

Electronic Health Records Demonstration Summary

The Secretary of the Department of Health and Human Services has directed the Centers for Medicare & Medicaid Services to develop a new demonstration initiative using Medicare waiver authority to reward the delivery of high-quality care supported by the adoption and use of electronic health records (EHR). The goal of this demonstration is to foster the implementation and adoption of EHRs and health information technology (HIT) more broadly as effective vehicles improve the quality of care provided and transform the way medicine is practiced and delivered. Adoption of HIT has the potential to provide significant savings to the Medicare program and improve the quality of care rendered to Medicare beneficiaries. This demonstration is designed to leverage the combined forces of private and public payers to drive physician practices to widespread adoption and use of EHRs.

As part of this new demonstration, all participating physician practices will be required to have a Certification Commission for Healthcare Information Technology (CCHIT)-certified EHR by the end of the second year. (CCHIT is the recognized certification authority for EHRs and their networks.) Physician practices must, as part of the demonstration, be utilizing the EHR to perform specific minimum core functionalities that can positively impact patient care processes, e.g., clinical documentation, ordering of lab tests, recording lab tests, and ordering prescriptions. However, the core incentive payment will be based on performance on the quality measures, with an enhanced bonus based on the degree of HIT functionality used to manage care.

The Electronic Health Record demonstration will be operational for a 5-year period. 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 the 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.