

# Pick One: Comparing the Medicare and Medicaid EHR Incentive Programs

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By Kevin Heubusch

Approximately 77,000 healthcare providers had registered for the meaningful use EHR incentive programs through July, program officials told the Health IT Policy Committee at its August 3 meeting. That is a significant number, but it leaves plenty of eligible providers and hospitals still to register.

For those that have not, a first step is determining their eligibility. The Medicare and Medicaid incentive programs vary in notable ways, from the types of providers who qualify to the payments and penalties possible. Professionals eligible for both programs must pick one.

## Comparing the Eligibility Requirements

Eligibility requirements differ between the programs. Professionals who are eligible for both programs must choose between them when they register.

Medicare	Medicaid
Doctors of medicine or osteopathy	Physicians (primarily doctors of medicine and doctors of osteopathy)
Doctors of dental surgery or dental medicine Doctors of podiatry	Nurse practitioners
Doctors of optometry	Certified nurse-midwives
Chiropractors	Dentists
Subsection (d) hospitals in the 50 states or DC that are paid under the Inpatient Prospective Payment System	Physician assistants who furnish services in a federally qualified health center or rural health clinic that is led by a physician assistant
Critical access hospitals	Acute care hospitals (including critical access hospitals and cancer hospitals) with at least 10 percent Medicaid patient volume)

Medicare Advantage  
(MA-affiliated) hospitals

Children's hospitals (no Medicaid patient volume requirements)

Source: [www.cms.gov/EHRIncentivePrograms](http://www.cms.gov/EHRIncentivePrograms)

## Eligibility Requirements

Eligibility requirements differ between the programs, as shown in the sidebar. Doctors of medicine are eligible for either program, for example, but nurse practitioners and certain physician assistants can only participate in the Medicaid program.

Professionals eligible for both programs must select one when they register. They do get a chance to change their minds, however. After receiving the first incentive payment, they may switch programs once before 2015.

Select hospitals also are eligible for both programs. CMS recommends they register for both, even if they plan to apply for incentives only under one, because they will not be able to manually change their registration after a payment is initiated.

Eligible professionals who are hospital-based are not eligible for incentive payments. For purposes of the program, an eligible professional is considered hospital-based if he or she performs 90 percent or more of his or her services in a hospital inpatient or emergency room setting (Place of Service codes 21 and 23).

Each eligible professional in a group practice may qualify for an incentive payment.

To qualify for the Medicaid program, eligible professionals must have a significant Medicaid patient population. Accordingly, they must meet one of three criteria:

- Have a minimum 30 percent Medicaid patient volume
- Have a minimum 20 percent Medicaid patient volume and be a pediatrician
- Practice predominantly in a federally qualified health center or rural health center and have a minimum 30 percent patient volume attributable to needy individuals

## Comparing the Programs

	Medicare	Medicaid
Administration	Federal government	State governments
Available	Nationwide registration opened January 3, 2011	Available in 21 states as of August 2011 (more states expected to open programs)
Year 1 demonstration	Must demonstrate achievement of meaningful use requirements	May adopt, implement, or upgrade technology for first participation year

Maximum incentive	Eligible professionals: \$44,000 (10% bonus for those in identified health professional shortage areas)  Hospitals: varies, beginning with a \$2 million base payment	Eligible professionals: \$63,750  Hospitals: varies, beginning with a \$2 million base payment
Requirements	Common meaningful use definition nationwide	States can adopt certain additional requirements
Penalties	Payment reductions begin in 2015 for providers that do not demonstrate meaningful use	None
Last year to join program	Last year to initiate program: 2014  Last year to register: 2016	Last year to initiate program: 2016  Last year to register: 2016

Source: [www.cms.gov/EHRIncentivePrograms](http://www.cms.gov/EHRIncentivePrograms)

## Comparing the Programs

Most eligible professionals will maximize their incentive payments by participating in the Medicaid program. The program pays up to \$63,750 over six years.

The program also features an easier path to the first payment. Professionals and hospitals in the Medicaid plan can qualify for incentives by adopting, implementing, or upgrading certified EHR technology. Unlike the Medicare program, they are not required to demonstrate meaningful use in their first year.

Because the Medicaid incentive program is managed by the states, the program has more variability. States may add requirements to the meaningful use requirements, and they also determine the start of their programs. As of August, registration had opened in 21 states. CMS offers updates at [www.cms.gov/ehrincentiveprograms](http://www.cms.gov/ehrincentiveprograms).

The Medicare incentive program seems to get more attention. This is the program that pays eligible professionals up to \$44,000 over five years, and participants must demonstrate meaningful use from the first year.

In addition, the Medicare program features a stick to accompany the carrot. Eligible professionals who are not demonstrating meaningful use in 2015 will see their Medicare reimbursement reduced. (There will be no payment adjustments for the Medicaid program.) The major differences in the programs are summarized in the table above.

To receive the maximum incentive payment, Medicare eligible professionals must join the program by 2012. A professional who qualifies to receive the first payment in either 2011 or 2012 will earn up to \$44,000 in payments. Those who first qualify in 2013 are eligible for \$39,000, and the amount drops to \$24,000 for those who qualify to receive a first payment in 2014.

Under the Medicaid program, professionals are eligible for the entire \$63,750 regardless of the year in which they qualify to receive the first payment.

Calculating the payments to hospitals in either program is complex because it depends on multiple factors. However, the base payment is \$2 million in each program.

Medicare Advantage organizations may qualify for incentive payments if they are licensed as HMOs or in the same manner as HMOs by a state. They receive incentive payments by way of Medicare Advantage affiliated hospitals and Medicare Advantage eligible professionals.

CMS offers more program information-including an eligibility wizard and payment and registration information-at [www.cms.gov/ehrincentiveprograms](http://www.cms.gov/ehrincentiveprograms).

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