

Payment Determination for the Electronic Health Records Demonstration

Kickoff Meeting

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Payment Methodology

- Each practice is eligible to receive three types of payment:
 1. Annual EHR Incentive Payment based on performance on the Office Systems Survey (OSS)
 2. One time Reporting Payment for reporting clinical quality measures, following demonstration year 2 only
 3. Annual Quality Incentive Payment on clinical quality measures for years 3-5

I. EHR Incentive Payment General Concepts

- Practices will fill out the OSS at the end of each demonstration year
- EHR Incentive Payment is tied to the score on the OSS and the number of beneficiaries with a chronic condition assigned to the practice

I. EHR Incentive Payment Payment Amounts and Maximums

- Practices will be paid a maximum of \$45 per assigned beneficiary with chronic condition
- Maximum payment of \$5,000/provider;
\$25,000/practice
 - Example:
200 chronic patients assigned
Practice gets a score of 75% on the OSS
Payment = $200 \times 0.75 \times \$45 = \$6,750$
(payment reduces to \$5,000 if a solo practitioner)

I. EHR Incentive Payment Minimum Requirements

- Implement a CCHIT-certified EHR and be using it for minimum core functionalities
 - Record patient visit notes, diagnostic test orders and results, prescriptions
- AND In years 2 – 5, report completely on all clinical quality measures
 - Provide valid information on ALL requested patients in all measures
- AND In years 3 – 5, achieve minimum scores on clinical quality measures (more on minimums later)

I. EHR Incentive Payment Minimum Requirements

| To be eligible for the full EHR Incentive payment... | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | If Req. not met |
|--|--------|--------|--------|--------|--------|---------------------------|
| Implement CCHIT-certified EHR | X | X | X | X | X | No incentive ¹ |
| Use the EHR for minimum core functionalities | X | X | X | X | X | No incentive |
| Report Completely | | X | X | X | X | Penalty |
| Achieve Minimum Quality | | | X | X | X | Penalty |

1. If a CCHIT-certified EHR is not implemented by Year 2, the practice cannot continue to participate in the demonstration.

I. EHR Incentive Payment Incomplete Reporting

- Penalty for Incomplete Reporting in years 2-5
 - Systems payment will be discounted by the number of measures not completely reported out of 26 (total number of measures)

- Simplified Example:
 - CCHIT-certified EHR & minimum functionalities
 - Report completely on only 20 measures
 - OSS Score = 75%; Chronic patients assigned = 200;
 - Payment = $200 \times 0.75 \times 20/26 \times \$45 = \$5,192$

I. EHR Incentive Payment Incomplete Reporting

- Question: How can I report on *claims-based* measures?!
Will I be penalized?
 - There are 19 chart-based measures and 7 claims-based measures

- Answer: You will receive credit for all claims-based measures in a category (e.g. CHF, CAD, DM, preventive services) as long as you report on at least one chart-based measure in that category

I. EHR Incentive Payment Example – Incomplete Reporting

| Category | Claims-Based Measures | Chart-Based Measures | Number Chart-Based Measures Reported, Penalty | | |
|--------------------------------|-----------------------|----------------------|---|-----------|-----------|
| | | | Example 1 | Example 2 | Example 3 |
| Diabetes | 4 | 4 | 4 0 | 0 8 | 1 3 |
| CHF | 1 | 6 | 6 0 | 6 0 | 1 5 |
| CAD | 1 | 5 | 5 0 | 0 6 | 1 4 |
| Preventive | 1 | 4 | 4 0 | 4 0 | 1 3 |
| Total | 7 | 19 | 0 | 14 | 15 |
| Penalty applied to EHR payment | | | none | 14/26 | 15/26 |

- ▶ Practice must report on at least one chart-based measure in a category to receive credit for claims-based measures in that category.

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I. EHR Incentive Payment Failure to Meet Minimum Quality

- Penalty for failing to meet minimum quality score in years 3-5
 - EHR payment will be discounted by the total number of measures in the category for which the minimum was not met, out of 26 total

| Category | Number of Measures | Met minimum composite quality score for category? | Penalty |
|--------------------------------|--------------------|---|---------|
| Diabetes | 8 | Yes | 0 |
| HF | 7 | No | 7 |
| CAD | 6 | No | 6 |
| Preventive | 5 | Yes | 0 |
| Total | 26 | | 13 |
| Penalty applied to EHR payment | | | 13/26 |

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I. EHR Incentive Payment Minimum Requirements

- The maximum combined penalty is 26/26
- For example, if the penalty for incomplete reporting was 15/26 and for not achieving the minimum quality score was 13/26, the penalty would be 26/26 (no payment received)

II. Reporting Payment General Concepts

- “Pay for Reporting” clinical measures for eligible beneficiaries in year 2 only
 - Payment is NOT contingent on quality scores. This is an opportunity for practices to become familiar with reporting tools, data collection, and scoring methodology in a risk-free environment
 - Payment is tied to the practice’s reporting score and number of assigned beneficiaries in each chronic condition category

I. Reporting Payment Payment Amounts and Maximums

- Practices will be paid \$20 for each assigned beneficiary per payment category (Preventive, CAD, CHF, Diabetes)
 - 200 preventive, 150 CAD, 75 CHF, and 100 Diabetes means a potential for $525 \times \$20 = \$10,500$, before maximums
- Maximum payment of \$3,000/provider;
\$15,000/practice

I. Reporting Payment Minimum Requirements

- CCHIT-certified EHR required
- Minimum functionalities required
- Complete reporting on all chart-based measures in a category is required for full payment in that category
 - For all patients prepopulated into the Performance Assessment Tool (PAT) for a measure
 - No penalty if there are no patients on which to report in a measure

II. Reporting Payment Incomplete Reporting Example

- Only 2 of 4 chart-based measures completely reported for Diabetes out of 8 total measures; 100 Diabetic patients assigned
 - Receive credit for all 4 claims-based diabetes measures and for the 2 reported chart-based diabetes measures
 - Diabetes payment = $(6/8) \times \$20 \times 100 = \$1,500$

III. Quality Incentive Payment General Concepts

- Pay for performance on quality measures in Years 3-5
- Payment is based on performance scores in 26 clinical areas:
 - Diabetes – 8
 - CHF – 7
 - CAD – 6
 - Prevention – 5

III. Quality Incentive Payment General Concepts

- Scoring is incremental (not all or nothing)
- Full payment for good (but not perfect) performance
- Low minimum requirement, increases each year

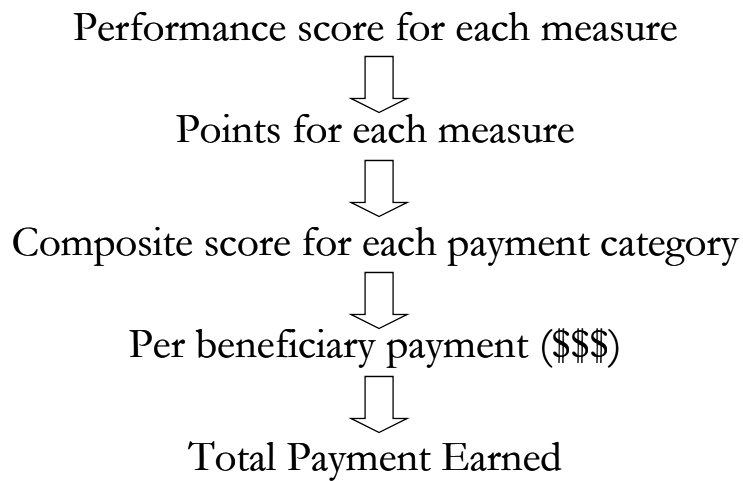
III. Quality Incentive Payment Payment Amounts and Maximums

- Maximum payment per beneficiary
 - \$45 per beneficiary per target condition category (CHF, CAD, Diabetes)
 - \$25 per beneficiary with chronic condition for preventive measures
- Maximum payment = \$10,000/provider;
\$50,000/practice

III. Quality Incentive Payment Minimum Requirements for Full Payment

- CCHIT-certified EHR and minimum functionalities (otherwise the practice no longer in the demo by year 3)
- Must completely report on all patients in all measures
 - If a measure is not reported completely there will be no performance score calculated for that measure
 - Practices with large numbers of patients will report on only a sample of total patients

Quality Incentive Payment Calculation Game Plan



III. Quality Incentive Payment Performance Score per Measure

- Each measure is scored based on the number of patients who “meet” the measure out of the total patients eligible (percentage 0% to 100%)
- 0-5 points given for each of the 26 measures based on the percentage of patients who met the measure

III. Quality Incentive Payment Determining Points per Measure

- For applicable measures, points are based on Medicare HEDIS (9 measures currently apply)
 - Score \geq HEDIS 75th percentile (75p) = 5 points
 - $62.5p \leq$ Score $<$ 75p = 4 points
 - $50p \leq$ Score $<$ 62.5p = 3 points
 - $37.5p \leq$ Score $<$ 50p = 2 points
 - $25p \leq$ Score $<$ 37.5p = 1 point
 - Score $<$ 25p = 0 points
- When HEDIS results are not available, percentiles will be replaced with *percent* of beneficiaries meeting measure (17 measures)

III. Quality Incentive Payment Determining Points per Measure

- The maximum number of points for each payment category is 5 times the number of measures for that category
 - Diabetes: 8 measures x 5 = 40 points
 - CHF: 7 measures x 5 = 35 points
 - CAD: 6 measures x 5 = 30 points
 - Preventive services: 5 measures x 5 = 25 points

III. Quality Incentive Payment Points → Composite Score

- The points per measure will be used to calculate a composite score for each payment category
- Points will be summed for each payment category
- Composite Score = $\frac{\text{Total Points Earned}}{\text{Maximum Points}}$
 - Example: 30 Diabetes points earned translates to a composite score of 75% (30 out of 40 possible points = 75%) for the Diabetes category

III. Quality Incentive Payment

Composite Score → Dollars

- The composite score will be used to calculate the dollar amount paid per beneficiary
- A composite score of 90% or higher will earn the maximum per beneficiary payment
- A composite score lower than the minimum for each year will not earn a payment
 - 30% minimum in year 3
 - 40% minimum in year 4
 - 50% minimum in year 5

III. Quality Incentive Payment

Composite Score → Dollars

- The per beneficiary payment will be interpolated over the range 0% - 90% for composite scores between the minimum and 90%
 - Example: Composite score of 65%
 $0.65 / 0.9 = 72\%$ of beneficiary payment earned

III. Quality Incentive Payment Total Payment Calculation

- Total quality payment for a category =
 (% of payment earned) x (per patient max) x
 (# patients assigned to that category)

- Final quality performance payment is lesser of:
 - Sum of quality payments for all four categories (CAD + Diabetes + CHF + Preventive)
 - \$10,000 x # Providers
 - \$50,000 (*maximum per practice per year for clinical incentive*)

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III. Quality Incentive Payment Example Payment Calculation*

| | Diabetes | CHF | CAD | Preventive Care |
|--|-------------------|----------------|---------------|-------------------|
| Number of Medicare Patients | 30 | 10 | 20 | 150 |
| Maximum Payment Per Beneficiary | \$45 | \$45 | \$45 | \$25 |
| <u>Payment Earned by Performance</u> | | | | |
| Maximum Possible Points | 40 | 35 | 30 | 25 |
| Points Earned | 38 | 25 | 8 | 18 |
| Composite Score | 95% | 71.43% | 26.7% | 72.0% |
| Percentage of Payment Earned | 100% | 79.37% | 0.0% | 80.0% |
| Payment Amount Earned Per Beneficiary | \$45 | \$35.71 | \$0.00 | \$20.00 |
| TOTAL PAYMENT | \$1,350 | \$357.1 | \$0.00 | \$3,000.00 |
| TOTAL PERFORMANCE PAYMENT FOR PRACTICE* | \$4,707.10 | | | |

*Assumes all measures were reported completely.

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Quality Payment Calculation Summary

Performance score for each measure



Points for each measure



Composite score for each payment category



Per beneficiary payment (\$\$\$)



Total Payment Earned

Summary

- Annual EHR Incentive Payment
 - Up to \$45 per eligible beneficiary reported on completely
 - Up to \$5,000/provider; \$25,000/practice per year
- Year 2 Reporting Payment
 - Risk-free introduction to reporting system
 - Up to \$20 per eligible beneficiary per payment category reported on completely
 - Up to \$3,000/provider; \$15,000/practice per year

Summary

- **Annual Quality Incentive Payment**
 - Up to \$45 per beneficiary per target condition payment category
 - Up to \$25 per beneficiary with chronic condition for preventive measures
 - Up to \$10,000/provider; \$50,000/practice per year

Summary

- **Maximum potential payment over the 5-year demonstration**

| | Max/Provider | Max/Practice |
|--------------------------------------|---------------------|---------------------|
| EHR Incentive (Years 1-5) | \$25,000 | \$125,000 |
| Reporting Incentive (Year 2) | \$3,000 | \$15,000 |
| Quality Incentive (Years 3-5) | \$30,000 | \$150,000 |
| Total | \$58,000 | \$290,000 |

Summary Example Year 3

- Patients Assigned
 - Diabetes - 120
 - CHF - 50
 - CAD - 80
 - Preventive - 200
- CCHIT-certified EHR and minimum functionalities
- 2 providers in practice

Summary Example Year 3

| | Diabetes | CHF | CAD | Preventive Care |
|--|---|-----|-----|-----------------|
| Number of Medicare Patients | 120 | 50 | 80 | 200 |
| Total Number of Measures | 8 | 7 | 6 | 5 |
| # Measures Completely Reported | 7 | 7 | 6 | 5 |
| EHR Incentive Payment Calculation | | | | |
| Penalty for Incomplete Reporting | 1/26 | | | |
| Penalty for CAD Composite Score below the Minimum (next slide) | 6/26, 6 CAD measures | | | |
| OSS Score | 85% | | | |
| EHR Incentive Payment | \$5,658.28 = $\$45 \times 25/26 \times 20/26 \times 85\% \times 200$ | | | |

Summary Example Year 3

| | Diabetes | CHF | CAD | Preventive Care |
|---|----------|------------|-------|-----------------|
| Number of Medicare Patients | 120 | 50 | 80 | 200 |
| Total Number of Measures | 8 | 7 | 6 | 5 |
| # Measures Completely Reported | 7 | 7 | 6 | 5 |
| Quality Incentive Payment Calculation | | | | |
| Maximum Payment per Beneficiary | \$45 | \$45 | \$45 | \$25 |
| Points Earned (DM score includes one zero-point measure for not reporting) | 32 | 25 | 8 | 18 |
| Composite Score | 80% | 71.4% | 26.7% | 72.0% |
| Percentage of Payment Earned (CAD score does not meet year 3 minimum of 30%) | 88.9% | 79.4% | 0% | 80% |
| Payment Amount Per Beneficiary | \$40 | \$35.71 | \$0 | \$20 |
| Quality Payment | \$4,800 | \$1,785.50 | \$0 | \$4,000 |

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Summary Example Year 3

- EHR Incentive Payment = \$5,658.28
 - Maximum of \$10,000 (\$5,000/provider)
- Total Quality Payment = \$10,585.50
 - Maximum of \$20,000 (\$10,000/provider)
- Total Year 3 Payment = \$16,243.78

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Payment Processing

- The payment information for your practice will be sent to a separate contractor, who will then transfer the necessary funds
- Prior to receiving the payment, you will be sent a payment summary report showing how the payment amount for your practice was calculated

The End

For questions on payment, please email
EHR_demo@cms.hhs.gov