

# Healthcare Information Technologies, LLC

## EMR Incentives and Penalties

Under the ARRA of 2009 the government will incentivize or penalize “eligible professionals” (MD, DO, OD, DPM, DMD or DC) for either adopting or not adopting respectively a robust Electronic Medical Record system and using it in conformance with Meaningful Use. Eligible professionals do not include hospital based or long term care physicians. The incentives (top chart) are stimulus dollars that can be “applied for” in the fall of 2010 after showing six months Meaningful Use with first payments due to begin in the 1<sup>st</sup> quarter of 2011. The penalties (which apply to Medicare Providers – there are no penalties under Medicaid) will begin in 2015. Respective tables are as follows:

| Year First Filed | 2011        | 2012        | 2013        | 2014         | 2015         | 2016        | Total        |
|------------------|-------------|-------------|-------------|--------------|--------------|-------------|--------------|
| 2011             | \$18,000.00 | \$12,000.00 | \$8,000.00  | \$4,000.00   | \$2,000.00   | X           | \$44,000.00  |
| 2012             | X           | \$18,000.00 | \$12,000.00 | \$8,000.00   | \$4,000.00   | \$2,000.00  | \$44,000.00  |
| 2013             | X           | X           | \$15,000.00 | \$12,000.00  | \$8,000.00   | \$4,000.00  | \$39,000.00  |
| 2014             | X           | X           | X           | \$ 15,000.00 | \$ 12,000.00 | \$ 8,000.00 | \$ 35,000.00 |
| 2015 or Later    | X           | X           | X           | X            | X            | X           | \$0.00       |

| Medicare Reductions | 2015       | 2016       | 2017       | 2018        | Ongoing     | Total       |
|---------------------|------------|------------|------------|-------------|-------------|-------------|
| 1%                  | \$3,000.00 |            |            |             |             | \$3,000.00  |
| 2%                  |            | \$6,000.00 |            |             |             | \$6,000.00  |
| 3%                  |            |            | \$9,000.00 |             |             | \$9,000.00  |
| 4%                  |            |            |            | \$12,000.00 |             | \$12,000.00 |
| 5%                  |            |            |            |             | \$15,000.00 | \$15,000.00 |

The Medicare incentives are a maximum of \$44,000 and are capped at the above amounts based on minimum annual Medicare billing of \$24,000. The Medicaid incentives are based on 85% of the actual cost of the EMR system plus ancillary costs for a maximum of \$63,750. For a Medicaid physician to qualify he/she must have 30% of billings in Medicaid (20% if pediatrician).

**PQRI & ePrescribing Incentives:** To participate in the 2010 PQRI, individual EPs or group practices may choose to report information on individual PQRI quality measures to CMS via a qualified electronic health record (EHR) product. A practice may also potentially qualify to earn PQRI incentive payment equal to 2% of the practice's total estimated Medicare Part B PFS allowed charges for covered professional services furnished during a 2010 PQRI reporting period based on the group practice meeting the criteria for satisfactory reporting specified by CMS.

In addition to the above there is an e-Prescribe benefit, which allows a practice up to 2% of its total Medicare billings. This is from an earlier bill passed and ceases at the end of 2010.

**Hidden Penalty: EMR Resource Shortage Risk:** Potentially, the longer your practice waits to get started, the more challenging it will be to achieve meaningful use in practice by 2011 because of vendor demand. So smart practices are anticipating this surge on limited health IT resources and are obtaining commitments and hiring staff now before the real competition for resources begins.

**Hidden Cost:** It is important to have a full understanding of all the costs associated with the EMR. More than the license fee (and you should not “go bargain” on this) is training, service, support, scanning, downtime, reduced patient loads during implementation phase. These costs will be offset and outpaced by increased efficiency once the system is running optimally – typically 6 months after implementation.

**Another Incentive: Clinical Trial Revenue:** Additional revenue can be generated by leveraging EHR to engage in clinical trials. A small practice can add as much as an additional \$100,000 per year in revenue with no additional costs.