

**DECEMBER, 2010**

## **CERTIFIED ELECTRONIC HEALTH RECORDS TECHNOLOGY**

This is a reminder to our health care clients; that there is still time to implement the "Certified" EHR (electronic health records) **technology**. The American Recovery and Reinvestment Act of 2009 provides that beginning in 2011, "meaningful users" of these EHR systems will be eligible to receive up to either \$44,000 - \$63,750 in incentive bonus payments in the form of increased Medicare and Medicaid premiums, respectively. It is important to note that at this time; this Program is voluntary.

Starting in 2011 and for 2012, if either year is the first year, providers deemed to be "meaningful users" of Certified EHR technology will be eligible for payments of 75% of that year's Medicare allowed charges, up to a maximum of payment of \$18,000. The incentive payments then decline for each subsequent year within the five year period; \$12,000 – year two; \$8,000 – year three; \$4,000 - year four; and year five - \$2,000. No incentive payments will be paid after 2015 and no payments will be offered to providers who first become eligible after 2014. If this Certified EHR technology is not implemented before 2015, the Medicare fee schedule will be reduced by 1% in 2015, 2% in 2016, and 3% in 2017. Further reductions will continue until such payments are reduced by 5% by 2020.

For Medicaid, providers are eligible for the incentive payments that equal 85% of Medicaid allowed charges and if the caseloads include at least 30% of Medicaid patients (or at least 20% of Medicaid patients for pediatricians). Providers may not receive both Medicare and Medicaid incentives; however they are provided a single switch opportunity from one to the other during the five years that the Medicare incentive payment program runs.

The incentive payment schedule for increased Medicaid payments (beginning in 2011 and continuing no later than 2016) is as follows: first year - \$21,250; year two - \$8,500; year three - \$8,500; year four - \$8,500; year five - \$8,500; and year six - \$8,500. Unlike Medicare payments that will be reduced if this technology is not implemented; Medicaid payments are not subject to any penalty reductions.

The incentive payments related to Medicare will be paid directly to the individual physicians. Those in group practices or hospitals may assign his or her payments over to the employer. For Medicaid, the separate state agencies will process such payments to physicians or the practices.

Please be advised that the only intention of this alert is to remind our clients of the current legislation and its financial impact. It is beyond our scope to define what technology is "certified" and to define who is a "meaningful user".

On a related matter that is included in the Small Business Job Act of 2010 that was recently signed, the Section 179 first-year depreciation deduction has been increased from \$250,000 to \$500,000 for eligible assets placed in service in tax years beginning in 2010 and 2011. In addition, qualifying new property placed in service by December 31, 2010 is also eligible for the 50% first-year bonus depreciation in addition to the Section 179 first year depreciation deductions for which the majority of the Firm's clients would be eligible.

Included with this email is an attachment which illustrates the timeline for the adoption and implementation of EHR technology and the incentive program. The timeline was prepared by the Centers for Medicare and Medicaid Services. This timeline can also be found in the website <http://www.cms.gov/EHRIncentivePrograms/> which also delves into the specifics of this incentive program and how it works.

Please do not hesitate to contact our office if you have any questions or if we can be of any further assistance.

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# CMS Medicare and Medicaid EHR Incentive Programs Milestone Timeline

