

## CMS Announces Twelve Demonstration Sites for Electronic Health Record

On Tuesday, June 10 the Centers for Medicare and Medicaid Services (CMS) announced twelve sites that will participate in a five-year Electronic Health Records (EHR) Demonstration Project. The 12 sites of the EHR demonstration project range from county- and state- level to multi-state collaborations. They include:

- Alabama
- Delaware
- Jacksonville, FL (multi-county)
- Georgia
- Maine
- Louisiana (*Phase I*)
- Maryland/Washington, DC (*Phase I*)
- Oklahoma
- Pittsburgh, PA (multi-county) (*Phase I*)
- South Dakota (multi-state) (*Phase I*)
- Virginia
- Madison, WI (multi-county)

The project will be implemented in two phases:

- **Phase I** - CMS will begin to work with four Phase I communities over the coming months to develop site-specific recruitment strategies, and recruitment of physician practices will start in the fall.
- **Phase II** - activities for Phase II sites will begin in 2009.

**Incentive payments** will vary over the five year period and payments will be based on both reporting and performance on quality measures.

**Year one of the demonstration.** Payments will be based on physicians' use of CCHIT-certified EHR functionalities to manage the care of patients, with a higher payment for more sophisticated health IT use, such as using EHRs to facilitate care management activities or to share a patient's records among providers of care. Payments will be determined by a practice's score on an Office Systems Survey (OSS). This annual survey will track the level of EHR implementation at the practice level and the specific EHR functions used 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 first year, participants may earn a maximum of \$5,000 per physician or \$25,000 per practice.

**Year Two.** After the second operational year, payments will be made to participating physician practices that are using CCHIT-certified EHRs and reporting clinical quality measures. Again, additional payments will be based on how the practice has used EHR functionalities to change and improve the way it operates. Practices that have not yet implemented a certified EHR or do not meet

minimum functional use requirements by the end of the second year will be terminated from the demonstration. Payments in this year may reach a maximum of \$8,000 per physician or \$40,000 per practice.

**Years Three to Five.** During these years, payments will be based on actual performance on the clinical quality measures, rather than just reporting. An added payment will continue to be offered each year based on EHR functionalities used by the practice. Payments may total up to \$15,000 per physician or \$75,000 per practice during each of these three years. Total payments under the demonstration may be up to \$58,000 per physician or \$290,000 per practice over five years.

For a summary of the payment methodology with examples go to <http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/EHRPayment.pdf>.

A fact sheet on the EHR Demonstration project is available at [http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/EHR\\_Fact\\_Sheet\\_Site\\_Selection.pdf](http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/EHR_Fact_Sheet_Site_Selection.pdf).

To access recent and past state health policy reports go to the State Health Policy section on the Chapter Leadership Network (CLN) website or click on: [http://www.acponline.org/cln/health\\_policy.htm](http://www.acponline.org/cln/health_policy.htm)

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