

## **Electronic Health Records Demonstration**

### Questions and Answers

**Q 1. What is the Electronic Health Records Demonstration, and why are you doing it?**

**A.** The Electronic Health Records Demonstration is a five-year demonstration project that will encourage small to medium-sized primary care physician practices to use electronic health records to improve the quality of patient care. The demonstration is designed to show that widespread adoption and use of EHRs will reduce medical errors and improve the quality of care.

**Q 2. How will it work?**

**A.** Over the five-year period, the project will provide financial incentives to as many as 1,200 small and medium-sized primary-care physician practices in 12 communities across the country that use Certification Commission for Healthcare Information Technology (CCHIT)-certified EHRs to improve quality as measured by their performance on specific clinical quality measures. (CCHIT is the recognized certification authority for EHRs and their networks.) Additional bonus payments will be available, based on a standardized survey measuring the number of EHR functionalities a physician group practice has incorporated into its practice. CMS also is encouraging public and private payers to offer similar financial incentives consistent with applicable law.

More specifically, the first operational year of the demonstration will provide payments to participating practices based on CCHIT-certified EHR functionalities used to manage the care of patients, with higher payment for more sophisticated HIT use (e.g., use of the EHR to facilitate care management activities, sharing of records among providers of care, etc.). Payments will be determined by a practice's score on an Office Systems Survey (OSS), which will be administered annually to track the level of EHR implementation at the practice level, and the specific EHR functions employed by each participating practice to support the delivery of care. Higher scores on the OSS will result in increased incentive payments to participating practices.

During the second operational year of the demonstration, payments will be made to participating physician practices that are using CCHIT-certified EHRs and reporting clinical quality measures, again with additional payments based on EHR functionalities employed by the practice. During years 3 to 5 of the demonstration, payments to participating practices will be based on performance on the designated clinical quality measures, with

an added bonus each year based on the degree to which the practice has used the EHR to change and improve the way it operates.

**Q 3. What do you hope to accomplish?**

**A.** This demonstration is designed to show that widespread use of EHRs will reduce medical errors and improve the quality of care for an estimated 3.6 million consumers. We also hope that other public and private payers will be excited by this demonstration and implement or strengthen similar incentive programs to further tip to market towards wide use of EHRs.

**Q 4. Why are certain areas excluded from participating in the demonstration?**

**A.** This demonstration is being conducted by Medicare's Office of Research, Development & Information. The EHR demonstration is one of many demonstrations across the country that the Demonstrations Program Group is conducting to examine ways to improve how care is provided to Medicare beneficiaries. Such initiatives are conducted to inform policy decisions about the Medicare program. Because these are research projects, it is often important not to have multiple demonstrations being done in the same area if one project could impact the results of another. In addition, as part of this research, areas where demonstrations are being conducted are often compared to similar areas where there are no special projects going on. When planning new demonstrations, we try to stay away from areas where there are similar existing projects or areas serving as comparison regions for these projects so as not to confound the results of those demonstrations and impact the integrity of the evaluation of these initiatives. Therefore, the list of states and counties excluded from applying to participate as community partners for the EHR demo reflect areas where Medicare already has similar projects and evaluations underway.

**Q 5. When will the Electronic Health Records Demonstration begin?**

**A.** Implementation of the demonstration will be a phased process. We expect that the demonstration will start with four communities in 2008 (Phase I), with the remainder beginning in 2009 (Phase II). The recruitment of physician practices for the first four communities will begin fall, 2008.

**Q 6. How can people get more information about the Electronic Health Records Demonstration?**

**A.** More information about the Electronic Health Records Demonstration can be found on the demonstration web site at:

[http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/2008\\_Electronic\\_Health\\_Records\\_Demonstration.pdf](http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/2008_Electronic_Health_Records_Demonstration.pdf)

Questions about the demonstration can be sent to:

[EHR\\_Demo@cms.hhs.gov](mailto:EHR_Demo@cms.hhs.gov).

**Q 7. What types of providers are eligible for this Electronic Health Records Demonstration?**

**A.** Primary care providers practicing in small to medium-sized practices are eligible to participate in this demonstration. Although applications will be accepted from practices with up to 20 physicians, preference will be given to smaller practices with 10 or fewer physicians. Practices need not have already implemented an EHR in order to apply. However, practices will be expected to implement a CCHIT-certified EHR by the end of the second year of the demonstration in order to continue to participate and be eligible to earn financial incentives.

**Q 8. How many practices will be recruited for the Electronic Health Records Demonstration?**

**A.** Up to 1,200 primary care practices will be able to participate and earn incentive payments for this demonstration. However, because this demonstration is being conducted as a research project with a randomized evaluation design, we plan to recruit up to 2,400 physician practices. Half of the eligible practices will be randomly selected to participate in the demonstration and the other half will be designated as the control group and will not be eligible for incentive payments under the demonstration. The number recruited in each site may vary based on the level of interest and number of physicians practicing there.

**Q 9. How much will this Electronic Health Records Demonstration Cost Medicare?**

**A.** This demonstration is expected to be budget neutral and, therefore, will not cost the Medicare program any additional funds. It is expected that the cost of incentive payments will be paid for out of savings from the improvements in quality of care and efficiency that we expect the program

to generate.

**Q 10. How and when will communities be selected?**

**A.** CMS plans to implement this demonstration in 12 sites. A site may be a state or other large geographic region. Sites will be selected through a competitive process in which locally based organizations or groups of organizations will apply to “partner” with CMS to implement the demonstration in their region. These “community partners” will assist with education, outreach activities, and recruitment of physician practices. Community partners will also collaborate with CMS on an ongoing basis in an effort to assist us in achieving our goal of leveraging the combined forces of private and public payers to drive physician practices to widespread adoption and use of EHRs. Organizations seeking to partner with CMS to implement this demonstration in their regions must complete a “Medicare Waiver Demonstration Application” and submit them by May 13, 2008. CMS will announce the selected communities in June 2008.

**Q 11. How does the community application process work? What is the timing?**

**A.** Communities wishing to partner with CMS will need to complete an application. A copy of the application and instructions for how to complete it are available on the demonstration web site:

[http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/2008\\_Electronic\\_Health\\_Records\\_Demonstration.pdf](http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/2008_Electronic_Health_Records_Demonstration.pdf)

Applications must be submitted to the address indicated in the application instructions no later than close of business Tuesday May 13, 2008.

**Q 12. What will selected communities be expected to do?**

**A.** Community partners will assist with education, outreach activities, and recruitment of all potentially-eligible physician practices in the defined site. Community partners will also collaborate with CMS on an ongoing basis in an effort to assist us in achieving our goal of leveraging the combined forces of private and public payers to drive physician practices to widespread adoption and use of EHRs. As such, we are seeking organizational entities that have the necessary infrastructure and a strong commitment to advancing the adoption of EHRs and are capable of supporting CMS in these activities.

**Q 13. Will the selected community partners receive any financial support from CMS?**

**A.** No funds will be available from CMS to assist organizations in their role as community partners with CMS in this demonstration.

**Q 14. How will CMS select physician practices in the communities? Does the community partner have any say over which physician practices are selected?**

**A.** CMS has developed an application form that practices which are interested in participating in the demonstration will be asked to complete and submit. The application period for the identification of practices located in communities identified as being part of the Phase 1 implementation will begin in the fall 2008, after the selection of sites and community partners. Recruitment of practices located in Phase 2 sites will begin one year later, in the fall 2009. CMS will review all applications and have the final say regarding determination of eligibility for participation in the demonstration. Eligible practices will be randomly assigned to either a treatment or control group. Community partners will **not** determine which practices are selected to participate in the demonstration.

**Q 15. Can any type of physician practice participate in the demo project? Why only primary care physicians?**

**A.** The demonstration is only for small to mid-sized primary care practices. Specialty practices and practices with more than 20 physicians are not eligible to apply. As part of the demonstration, practices will be asked to report on 26 clinical quality measures that relate to the treatment of diabetes, congestive heart failure, coronary artery disease, and preventive care services for patients with a range of chronic conditions. These are the types of services that primary care physicians provide for their patients.

**Q 16. When will CMS start recruiting physician practices in the selected communities?**

**A.** CMS will start recruiting physician practices in the first four communities in the fall of 2008. Practices in the remaining eight communities will be recruited one year later.

**Q 17. You are recruiting 200 physician practices in each community, but only 100 will be eligible for incentives. What is expected of the 100 practices that won't be eligible for incentives? Why can't all the physician practices receive incentives?**

A. In order to determine the effectiveness of the financial incentives on the adoption of EHRs and the impact on the quality of care, this demonstration incorporates a “randomized” design whereby half of the practices are eligible to get the incentive and the other half are not. The practices that are not eligible for the incentives (the “control” group) will not be asked to report on any of the clinical quality measures. They will, however, be asked to respond to the Office Systems Survey after the second and fifth year of the demonstration. Control group practices will receive a modest payment for the time needed to respond to this survey.

**Q 18. When will the incentive payments start? How are the payments distributed? At the end of 5 years? Annually?**

A. Participating demonstration practices should note that this is not a grant program and there are no “up front” payments for the purchase or implementation of an EHR system. In fact, there will be no payments available to any practice until after it has implemented an EHR and it is being used for core minimum functionalities (See Q. 22.).

There will be different payments tied to each year of the demonstration. However, the actual distribution of these payments will lag due to the time needed to collect the data and/or score it and process payments. The table below summarizes the *maximum potential* payment an individual physician or practice can receive for each year of the demonstration and the approximate timing for issuing the payment.

In the first year of the demonstration, payments will only lag about 2 months after the end of the year since the payment is only dependent upon the Office Systems Survey. However, the other years of the demonstration (years 2 – 5) involve collection of clinical quality measure data. Because this requires claims data to be complete as well as providing sufficient time for practices to report and CMS to analyze and score the data, the actual payments will follow the end of the demonstration year by approximately 9 months.

How and Demo Year	Basis of Payment	Maximum \$ per MD per Year	Maximum \$ per Practice per Year	Timing of Payment

1	EHR Adoption (Office Systems Survey)	\$5000	\$25,000	Approximately 2 months after the end of the demonstration year
2	EHR Adoption (Office Systems Survey)& Reporting of Clinical Measures	\$8,000	\$40,000	Approximately 9 months after the end of the demonstration year
3 – 5 (annual payment )	EHR Adoption (Office Systems Survey)& Performance on Clinical Measures	\$15,000	\$75,000	Approximately 9 months after the end of the demonstration year
<b>Total Potential Demonstration Payment (All 5 years)</b>		<b>\$58,000</b>	<b>\$290,000</b>	

**Q 19. How much will the incentives payments be? Will they vary from year to year?**

**A.** Incentive payments over the five year course of the demonstration range up to a maximum of \$58,000 per physician or \$290,000 per practice. Practices should note that this is not a grant program and there is no up-front payments. The maximum potential savings varies by type of payment and year as follows:

Basis of Payment	Years Applicable	Maximum \$ per MD per Year	Maximum \$ per Practice per Year
EHR Adoption (Office Systems Survey)	All 5 years	\$5,000	\$25,000
Reporting of Clinical Quality Measures	Year 2	\$3,000	\$15,000
Performance on Clinical Quality Measures	Years 3-5	\$10,000	\$50,000
<b>Total Potential Payment</b>		<b>\$58,000</b>	<b>\$290,000</b>

**Q 20. What are the clinical measures physicians will be reporting on?**

**A.** Practices will be required to report on 26 clinical quality measures: 8 related to the care of diabetes mellitus, 7 related to heart failure, 6 related to coronary artery disease, and 5 related to the provision of preventive care services such as immunizations and cancer screenings. These are the same measures that are being used in CMS' Medicare Care Management Performance (MCMP) demonstration. Detailed specifications for these measures can be found on the MCMP demonstration web site at: <http://www.cms.hhs.gov/DemoProjectsEvalRpts/MD>.

**Q 21. Why did you decide not to tie incentive payments in the first year to clinical quality reporting?**

**A.** We realize that not all of the practices applying to participate in the demonstration will have implemented an EHR. We are allowing practices to focus in the first two years of the demonstration on implementing an EHR and using it to adopt patient management practices that will improve how care is provided. At the end of the second year of the demonstration, practices will be expected to have implemented an EHR and also report on the clinical quality measures.

**Q 22. What are the core minimum functionalities?**

**A.** In order to get credit for use of an EHR, the EHR must be certified by the Certification Commission for Health Information Technology (CCHIT). In addition, practices must be using the CCHIT-certified EHR for core minimum functionalities including: clinical documentation, ordering and recording of lab tests, and recording of prescriptions. CMS worked with the Office of the National Coordinator for HIT to establish these core functionalities. We believe they are reasonable as a starting point for participating practices in the demonstration, and positively impact patient care processes. In addition, the EHR-based payments will be designed to be commensurate with the level of EHR functionality used; thereby providing incentive for practices to use more sophisticated EHR functionalities over the course of the demonstration.

**Q 23. Will the control physician practices receive any compensation?**

**A.** The "control" group practices will not be eligible to receive any incentive payments. They will, however, be asked to respond to the Office Systems Survey after the second and fifth year of the demonstration and

will receive a modest payment for the time needed to respond to this survey.

**Q 24. Do we need to have a CCHIT product in our office to participate in the demo? Does it have to be the most recent certification?**

**A.** In order to apply to participate in the demonstration, practices need not already have an EHR in place in their office. However, by the end of the second year of the demonstration, practices will be required to have implemented a CCHIT-certified EHR and be using it for the four core minimum functionalities. Practices that do not meet this requirement by this time will be terminated from the demonstration.

As long as the CCHIT certification is still valid, it will be acceptable for the demonstration. CMS does not necessarily expect practices to update their software every year based on the latest certification standards. However, in determining the financial incentive for use of an EHR, practices that have EHRs with more recent certifications and therefore meeting higher standards will be eligible for a higher level of incentive payments.

**Q 25. What does CCHIT-certification mean? How can you tell if an EHR is CCHIT-certified?**

**A.** The Certification Commission for Healthcare Information Technology or CCHIT is a recognized certification body for electronic health records and their networks, and an independent, voluntary, private-sector initiative. Their mission is to accelerate the adoption of health information technology by creating an efficient, credible and sustainable certification program. They have established a testing program for determining which EHRs meet their certification standards. A list of CCHIT certified EHRs is available on their web site: <http://www.cchit.org>.

**Q 26. Will Medicaid patients be considered as part of the demo project?**

**A.** This demonstration only involves Medicare beneficiaries who are covered under the traditional Medicare fee for service program. Dual eligible Medicare beneficiaries, i.e. those who also have Medicaid as well as Medicare, who also meet all of the other eligibility requirements, will be considered part of the demonstration project. Other Medicaid beneficiaries who are not also covered by the traditional Medicare program will not be part of the demonstration.

**Q 27. What is the timeframe for implementation?**

- A. CMS will announce the 12 selected sites in June 2008. The demonstration will be implemented in two phases. The first phase will include the first four sites and will be followed by a second phase with the eight remaining sites one year later. We will begin recruiting practices for the first phase in the fall 2008. The first demonstration year for phase I sites will start June 1, 2009 and continue for five years through May 31, 2014. We will recruit physician practices for phase II sites in the fall 2009 and the first demonstration year for those sites will begin June 1, 2010 and continue through May 31, 2015.

**Q 28. How do you define a practice for purposes of enrolling in the EHR demonstration?**

- A. Under the EHR demonstration, only small to medium sized primary care practices are eligible to participate. A small to medium sized practice is defined as one with less than 20 physicians, although if we receive more applications in an area than we can accommodate, preference will be given to the smallest practices.

A practice is generally defined as a single, independent organization that provides services to patients. In general it is at a single location, but not necessarily so. The only requirement is that the practice must be able to uniquely define the physicians in the practice by Tax ID number (TIN) and Medicare Provider ID number and/or individual NPI. A practice may be comprised of several physicians who each bill under their own Tax ID number but share space, nursing support, etc. Or, a practice may be a part of a larger organization that bills under one Tax ID number for multiple smaller practices. Although a practice is generally a single site, this is not necessarily so if the physicians practice at multiple sites and patients may see the same doctor at different sites. The key in defining a practice is that we are able to uniquely define it in such a way that patients can be assigned to that practice and its providers and that services billed by a physician may be uniquely and accurately assigned to a single practice.

**Q 29. How do you define primary care for purposes of determining whether a practice is eligible to apply for the EHR demonstration?**

- A. Primary care is defined as family/general practice, internal medicine, or geriatrics. Pediatricians and OB/GYNs are not considered primary care physicians for purposes of this demonstration. A medical sub-specialist such as a cardiologist or endocrinologist may participate if the practice is predominantly a primary care practice. Keep in mind that practices will be expected to report quality measures related to the care of diabetes, congestive heart failure, coronary artery disease and preventive care services. Non

primary care physicians generally do not provide or track these services and, therefore, would not be appropriate to participate in the demonstration.

**Q 30. Can Advance Practice Nurses (i.e., NPs) or PAs participate in the demo?**

A. Yes. NPs and PAs that provide primary care and bill Medicare independently may enroll in the demonstration and receive incentive payments.

**Q 31. Do all of the providers in a practice need to participate in the demonstration?**

A. No. The participation of physicians within a practice is completely voluntary; some may not wish to participate. As part of the physician practice application form, we will ask for identifying information of all physicians that are included in the practice for purposes of the demonstration.

**Q 32. How does this demonstration relate to the Medicare Physician Quality Reporting Initiative (PQRI)?**

A. The demonstration is separate from the PQRI program and does not require the submission of special codes on the claim. CMS uses a separate Performance Assessment Tool (“PAT”) for collecting clinical quality measure data for this demonstration. This tool has been used successfully in other physician pay for performance demonstrations to collect data from the patient medical record. Practices participating in the demonstration may also participate in the PQRI program, if they so choose. Participating demonstration practices also have the option of earning the PQRI incentive based on their performance under the demonstration without submitting additional data on their claims.

**Q 33. Can Federally Qualified Health Centers (FQHCs) or Rural Health Centers (RHCs) participate in this demonstration?**

A. At this time, a final decision regarding whether FQHCs, RHCs, and other community health centers may participate in this demonstration has not yet been made. The issue is that these types of providers generally bill Medicare on an institutional claim form which does not include certain critical data elements necessary for implementing this demonstration. An announcement regarding whether FQHCs and RHCs can participate in the demonstration if they bill in this manner will be made later in the spring and will be posted on the demonstration web site. However, if an FQHC, CHC, or other community health center elects to bill Medicare on a physician claim form and be paid according to the physician fee schedule, they would be eligible to participate in the demonstration.