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## **Financial Incentives for Practices That Are Meaningful EHR Users**

To increase the use of electronic health records (EHRs), the federal government is offering significant financial incentives to physicians whose practices show “meaningful use” of EHRs. Widespread adoption of EHRs, it is argued, would reduce costs, streamline reporting, and reduce medical errors. These incentives are designed to blunt the effect of the costs involved for medical practices that implement EHR technology.

Physicians are entitled to receive incentive payments -- beginning in January 2011 - - once they demonstrate the requisite meaningful use of EHRs. The incentive payment is equal to 75% of Medicare-allowable charges for covered services furnished in a given year. The maximum incentive payments are:

- Year One: \$15,000
- Year Two: \$12,000
- Year Three: \$8,000
- Year Four: \$4,000
- Year Five: \$2,000

Physicians who start early and hit the threshold for meaningful use in 2011 or 2012 can receive an \$18,000 first-year incentive payment. This applies only to Medicare, since there are other incentives for practitioners who practice in rural areas and/or who have a certain threshold of Medicaid patients.

However, there are also penalties for those who are not meaningful users of EHRs.

- The Medicare fee schedule amount for professional services would be reduced by 1% in 2015, 2% in 2016, 3% in 2017, and by between 3% and 5% in subsequent years.
- For 2018 and thereafter, if it is determined that less than 75% of physicians are meaningful EHR users, then the reductions will be increased by one percentage point each year, but by not more than 5% overall.

### **What Is “Meaningful Use?”**

The Centers for Medicare and Medicaid Services (CMS) issued a proposed outline for EHR meaningful use criteria at the end of 2009. The proposed outline is only the first stage of a planned three-part series of criteria.

The Stage One criteria cover 25 meaningful use objectives and are listed under modules referred to as Health Outcomes Policy Priorities. The priorities are:

- Improving quality and patient safety -- This includes the maintenance of an active medication list and the use of ePrescribing.
- Engaging patients and their families in their health care -- This includes providing patients with copies of their health information.
- Improving care coordination -- This includes the exchange of key clinical information among authorized entities.
- Improving population and public health -- This includes having the ability to provide data to immunization registries.
- Ensuring adequate privacy and security protections for personal health information.

This is a work in progress. It's quite possible that these meaningful use criteria will change over time.

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