



MEDTRON
SOFTWARE INTELLIGENCE



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2017 MEDICARE EHR INCENTIVE PROGRAM AND FEE SCHEDULE REDUCTION HARDSHIP EXCEPTION

In the American Recovery and Reinvestment Act of 2009 (ARRA), Congress mandated that fee schedule reduction be applied to Medicare Eligible Professionals (EP) that are not meaningful users of Certified Electronic Health Record (EHR) Technology. An EP must demonstrate Meaningful Use (MU) in either the Medicare or Medicaid EHR program to avoid a Medicare Part B fee schedule reduction. EPs that are only eligible to participate in the Medicaid EHR Incentive Program are not subject to the Medicare Part B fee schedule reduction.

EPs under the Medicare program are defined as:

- * Doctor of Medicine or Osteopathy
- * Doctor of Podiatry
- * Chiropractor
- * Doctor of Dental Surgery or Dental Medicine
- * Doctor of Optometry

EPs under the Medicaid program are defined as:

- * Physicians (primarily doctors of medicine and osteopathy)
- * Certified nurse-midwife
- * Physician assistant who furnishes services in a Federally Qualified Health Center or Rural Health Clinic that is led by a physician assistant
- * Nurse practitioner
- * Dentist

In addition, to qualify under the Medicaid program an EP must meet one of the following criteria:

- Have a minimum 30% Medicaid patient volume
- Have a minimum 20% Medicaid patient volume, and is a pediatrician
- Practice predominantly in a Federally Qualified Health Center or Rural Health Center and have a minimum 30% patient volume attributable to needy individuals

The Medicare Part B fee schedule reduction for a non-compliant EP is as followed:

- 2014 reporting year, 2% fee schedule reduction in 2016
- **2015 reporting year, 3% fee schedule reduction in 2017**
- 2016 reporting year, 4% fee schedule reduction in 2018

Medicare has always offered EHR MU hardship exemptions to avoid fee schedule reductions, however the exemptions were very limited and didn't apply to the majority of EPs. As a result of the Patient Access and Medicare Protection Act, Pub. L. No. 114-115, enacted December 28, 2015, which was established with respect to the fee schedule reduction for 2017, Medicare expanded the hardship exceptions with new categories only for the 2015 service reporting year (2015 service reporting impacts EPs 2017 fee schedule):

- Insufficient Internet Connectivity
- Extreme and Uncontrollable Circumstances (Natural Disaster)
- Practice Closure
- Severe Financial Distress (Bankruptcy or Debt Restructuring)
- **EHR Certification/Vendor Issues (Implementation Delays, Insufficient Time to Meet MU Requirements)**
- Lack of Control over EHR Availability
- Lack of Face-to-Face Patient Interaction

EPs are exempt by default if an EP is classified in the Medicare Provider Enrollment, Chain and Ownership System (PECOS) as having one of the following specialty codes as the primary area of practice and is automatically granted a hardship exemption from the 2017 fee schedule reduction:

- Anesthesiology (05)
- Diagnostic Radiology (30)
- Interventional Radiology (94)
- Nuclear Medicine (36)
- Pathology (22)

New EPs that submitted Medicare Part B claims for the first time for 2015 services are also exempt by default and do not need to complete a hardship exemption.

Otherwise, an EP must complete and submit the following hardship application by **March 15, 2016**. Multiple EPs under the same tax ID number can list all EPs on a single form and file under the same hardship exemption.

- Instructions: <https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Downloads/HardshipInstructions.pdf>
- Application: <https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Downloads/HardshipApplication.pdf>

If an EP wants to achieve MU and receive the incentive payment for the 2015 service reporting year, then the EP must complete the MU attestation by **February 29, 2016**. This applies to both the Medicare and Medicaid programs.

Hardship exemptions do not apply to the Medicaid program as they do not reduce future fee schedules. EPs who qualify for the Medicaid program can **skip a year** of MU attestation without losing the incentive payment for that reporting year. (Medicaid MU reporting does not have to be consecutive years.)

NOTE: If the EP qualifies for both Medicare and Medicaid reporting but chooses to report MU for the Medicaid incentive, the EP must file the hardship exemption to avoid the 2017 Medicare fee schedule reductions.

If an EP chooses to file the 2015 service hardship exemption, the EP will not be able to obtain the Medicare incentive payment (see below table), i.e., applying for a hardship exemption to preserve EPs 2017 Medicare fee schedule, waives the EPs right to receive the 2015 Medicare incentive payment.

Calendar Year (CY) for which EP Receives an Incentive Payment					
↓	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015 and later
	Calendar Year EP Begins MU				
CY 2011	\$18,000				
CY 2012	\$12,000	\$18,000			
CY 2013	\$8,000	\$12,000	\$15,000		
CY 2014	\$4,000	\$8,000	\$12,000	\$12,000	
CY 2015	\$2,000	\$4,000	\$8,000	\$8,000	\$0
CY 2016		\$2,000	\$4,000	\$4,000	\$0
TOTAL	\$44,000	\$44,000	\$39,000	\$24,000	\$0

To assist in understanding (see above table), if an EP began achieving MU for the Medicare CY 2013 incentive and failed to achieve MU in CY 2015 and exercised the option to file a service hardship exemption to avoid the 3% Medicare fee schedule reduction against 2017 Medicare services, the EP would forfeit the CY 2015 Medicare incentive of \$8000. (see red box in above table)

NOTE: The MU fee schedule reductions apply to Traditional Medicare only.

NOTE: The MU fee schedule reduction is separate and apart from the PQRS 2% fee schedule reduction and the Value Modifier 2% fee schedule reduction.

For more information about the EHR hardship exemption, please visit:

https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/paymentadj_hardship.html.

For more information about the EHR incentive program, please visit:

<https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/index.html>.

<https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Basics.html>

https://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/downloads/Beginners_Guide.pdf

<http://www.medscape.com/viewarticle/856294>

Contact Software Support for assistance or any questions via:

From **MEDPM** or **MEDEHR** Sign On screens, double click on 'support@medtronsoftware.com' to compose an email to the Software Support Dept.

-OR-

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