



# Medicare Incentive Payments Tip Sheet



This tip sheet identifies opportunities for certain Medicare providers to receive incentive payments for participating in important Medicare initiatives. In addition to the incentive programs mentioned in this tip sheet, Medicare providers can maximize their overall Medicare payments by becoming a participating provider. The benefits of Medicare participation include higher reimbursement compared to those providers who do not participate, direct payments to the Medicare provider because the claims are always assigned, and automatic forwarding of claims information to Medigap insurers. More information on becoming a Medicare participating provider can be found at <http://www.cms.hhs.gov/cmsforms/downloads/cms460.pdf> on the Centers for Medicare & Medicaid Services (CMS) website.

## What incentive payments are available to Medicare eligible professionals?

Provided a Medicare fee-for-service (FFS) eligible professional (EP) meets the eligibility and reporting requirements for each program, EPs may choose to participate in three payment incentive programs:

- A. Physician Quality Reporting Initiative (PQRI) – The 2006 Tax Relief and Health Care Act (TRHCA) (P.L. 109-432) required the establishment of a physician quality reporting system, including an incentive payment for EPs who satisfactorily report data on quality measures for covered professional services furnished to Medicare beneficiaries. CMS named this program the PQRI.

More information on the PQRI Program can be found at [http://www.cms.hhs.gov/PQRI/01\\_Overview.asp](http://www.cms.hhs.gov/PQRI/01_Overview.asp) on the CMS website.

- B. Electronic Prescribing (eRx) Incentive Program – Section 132 of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) authorized a new and separate incentive program for EPs who are successful electronic prescribers as defined by MIPPA. This new incentive program, which began on January 1, 2009, is separate from and is in addition to the PQRI Program. EPs do not need to participate in PQRI to participate in the eRx Incentive Program. *Note: Medicare EPs may not participate in the eRx and Electronic Health Records incentive programs at the same time.*

More information on the eRx Incentive Program can be found at <http://www.cms.hhs.gov/ERxIncentive> on the CMS website.

- C. Electronic Health Record (EHR) Incentive Program – The American Recovery and Reinvestment Act of 2009 (Recovery Act) includes the Health Information Technology for Economic and Clinical Health Act, or the “HITECH Act,” which established programs under Medicare and Medicaid to provide incentive payments to EPs, hospitals, and critical access hospitals for the “meaningful use” of certified EHR technology. *Note: Medicare EPs may not participate in the eRx and EHR incentive programs at the same time.*

More information on the EHR Incentive Program can be found at <http://www.cms.gov/EHRIncentivePrograms/> on the CMS website.



## Who is eligible to participate in each incentive program?

The definition of an EP varies by incentive program and is defined as follows:

- A. PQRI and eRx programs define an EP as the following:
1. Physicians, defined as a doctor of medicine or osteopathy, a doctor of dental surgery or dental medicine, a doctor of podiatric medicine, a doctor of optometry, or a chiropractor;
  2. Practitioners, defined as a physician assistant, nurse practitioner, clinical nurse specialist, certified registered nurse anesthetist (and anesthesiologist assistant), certified nurse midwife, clinical social worker, clinical psychologist, registered dietician, nutrition professional, or audiologist; and
  3. Therapists, defined as a physical therapist, occupational therapist, or qualified speech-language therapist.
- B. Medicare EHR Program defines an EP as a doctor of medicine or osteopathy, a doctor of dental surgery or dental medicine, a doctor of podiatric medicine, a doctor of optometry, or a chiropractor. *Note: Hospital-based EPs are not eligible to receive payments through the Medicare EHR Program.*
- C. Medicaid EHR Program defines an EP as physicians, nurse practitioners, certified nurse-midwives, dentists, and physician assistants who practice in a Federally Qualified Health Center or rural health clinic that is led by a physician assistant. *Note: Hospital-based EPs are not eligible to receive payments through the Medicaid EHR Program.*

## What are the timeframes for each of the programs?

- A. The PQRI Program has been approved indefinitely, but incentive payments are only available until 2014. After 2014, EPs who do not participate in the PQRI Program will be subject to payment adjustments.
- B. The eRx Incentive Program is available now through calendar year 2013. Although the eRx incentive payments are only available until 2013, beginning in 2012 payment adjustments will take effect for EPs who do not participate in eRx. The eRx penalties will be waived for those EPs who are participating in the EHR Incentive Program in 2012 and beyond.

C. The EHR Incentive Program begins in calendar year 2011. EPs can earn incentive payments for up to five years if they elect to receive their incentive payment through Medicare or up to six years if they elect to receive their incentive payment through Medicaid. However, no Medicare EHR incentive payments will be made to EPs whose first year of participation in the Medicare EHR Program is 2015 or later; and beginning in 2015, payment adjustments will take effect for Medicare FFS EPs who cannot successfully demonstrate meaningful use of certified EHR technology. EPs can begin to participate in the Medicaid EHR Incentive Program until 2016, and there are currently no penalties for not demonstrating meaningful use for Medicaid EPs.

## What are the maximum incentive payments an EP can receive through each program?

- A. PQRI – EPs who satisfactorily report on quality measures will receive an incentive payment based on a percentage of allowed charges submitted not later than two months after the end of the reporting period. For reporting year 2011, EPs will receive a payment equal to 1.0 percent of allowed charges. For reporting years 2012 through 2014, EPs will receive a payment equal to 0.5 percent of allowed charges. Beginning in 2015, EPs who do not satisfactorily report under the PQRI Program will be subject to a payment adjustment equal to 1.5 percent of their Medicare Physician Fee Schedule allowed charges. The payment adjustment increases to 2.0 percent in 2016 and beyond.
- B. eRx – EPs who are successful e-prescribers will receive an incentive payment based on a percentage of allowed charges submitted not later than two months after the end of the reporting period. For reporting years 2011 and 2012, EPs will receive a payment equal to 1.0 percent of allowed charges. For reporting year 2013, EPs will receive an incentive payment of 0.5 percent of allowed charges. Beginning in 2012, EPs who do not satisfactorily report under the eRx Program and who do not receive an EHR incentive payment will be subject to a payment adjustment equal to 1.0 percent of their Medicare Physician Fee Schedule allowed charges. The payment adjustment increases to 1.5 percent in 2013 and 2.0 percent in 2014.
- C. EHR – EPs may receive an incentive payment based on the criteria of the program under which they elect to receive payment (Medicare or Medicaid).
1. Medicare – EPs who successfully demonstrate meaningful use of certified EHR technology during the relevant EHR reporting period may be eligible to receive an incentive payment, subject to an annual limit, equal to 75 percent of the EPs' allowed charges submitted not later than two months after the end of the calendar year. The amount of the annual EHR incentive payment limit for each payment year will be increased by 10 percent for EPs who predominantly furnish services in an area that is designated by the Secretary (under section 332(a)(1)(A) of the PHS Act) as a geographic health professional shortage area (HPSA).
  2. Medicaid – EPs who adopt, implement, upgrade, or meaningfully use certified EHR technology in their first year of participation in the program and successfully demonstrate meaningful use in subsequent years may be eligible for an incentive payment amount, subject to an annual limit.

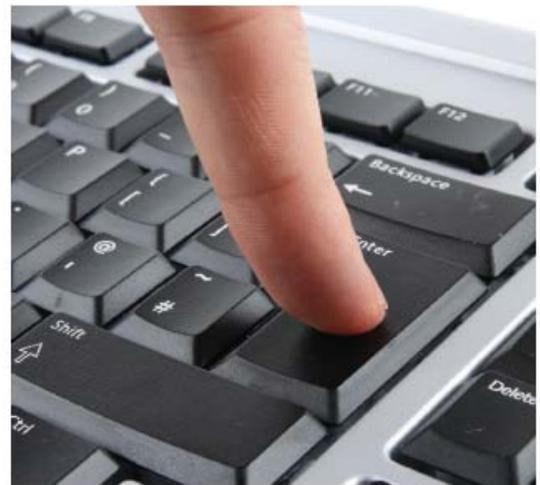


Table 1 illustrates the maximum EHR incentive payments available for each program based on the year the EP first receives payment.

Table 1: Maximum EHR Incentive Payments by Program Based on the First Calendar Year (CY) for Which the EP Receives Payment

CY	CY 2011		CY 2012		CY 2013		CY 2014		CY 2015		CY 2016	
	Medicare	Medicaid										
2011	\$18,000	\$21,250										
2012	\$12,000	\$8,500	\$18,000	\$21,250								
2013	\$8,000	\$8,500	\$12,000	\$8,500	\$15,000	\$21,250						
2014	\$4,000	\$8,500	\$8,000	\$8,500	\$12,000	\$8,500	\$12,000	\$21,250				
2015	\$2,000	\$8,500	\$4,000	\$8,500	\$8,000	\$8,500	\$8,000	\$8,500		\$21,250		
2016		\$8,500	\$2,000	\$8,500	\$4,000	\$8,500	\$4,000	\$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
Total (if EP does not switch programs)	\$44,000	\$63,750	\$44,000	\$63,750	\$39,000	\$63,750	\$24,000	\$63,750	\$0	\$63,750	\$0	\$63,750

NOTE: Medicare EPs may not receive EHR incentive payments under both Medicare and Medicaid. During the incentive period, EPs may switch between programs one time.

NOTE: The amount of the annual EHR incentive payment limit for each payment year will be increased by 10 percent for EPs who predominantly furnish services in an area that is designated as an HPSA.

## Can EPs participate in multiple incentive programs at the same time?

For the most part, EPs may participate in more than one incentive program at the same time. However, there are some limitations. Table 2 outlines the programs that EPs may participate in at the same time.

Table 2: Programs That EPs can Participate in Simultaneously

If I am part of this program, can I still participate in this program?	PQRI	eRx	EHR
PQRI		Yes	Yes
eRx	Yes		Yes, but only if you elect to receive EHR payments through Medicaid for the year in question
EHR	Yes	Yes, but only if you elect to receive EHR payments through Medicaid for the year in question	

## What is the maximum incentive payment an EP can receive in any one year?

Provided an EP meets all the eligibility and reporting requirements for each incentive program, the maximum possible incentive payment is dependent upon the following factors:

- The Medicare Physician Fee Schedule allowed charges submitted not later than two months after the end of the calendar year
- The payment year of the incentive payment
- The program through which the EP receives an EHR payment (Medicare or Medicaid)

D. The calendar year in which the EP first participates in the EHR Incentive Program

E. Whether the EP predominantly furnishes services in an HPSA

Table 3 identifies the maximum incentive payments available by year depending on whether the EP chooses to participate in either the Medicare or Medicaid EHR Incentive Programs.

Table 3: Payments Based on the First Year Calendar Year (CY) for Which an EP Receives an EHR Incentive Payment\*

CY	Program	CY 2011		CY 2012		CY 2013		CY 2014		CY 2015		CY 2016	
		Medicare*	Medicaid	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid
2011	EHR	\$18,000	\$21,250							Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015		Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015	
	eRX <sup>^</sup>	Not eligible	1% (of MPFS)										
	PQRI <sup>^</sup>	1% (of MPFS)	0.5% (of MPFS)										
2012	EHR	\$12,000	\$8,500	\$18,000	\$21,250					Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015		Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015	
	eRX	Not eligible	1% (of MPFS)	Not eligible	1% (of MPFS)								
	PQRI	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)								
2013	EHR	\$8,000	\$8,500	\$12,000	\$8,500	\$15,000	\$21,250			Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015		Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015	
	eRX	Not eligible	0.5% (of MPFS)	Not eligible	0.5% (of MPFS)	Not Eligible	0.5% (of MPFS)						
	PQRI	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)						
2014	EHR	\$4,000	\$8,500	\$8,000	\$8,500	\$12,000	\$8,500	\$12,000	\$21,250	Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015		Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015	
	PQRI	0.5% (of MPFS)	0.5% (of MPFS)										
2015	EHR	\$2,000	\$8,500	\$4,000	\$8,500	\$8,000	\$8,500	\$8,000	\$8,500	-1% (of MPFS)	\$21,250		
	PQRI	-1.5% (of MPFS)		-1.5% (of MPFS)		-1.5% (of MPFS)							
2016	EHR	\$0	\$8,500	\$2,000	\$8,500	\$4,000	\$8,500	\$4,000	\$8,500	-2% (of MPFS)	\$8,500	-2% (of MPFS)	\$21,250
	PQRI	-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)							
2017	EHR	\$0	\$0	\$0	\$8,500	\$0	\$8,500	\$0	\$8,500	-3% (of MPFS)	\$8,500	-3% (of MPFS)	\$8,500
	PQRI	-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)							
2018	EHR	\$0	\$0	\$0	\$0	\$0	\$8,500	\$0	\$8,500	-4% (of MPFS)	\$8,500	-4% (of MPFS)	\$8,500
	PQRI	-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)							
2019	EHR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,500	-5% (of MPFS)	\$8,500	-5% (of MPFS)	\$8,500
	PQRI	-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)							
2020	EHR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-5% (of MPFS)	\$8,500	-5% (of MPFS)	\$8,500
	PQRI	-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)							
2021	EHR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-5% (of MPFS)	\$0	-5% (of MPFS)	\$8,500
	PQRI	-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)							

\*EHR payments shown represent the maximum incentive payments available for each calendar year

\*Medicare incentive payments are based on Medicare Physician Fee Schedule (MPFS) allowed charges

<sup>^</sup>PQRI and eRx incentive payments are based on MPFS allowed charges

In addition, the following examples are meant to illustrate some incentive payment possibilities when an EP participates in multiple incentive programs.

## Scenarios

### Scenario 1

Dr. Smith submitted \$50,000 in allowed charges to Medicare during calendar year 2011. During that same period, the doctor met all of the eligibility criteria in order to participate in the Medicaid EHR Incentive Program. In 2011, Dr. Smith satisfactorily reported data on PQRI reporting measures and eRx measures. Also during 2011, Dr. Smith adopted, implemented, or upgraded certified EHR technology and elected to receive his EHR Incentive Program payment through his State's Medicaid Program. How much in incentive payments will Dr. Smith receive for 2011?

For 2011, Dr. Smith will receive a total of \$22,250 in incentive payments. These payments are broken down as illustrated in Table 4.

Table 4: Breakdown of Incentive Payments for Scenario 1

Program EP Participates In	PQRI (Medicare)	eRx Medicare	EHR		Total Incentive Payment
	X	X	Medicare	Medicaid	
Incentive Payment Amount	\$500 1% of the \$50,000 in allowed charges submitted to Medicare	\$500 1% of the \$50,000 in allowed charges submitted to Medicare	\$21,250 The maximum incentive payment available through Medicaid		\$22,250

### Scenario 2

Assume that Dr. Smith continues to participate in the PQRI, eRx, and EHR Incentive Programs in 2013. His Medicare allowed charges are still \$50,000. He continues to elect to receive his EHR incentive payment through Medicaid and demonstrates meaningful use in 2013. How much in incentive payments will Dr. Smith receive for 2013?

For 2013, Dr. Smith will receive a maximum incentive payment of \$9,000. These payments are broken down as illustrated in Table 5.

Table 5: Breakdown of Incentive Payments for Scenario 2

Program EP Participates In	PQRI (Medicare)	eRx Medicare	EHR		Total Incentive Payment
	X	X	Medicare	Medicaid	
Incentive Payment Amount	\$250 0.5% of the \$50,000 in allowed charges submitted to Medicare	\$250 0.5% of the \$50,000 in allowed charges submitted to Medicare	\$8,500 The maximum incentive payment available through Medicare		\$9,000

### Scenario 3

Assume that all the information is the same as in Scenario 1 except Dr. Smith does not meet all of the eligibility criteria to participate in the Medicaid EHR incentive program so he demonstrates meaningful use of certified EHR technology and chooses to receive EHR Incentive Payments through Medicare. He cannot receive both the eRx incentive payment and the EHR incentive payment through Medicare so, in this scenario, Dr. Smith's incentive payments for 2011 would total \$18,250. These payments are broken down as illustrated in Table 6.

Table 6: Breakdown of Incentive Payments for Scenario 3

Program EP Participates In	PQRI (Medicare)	eRx Medicare	EHR		Total Incentive Payment
	X	X	Medicare	Medicaid	
Incentive Payment Amount	\$250 0.5% of the \$50,000 in allowed charges submitted to Medicare	\$0 Not eligible for eRx payment	\$18,000 The maximum incentive payment available through Medicare		\$18,250

# For More Information

- Standards and Certification Criteria:  
<http://healthit.hhs.gov/standardsandcertification>
- Medicare and Medicaid EHR incentive programs:  
<http://www.cms.gov/EHRIncentivePrograms/>

