

Medi-Cal Electronic Health Record Incentive Program Frequently Asked Questions

The Medi-Cal Electronic Health Record (EHR) Incentive Program will provide incentive payments to eligible Medi-Cal providers and hospitals to adopt, implement, and upgrade the use of certified EHR technology. In 2012 the program will also begin to provide incentive payments for the “meaningful use” of certified EHR technologies. The frequently asked questions below provide basic information about the program divided into five sections:

- Eligibility Requirements
- Incentive Payments
- Adopt, Implement and Upgrade
- Meaningful Use
- Program Registration and Enrollment

Eligibility Requirements

What types of providers are eligible for the Medi-Cal EHR Incentive Program?

Eligible providers include:

- Physicians
- Nurse Practitioners
- Certified Nurse-midwives
- Dentists
- Optometrists (CMS approval pending)
- Physician Assistants working in a Federally Qualified Health Center (FQHC) or Rural Health Clinic (RHC) that is led by a physician assistant

Can any Medi-Cal provider receive EHR incentive program payments?

In order to be eligible for payments providers are required to have 30% or more of their patient volume attributable to Medi-Cal patients during a 90-day period in the preceding calendar year. Pediatricians can qualify at the 20-29% level but will receive payments reduced by one-third at this patient volume level. Providers that practice predominantly in a Federally Qualified Health Center (FQHC) or Rural Health Clinic (RHC) may count Healthy Families, partial pay, and uninsured patients towards meeting the 30% (or 20%) patient volume requirement. For this purpose, practicing predominantly is defined as having at least 50% of the provider’s patient encounters occur at an FQHC or RHC in a 6-month period in the most recent calendar year.

Providers whose practice volume occurs 90% or more in an acute hospital or emergency room setting are not eligible for Medi-Cal EHR Incentive Program payments.

How is patient volume calculated?

The provider may calculate patient volume for a representative, continuous 90-day period in the preceding calendar year using either of two formulas:

- **Formula 1:**

$$\frac{\text{Total Medi-Cal Encounters*}}{\text{Total All Patient Encounters}}$$

* Note: Medi-Cal encounters may only be counted once for services received from the same provider on the same day. Medi-Cal encounters must be at least partially paid for by Medi-Cal and must involve federal financial participation. For this reason Medi-Cal encounters may not be counted for services in the 13 Medi-Cal aid codes that do not include federal financial participation—OR, OT, 2V, 4V, 53, 65, 7M, 7N, 7P, 7R, 71, 73, 81. Hospital inpatient and emergency room encounters cannot be included in the numerator or denominator (place of services codes 21 and 23, respectively).

- **Formula 2:**

$$\frac{\text{Total Patients Assigned to a Medi-Cal Capitated Panel*} + \text{Total Medi-Cal Encounters}}{\text{Total Patients Assigned to a Capitated Panel*} + \text{Total Patient Encounters}}$$

* Note: In order to be counted in either the numerator or denominator, capitated panel patients must have had at least one encounter in the twelve months immediately preceding the 90-day period selected for determining eligibility.

What types of hospitals are eligible for incentive payments?

All children's hospitals and most acute care hospitals are eligible for incentive payments. Acute care hospitals must have a Claim Control Number that has the last four digits in the series 0001-0879 or 1300-1399 and an average length of stay of 25 days or less. An acute care hospital must also have 10% or more of its discharges attributable to Medi-Cal patients in the preceding fiscal year.

What information will hospitals need to enter into the SLR for eligibility?

Hospitals should consult the EH Workbook at <http://medi-cal.ehr.ca.gov/> for detailed information on this. Hospitals are required to upload relevant pages of cost reports, or other documents, to the SLR in order to document the information that they enter into the SLR.

Is there a minimum amount that a provider must spend on implementation, adoption or upgrading of a certified EHR in order to qualify for the Incentive Program?

While a provider must provide proof of adoption, implementation, or upgrade of a certified EHR, there is no minimum spending amount that must be demonstrated.

Is a provider or hospital eligible for the Medi-Cal EHR Incentive Program if they are also participating in the Medicare EHR Incentive Program?

Hospitals can participate in both programs simultaneously. Providers can only participate in one program at a time and can switch between programs once before the 2015 payment year.

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The Medicare EHR incentive program is administered directly by CMS and has different eligibility requirements and payment schedules. The main difference is that the Medicare program does not provide incentive funds for adopting, implementing, or upgrading an EHR in the first year.

Incentive Payments

What are the maximum incentive payments an eligible provider can receive under the Medi-Cal EHR Incentive Program?

The maximum incentive payment for providers is \$63,750 over a period of 6 years. The first year payment for adopting, implementing, or upgrading a certified EHR is \$21,250 with 5 subsequent payments of \$8,500 for demonstrating meaningful use of the EHR. Payments to pediatricians qualifying at the 20-29% patient volume level are reduced by one third.

What is the maximum incentive payment that an eligible hospital can receive under the Medi-Cal EHR Incentive Program?

The hospital incentive payment starts at an amount of \$2,000,000 that is adjusted based on patient volume and a number of other factors. Hospitals should access the Hospital Payment Calculation Worksheet at <http://medi-cal.ehr.ca.gov/> for further information. The hospital payment will be distributed over four years as follows: 50% first year, 30% second year, 10% third year and 10% fourth year.

Can providers reassign their payments to a clinic or other entity?

Providers may voluntarily reassign their full incentive payment to their employer or to an entity with which they have a contractual arrangement allowing the employer or entity to bill and receive payment for the EP's covered professional services. Partial reassignment of payments is not permitted.

Are providers required to use the incentive payments for offsetting the cost of an EHR?

The incentives are not a reimbursement and are to be used at the provider's discretion, similar to a bonus payment.

Adopt, Implement, and Upgrade

What does Adopt, Implement or Upgrade (AIU) mean?

In the first participation year of the Medi-Cal EHR Incentive Program, eligible providers and hospitals will receive the incentive payments by adopting, implementing or upgrading (AIU) a Certified EHR. CMS defines AIU as:

- Adopt--to acquire and install a certified EHR system
- Implement-- to begin using a certified EHR system
- Upgrade--to expand a certified EHR system that is already in use

What is a Certified EHR System?

The Secretary of the Department of Health and Human Services has implementation specifications, and certification criteria for EHR technology. Certified EHR systems have to be tested and certified as such by the Office of the National Coordinator. A list of certified EHR systems can be found at <http://onc-chpl.force.com/ehrcert>. It includes both complete and modular systems for both ambulatory and inpatient use. If modular systems are used they must be combined so as to provide the full functionality of a complete system.

What information is the state requiring from hospitals to prove that they are in the process of adopting, implementing or upgrading to a certified EHR in order to qualify for the Incentive Program?

Medi-Cal is requiring a copy of an EHR contract with a vendor, a purchase order, service order or other document to prove the adoption, implementation or upgrade of a certified EHR.

Meaningful Use

What is meaningful use?

Meaningful use of an EHR is demonstrated by providers and hospitals reporting on a number of required functional and clinical objectives established by CMS. For 2011 the Medi-Cal EHR Incentive Program will not be accepting reports on the meaningful use objectives and providers and hospitals will receive the first year payments by demonstrating AIU. Beginning in 2012 the program will accept reports on meaningful use objectives, and providers will be required to submit these reports in order to continue receiving payments after their AIU year.

If a provider or hospital fails to report on meaningful use objectives must the AIU incentive payments be returned?

No. The incentive payments received for each year in the program are separate from each other.

Program Registration and Enrollment

How do providers and hospitals register for the program?

Beginning April 1, 2011 providers and hospitals can begin the enrollment process. This consists of two steps:

Step one: register with CMS's national level registry (NLR) at <https://ehrincentives.cms.gov/hitech/login.action>

Step two: register with California's state level registry (SLR) at <http://medi-cal.ehr.ca.gov/>. Providers and hospitals can begin the enrollment process with the SLR, but the application will not be processed until enrollment has been completed with the NLR.

What information will providers and hospitals need to enter into the SLR for enrollment?

Workbooks are available at <http://medi-cal.ehr.ca.gov/> to assist providers and hospitals in preparing for enrollment. It is recommended that the workbooks be examined before beginning the enrollment and registration process.

If providers or hospitals desire to participate, must they apply for the program in 2011?

No. However, interested providers and hospitals must start participating in the Medi-Cal Incentive Program by 2016.

Do participating providers and hospitals need to register every year for the Medi-Cal EHR Incentive Program?

No. Until 2016, there is no requirement to participate in the Medi-Cal Incentive Program on a consecutive year basis. Starting in 2016, hospitals must participate on a consecutive year basis and must receive an incentive payment each year in order to continue participating in the program. Starting in 2016, if a provider does not receive an incentive payment in a given year, the year will still count as a payment year.

When does the Medi-Cal EHR Incentive Program end?

The program is currently scheduled to end in 2021. Providers are no longer able to participate in the program after receiving six yearly payments. For hospitals in California, eligibility terminates after receiving four yearly payments.