

HITECH ACT FACTS

Hospitals

Medicaid vs. Medicare

Unlike Eligible Professionals (EP), hospitals are eligible to receive incentive payments from both Medicare and Medicaid.

Medicare Hospitals

Hospitals may receive up to \$11 million from incentive payments through a calculation that considers a \$2 million base payment, a payment of \$200 for each discharge between the 1,150th and the 23,000th discharge annually, and the hospital's total number of inpatient bed days and total charges.

Note that Critical Care Hospitals are not eligible for the incentives described above; instead, they will be allowed to expense the acquisition cost of health IT in a single year up to \$1.5 million.

Calculation:

$$\text{Incentive Payment Amount} = [\text{Initial Amount}] \times [\text{Medicare Share}] \times [\text{Transition Factor}]$$

$$\text{Initial Amount} = \$2,000,000 + (\$200 \text{ per discharge for the 1,150th to 23,000th})$$

$$\text{Medicare Share} = [\text{Medicare}] / ([\text{Total}] \times [\text{Charges}])$$

$$\text{Medicare} = (\# \text{ of Inpatient Bed Days for Part A Beneficiaries}) + (\# \text{ of Inpatient Bed Days for MA Beneficiaries})$$

$$\text{Total} = (\# \text{ of total Inpatient Bed Days})$$

$$\text{Charges} = (\text{Total Charges} - \text{Charges for Charity Care}) / (\text{Total Charges})$$

Transition Factor Table:

Fiscal Year	2011	2012	2013	2014	2015
2011	1.00				
2012	.75	1.00			
2013	.50	.75	1.00		
2014	.25	.50	.75	.75	
2015		.25	.50	.50	.50
2016			.25	.25	.25

Fee Reductions: Eligible hospitals not demonstrating meaningful EHR use by 2015 will see that their fee schedules are not increased as planned but instead will be adjusted increasingly to the disadvantage of the hospital. This reduction only applies to the individual fiscal year; if the hospital begins demonstrating use of an EHR the following year, their fee schedule increase will normalize.

Medicare - Requirements

- The qualifying hospital must meet meaningful use for the EHR reporting period during a payment year. Payment Year = Federal Fiscal Year.
- EHR Reporting Period - CMS proposes the first reporting period be any continuous 90 day period within the year. For every year after the first payment year, the EHR reporting period will be the entire year.
- Hospitals are only eligible to receive payments for up to four years beginning in 2011. 2015 is the last year to begin receiving payments.
- Hospitals that are not meaningful EHR users will be subject to lower payment updates for their covered inpatient hospital services beginning in 2015.

Meaningful Use

On December 30, 2009, CMS released their 556 page proposed rule on the requirements for the EHR incentive program (RIN 0938-AP78 and CMS-0033-P). The major component of this rule is the definition of meaningful use. CMS is proposing a multiple stage rollout for meaningful use. Stage 1 is the focus of the current proposed rule. Stage 1 criteria will be in effect for reporting year 2011. CMS anticipates that Stage 2 will be implemented for reporting year 2013, and Stage 3 will be implemented for reporting year 2015.

Stages of Criteria By Payment Year

First Payment Year	2011	2012	2013	2014	2015
2011	Stage 1	Stage 1	Stage 2	Stage 2	Stage 3
2012		Stage 1	Stage 1	Stage 2	Stage 3
2013			Stage 1	Stage 2	Stage 3
2014				Stage 1	Stage 3
2015					Stage 3

For Stage 1, CMS proposes 23 objectives for Eligible Professionals (EPS). For a detailed listing of the EPs and Hospital criteria, please visit our website:

www.ddfky.com/HITECH-Act.html

HIPAA Regulations that were modified as part of the ACT

- The State Attorney General now has the authority to monitor and prosecute HIPAA violations. Previously this fell under Federal Jurisdiction only.
- New definitions of a Breach
- Authorizing civil monetary penalties
- New disclosure rules
- New, stricter rules around Business Associate Agreements