



Federal EHR Provider Incentives

Medi-Cal Incentives - Does Your Practice Qualify?

Under the provisions of the American Recovery and Reinvestment Act of 2009 (ARRA, or the “Stimulus Act”), physicians are eligible for financial incentives for demonstrating “meaningful use” of an electronic health record (EHR) system. Providers can qualify for incentives either through the Medicare program, or through the Medicaid program (called Medi-Cal in California).

This document is intended to help physicians determine if they qualify for Medi-Cal provider incentives.

Eligibility Requirements

While most Medicare providers will qualify for some incentive payments, Medi-Cal providers will only qualify if they fall into one of three categories:

1. At least 30% of their patient volume is Medi-Cal patients.
2. Pediatricians will qualify if 20% of their patient volume is Medi-Cal patients. However, pediatricians who fall between 20% and 30% of patient volume will only qualify for two-thirds of the total incentive.
3. For physicians who practice in a Federally Qualified Health Center (FQHC), 30% of their patient volume is “needy individuals,” such as Medi-Cal, Healthy Families, sliding scale, or uncompensated care.

The federal government, through the regulatory process, has clarified how physicians must calculate their patient volume for determining whether they are eligible. These rules are outlined below.

Calculating Patient Volume

Physicians can demonstrate that they are eligible for Medi-Cal incentives by tracking their patient volume for a 90-day period of their choosing. In general, the patient

volume requirements are calculated as a percentage of total patient encounters during that 90-day period. The formula is:

$$\frac{\text{Total Medi-Cal Patients Seen}}{\text{Total Patients Seen}} * 100$$

If the resulting percentage is more than 30% (or 20% for pediatricians), then the physician qualifies for incentives in the Medi-Cal program.

Physicians practicing in an FQHC would use the same formula, but would include all “needy individuals” in the numerator of the fraction.

Special Rules for Medi-Cal Managed Care

Physicians who contract with Medi-Cal Managed Care plans will use a slightly different formula for calculating their patient volume. The federal government will allow physicians in a managed care arrangement to consider patients assigned to their patient panel by the plan. The formula physicians in this situation will use is:

$$\frac{\text{Medi-Cal Patients Assigned to the Provider} + \text{All Other Medi-Cal Patients Seen by the Provider}}{\text{Total Patients assigned to the Practice} + \text{All other patients seen}} * 100$$

A physician in an FQHC would count all needy individuals, not just Medi-Cal recipients, in the numerator of the equation.

Definition of Medi-Cal Patients

For both the fee-for-service and managed care Medi-Cal providers, Medi-Cal patients also include anyone covered by a state Medi-Cal waiver, such as the Family PACT program and those covered by both Medi-Cal and Medicare (“dual eligibles”).

Physicians who are not in an FQHC cannot count patients covered by Healthy Families, Access for Infants and Mothers (AIM), a county coverage initiative, the County Medical Services Program (CMSP), or any other state or local program.

Timelines and Next Steps

The State of California is currently finishing the process of designing the Medi-Cal EHR Incentive Program, so that it can be submitted for federal approval. Final details of the program will be available in late 2010 or early 2011.

Early in 2011, the federal government will begin asking physicians to choose whether they will access the Medicare incentive program or the Medi-Cal program. Therefore, physicians should begin assessing their practices now to determine whether they will qualify for the Medi-Cal Program.

The California Department of Health Care Services (DHCS) is still working out the details of how physicians will prove that they meet the patient volume requirements of the program. CMA will distribute further information about that process as it becomes available.

For a broader overview of the Medi-Cal EHR Incentive program, please see “Medi-Cal EHR Incentive Program Overview.”