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# ISSUE BRIEF

## Medicaid Incentives

Those who wish to receive Medicaid incentive payments must meet the definition of Medicaid Eligible Professional (EP) – physicians, dentists, certified nurse-midwives, nurse practitioners and physician assistants practicing in a Federally Qualified Health Center (FQHC) or Rural Health Clinic (RHC) that is so led by a physician assistant. Most Medicaid EPs cannot be hospital-based. The only exception to this rule is that Medicaid EPs practicing predominantly in an FQHC or RHC are not subject to the hospital-based exclusion. An eligible professional practices predominantly at an FQHC or an RHC when the clinical location for over 50 percent of his or her total patient encounters over a period of 6 months occurs at an FQHC or RHC.

For Medicaid EPs, the general rule (subject to the two exceptions listed below) is that the EP must have at least 30 percent patient volume attributable to those who are receiving Medicaid over any 90-day period in the previous calendar year. The Secretary has the authority to establish the methodology by which such patient volume will be estimated.

The first exception is that a pediatrician may have at least 20 percent patient volume attributable to those who are receiving health care services under the Medicaid program. The second exception is that Medicaid EPs practicing predominantly in an FQHC or RHC must have a minimum of 30 percent patient volume attributable to “needy individuals.” (In addition, an acute care hospital can participate provided it has 10 percent Medicaid patient volume.)

CMS defines needy individuals as meeting the following criteria: 1) they are receiving medical assistance from Medicaid or Children’s Health Insurance Program (CHIP); 2) they are furnished uncompensated care by the provider; or 3) they are furnished services at either no cost or reduced cost based on a sliding scale determined by an individual’s ability to pay.

The incentive payment for Medicaid EPs equals 85 percent of “net average allowable costs.” The maximum incentive payment an EP could receive from Medicaid equals 85 percent of \$75,000, or \$63,750, over a period of 6 years. EPs must begin receiving incentive payments no later than CY 2016.

Medicaid EPs who begin adoption in

<b>CY</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>2011</b>	\$21,250	----	----	----	----	----
<b>2012</b>	\$8,500	\$21,250	----	----	----	----
<b>2013</b>	\$8,500	\$8,500	\$21,250	----	----	----
<b>2014</b>	\$8,500	\$8,500	\$8,500	\$21,250	----	----
<b>2015</b>	\$8,500	\$8,500	\$8,500	\$8,500	\$21,250	----
<b>2016</b>	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$21,250
2017	----	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500
2018	----	----	\$8,500	\$8,500	\$8,500	\$8,500
2019	----	----	----	\$8,500	\$8,500	\$8,500
2020	----	----	----	----	\$8,500	\$8,500
2021	----	----	----	----	----	\$8,500
<b>TOTAL</b>	<b>\$63,750</b>	<b>\$63,750</b>	<b>63,750</b>	<b>\$63,750</b>	<b>\$63,750</b>	<b>63,750</b>

CMS aligns the Medicaid Incentive with the Medicare Incentive program where possible; this includes allowing states to initiate their program as early as January 2011. States are required to verify the eligibility and disburse payments to Medicaid eligible providers. Providers in their first year of participation in the Medicaid incentive program may demonstrate that they adopted, implemented, or upgraded certified electronic health record (EHR) technology in order to qualify for an incentive payment.

In addition, a Medicaid EP who has already adopted, implemented, or upgraded certified E HR technology and can meaningfully use this technology in the first incentive payment year is permitted to receive the same maximum payments, for the same period of time, as the Medicaid EP who merely adopted, implemented or upgraded certified E HR technology in the first year.

State Medicaid agencies are fully responsible for administering and disbursing the incentive payments to Medicaid providers. CMS requires that EPs make a selection between receiving incentive payments through either the Medicare or Medicaid EHR incentive programs. Medicaid EPs who practice in multiple states will be required to choose only one state from which to receive Medicaid incentive payments.