “needy” patient volume. “Needy” patients are those covered by Medicaid, receiving services under Title XXI, unable to pay, or receiving services on a sliding scale due to inability to pay.

The Medicaid incentive program will be administered by the states, and has a more complex funding schedule, with payments extending to 2021, and a lengthier and more measured adoption rate. Medicaid will contribute 85 percent of defined allowable costs for HIT adoption and implementation. In the first year, physicians who purchase and implement HIT systems can receive up to \$21,250 (85 percent of a \$25,000 maximum) as a Medicaid incentive. During each of the following four years, Medicaid professionals can receive up to \$8,500 (85 percent of a \$10,000 maximum) for operation and maintenance. The payment period for purchase, implementation, operation, and maintenance of the HIT system cannot exceed five years.

The legislation does not penalize Medicaid physicians for failing to adopt a certified technology.

For more information, contact the Texas Medical Association’s Department of Health Information Technology at (800) 880-5720 or HIT@texmed.org. Visit the TMA Web site HIT page at www.texmed.org/HIT.