

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).

In general, Medi-Cal providers who meet certain patient volume thresholds (outlined below) will qualify for up to \$63,750 paid out over six years, beginning as early as 2011 or as late as 2016. Unlike the Medicare program, the Medi-Cal program will not penalize physicians who do not demonstrate meaningful use.

This document is intended to assist physicians in understanding the basics of the Medi-Cal provider incentives and how to access them.

Eligibility Requirements

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.

Meaningful Use and Reporting

In order to receive provider incentives, physicians will have to demonstrate “meaningful use” of an EHR. The State of

California has indicated it intends to use the same definition of meaningful use for the Medi-Cal program as in the Medicare program.

In the Medi-Cal program, physicians will report on meaningful use to the State of California. The means through which this will happen has not yet been identified.

Adoption, Implementation, or Upgrade

Unlike the Medicare incentive program, Medi-Cal providers are able to access upfront funding to help with the “adoption, implementation, or upgrade” of an EHR. In the first year that Medi-Cal physicians expect to receive incentives, they do not need to demonstrate meaningful use. Instead, they can attest that they have purchased, implemented, or upgraded their EHR system during the previous year.

Physicians can demonstrate “adoption” of an EHR by directly purchasing a system from a commercial vendor. They can also attest that they have access to a system through an employment or contract arrangement, such as in a clinic or medical group.

“Implementation” involves any services required for bringing the EHR into the workflow of the practice. This could involve staff training, workflow redesign, or any other functions that a physician needs to implement the EHR in the practice.

Finally, many physicians who have existing EHR systems will need to add additional functions to their systems in order to achieve meaningful use. This will qualify as an “upgrade.”

How the Incentives are Paid

Medi-Cal provider incentives are paid out over six years, beginning with the first year that the physician enters the incentive program. Medi-Cal physicians can begin in the EHR incentive program as late as 2016 and receive the maximum provider incentive. The following chart lays out the maximum incentive by year. The top line is the first year that the physician enters the incentive program, and the side axis is the payment by year.

	2011	2012	2013	2014	2015	2016
2011	\$21,250	-	-	-	-	-
2012	\$8,500	\$21,250	-	-	-	-
2013	\$8,500	\$8,500	\$21,250	-	-	-
2014	\$8,500	\$8,500	\$8,500	\$21,250	-	-
2015	\$8,500	\$8,500	\$8,500	\$8,500	\$21,250	-
2016	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$21,250
2017	-	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500
2018	-	-	\$8,500	\$8,500	\$8,500	\$8,500
2019	-	-	-	\$8,500	\$8,500	\$8,500
2020	-	-	-	-	\$8,500	\$8,500
2021	-	-	-	-	-	\$8,500
Total	\$63,750	\$63,750	\$63,750	\$63,750	\$63,750	\$63,750

Contrary to the requirement of continuous demonstration of meaningful use in the Medicare program, a Medi-Cal provider could show meaningful use one year, but not the next, with no penalty. For example, a physician could receive an incentive for adoption in 2011, but not demonstrate meaningful use in 2012. That same physician could then achieve meaningful use in 2013 and still receive the maximum incentive.

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.

For more information on how to calculate patient volume, please see CMA's "Medi-Cal Provider Incentives – Does your Practice Qualify?"