

Medicare EHR Incentive Program: Learn About Payment Adjustments and Hardship Exceptions

If you are a Medicare eligible professional (EP), an eligible hospital, or a critical access hospital (CAH), congressionally mandated payment adjustments will be applied if you do not demonstrate meaningful use of certified electronic health record (EHR) technology.

An Overview of Payment Adjustments

Payment adjustments for providers eligible for the Medicare EHR Incentive Program are based on an EP's prior reporting periods. The length of the reporting period depends upon the first year of participation.

For Medicare EPs

Payment adjustments begin on January 1, 2015. The payment adjustment is 1% per year, cumulative for every year that an EP is not a meaningful user. The maximum cumulative payment adjustment is 5%.

For Medicare Subsection (d) Eligible Hospitals

Payment adjustments begin on October 1, 2014. The payment adjustment is applicable to the percentage increase to the Inpatient Prospective Payment System (IPPS) rate. Hospitals that do not demonstrate meaningful use will receive a lower payment than the IPPS standard amount. The payment adjustment is cumulative for each year that a Medicare Subsection (d) eligible hospital does not demonstrate meaningful use.

For CAHs

Payment adjustments will begin with the fiscal year 2015 cost reporting period. The payment adjustment for CAHs applies to their Medicare reimbursement for inpatient services during the cost reporting period in which they did not demonstrate meaningful use. If a CAH has not demonstrated meaningful use, its reimbursement would be reduced from 101% of its reasonable costs to 100.66%.

All EPs, eligible hospitals, and CAHs must continue to demonstrate meaningful use every year to avoid payment adjustments in subsequent years.

Categories for Hardship Exceptions

Under certain circumstances, hardship exceptions will be granted to EPs, eligible hospitals and CAHs. Through an application process, providers must demonstrate to CMS that those circumstances pose a significant barrier to achieving meaningful use.

For EPs, eligible hospitals, and CAHs, categories for exceptions include infrastructure, newly practicing providers, and unforeseen circumstances. EPs can also apply for exceptions based on their specialty or if they practice in multiple locations. View the CMS tipsheet on payment adjustments to read about the circumstances on the Stage 2 website:

http://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Stage_2.html.

Information on how to apply for a hardship exception will be posted on the CMS EHR Incentive Programs website www.cms.gov/EHRIncentivePrograms.