CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-19 Demonstrations	Centers for Medicare & Medicaid Services (CMS)
Transmittal 64	Date: February 19, 2010
	Change Request 6603

Transmittal 62, dated November 6, 2010, is being rescinded and replaced by Transmittal 64, dated February 19, 2010 to change the Implementation Date from April 5, 2010, to April 5, 2010 for MCS analyze, code, test and implement change and July 6, 2010 for MCS/HIGLAS interface testing. All other information in this instruction remains the same.

Subject: Payments to Practices Participating in the Electronic Health Records (EHR) Demonstration

I. SUMMARY OF CHANGES: This Change Request (CR) describes the process whereby Medicare FFS Administrative Contractors (and No.147; MACs and No.148) will process incentive payments to practices participating in the Electronic Health Records (EHR) Demonstration and report them for tax purposes.

New / Revised Material
Effective Date: July 1, 2010
Implementation Date: April 5, 2010- MCS analyze, code, test and implement change
                                   July 6, 2010- MCS/HIGLAS interface testing

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
N/A	

III. FUNDING:
SECTION A: For Fiscal Intermediaries and Carriers:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

SECTION B: For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Business Requirements

Unless otherwise specified, the effective date is the date of service.

Attachment - Business Requirements

Pub. 100-19	Transmittal: 64	Date: February 19, 2010	Change Request: 6603

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SUBJECT: Payments to Practices Participating in the Electronic Health Records (EHR) Demonstration

Effective Date: July 1, 2010

Implementation Date: April 5, 2010- MCS analyze, code, test and implement change
July 6, 2010- MCS/HIGLAS interface testing

(Note: The CR only affects contractors (MACs or carriers, as appropriate, after July 2010) processing claims for eligible professional providers in the locations noted below.)

I. GENERAL INFORMATION

A. Background:
The goal of the EHR Demonstration is to encourage the adoption and implementation of electronic health record systems by small to medium sized primary care practices. It is a "pay for performance" program under which participating practices will be eligible to earn periodic incentive payments based on (1) their performance on an Office Systems Survey that reflects their use of EHRs; and (2) the reporting and performance of clinical quality measures.

Approximately 400 practices located in the following states and counties are participating in the demonstration:

Demonstration Site	*Specific Locations*	*Maximum # Practices / Site*	*MAC Jurisdiction*
Louisiana	Statewide	104	J 7 – tbd
Maryland & Washington, DC	Statewide; district-wide	127	J 12 – Highmark Medicare Services
Pennsylvania – Pittsburgh area	Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Lawrence, Somerset, Washington & Westmoreland Counties	138	J 12 – Highmark Medicare Services
South Dakota – and selected counties in bordering states	**South Dakota**- Statewide **Minnesota**- Big Stone, Clay Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, and Yellow	43	J 3 – South Dakota, North Dakota (Noridian Administrative Services) J 5 – Iowa (Wisconsin Physicians Health Insurance Corp.) J 6 – tbd

	Medicine counties **Iowa**- Buena Vista, Clay Dickinson, Emmet, Lyon, O'Brien, Osceola, and Sioux counties **North Dakota-** Dickey county *(There are no practices from North Dakota in the treatment group, so there will be no payments in North Dakota.)*		

Practices participating in the demonstration may be solo practitioners consisting of a single provider with one individual NPI and unique tax identification numbers (TINs) as well as multi-provider practices with up to 20 or (sometimes) more providers. The average practice size for those practices participating in the demonstration is approximately 3.6 providers. Practices participating in the demonstration were allowed to self-define themselves for purposes of participating in the demonstration. This means that for practices participating in the demonstration, the individual providers within the practice may have the same or different TINs. In addition, practices that are defined as unique entities for purposes of participating in the demonstration may be part of larger organizations and, as a result, share the same TIN. In the latter case, the practice can be uniquely defined by the individual NPIs and TINs of the providers in the practice.

Although the demonstration will run for five years beginning June 1, 2009 and running through May 31, 2014, because of how the various performance measures will be collected and scored, the actual processing of incentive payments will not begin until the summer of 2010 and will extend beyond the termination date of the demonstration into 2015. Incentive payments will be made, in general, once or twice per year per practice although due to various factors, payments may be processed in multiple, successive batches or files. Incentive payments earned under the demonstration will be made to the practice and not to the individual providers at the practice who are participating in the demonstration. Not all practices will earn incentives in each year of the demonstration. Payments made under the demonstration will have no impact on the processing of regular Medicare FFS claims processing. Moreover, practices participating in the demonstration will be eligible to participate in other incentive programs (e.g. E-prescribing, PQRI, ARRA based incentives, etc.) to the extent they would otherwise qualify.

Below is a tentative projected schedule for when payments are expected to be processed:

Demonstration Year Incentive	*Estimated Payment Processing Period*
Demonstration Year 1	September 2010
Demonstration Year 2	March / April 2012
Demonstration Year 3	March/ April 2013
Demonstration Year 4	March/April 2014
Demonstration Year 5	March / April 2015

CMS has contracted with several external organizations to assist with the collection of the various performance measure data and calculate payment amounts. However, this change request covers the

process whereby Medicare FFS Administrative Contractors ("MACs") will process payments and report them for tax purposes.

B. Policy:

Contractors shall process periodic EHR Demonstration lump sum incentive payments to eligible participating demonstration practices as requested by the CMS/ORDI project officer. Payments will not be made to each individual provider in the practice unless the practice is a solo practitioner. However, a practice may designate all payments be processed against the Provider Identification Number (PIN) of one of the providers on behalf of the practice. The CMS project officer shall provide to the contractors in the affected jurisdictions a file with the names of each practice to be paid, the amount to be paid, and the entity to which the payment shall be made, as defined by NPI and Medicare Provider Identification Number (PIN). Where available, a Group NPI and PIN shall be used to identify the entity to be paid. If no group NPIs or group PINS are available (e.g. for a solo practitioner), the individual NPI and PIN of the practitioner representing the practice shall be provided. The file shall also include an identifier showing the type of incentive ("EH" for EHR demonstration) and the two digit year in which the payment is being made. A copy of the file layout is provided in Attachment A.

The MAC shall process the remittance advice with a unique demonstration specific indicator and payment message.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	A / B MAC	D M E MAC	F I	C A R R I E R	R H H I	FISS	MCS	VMS	CWF	OTHER
							Shared-System Maintainers				OTHER
6603.1	CMS/ORDI staff shall create a file for each of the contractors containing practice level incentive payment amounts for practices in their jurisdiction that have earned incentive payments under the demonstration. A draft description of the file layout is provided in Attachment A. This file layout shall be finalized based on input from the contractors prior to implementation.										CMS/ORDI
6603.1.1	Contractor specific files shall be loaded to the CMS data center.										CMS/ORDI & OIS
6603.1.2	Contractors shall work with their data centers to retrieve the files and upload them, as needed.	X						X			Data Centers
6603.2	For each practice to be paid, CMS/ORDI staff shall provide a Group billing PIN and/or Group NPI, if available. For practices where a Group billing PIN										CMS/ORDI

Number	Requirement	A / B MAC	D M E MAC	F I	C A R R I E R	R H H I	F I S S	M C S	V M S	C W F	OTHER
	and/or Group NPI are not available (e.g. some solo practitioners), an individual PIN and NPI will be provided.										
6603.2.1	The contractor shall match the billing PIN provided to their provider payment files and match the NPI on the contractor file to the NPI provided by CMS/ORDI, if available.	X						X			
6603.2.2	If the PIN and NPI provided match the PIN and NPI on the contractor's file, the contractor shall process payment against the corresponding Tax ID number (TIN) of the entity indicated.	X						X			
6603.2.3	If no billing PIN is available, the contractor shall crosswalk the NPI provided by CMS to the matching PIN in the contractor's system to identify the TIN against which payment should be made.	X						X			
6603.2.4	If no TIN is matched to the billing PIN or the NPI on the contractor's file does not match the NPI provided by CMS, then payment will not be processed and an error record shall be created and reported to CMS.	x						X			
6603.2.5	If there are any records for which neither a billing PIN nor NPI are provided, then no payment shall be processed and the record shall be reported on the error report.	x						x			
6603.3	Contractors shall be ready to make a lump sum bonus payment to the demonstration practices receiving incentive payments as identified on the EHR Demo Incentive Payment file starting in approximately September, 2010.	x						x			HIGLAS
6603.3.1	Payments shall be taken out of the Part B (SMI) trust funds.	X						X			HIGLAS
6603.4	For the Contractors on HIGLAS, the MCS shared system shall use the HIGLAS 810H in order to communicate the EHR invoices to HIGLAS.	X			X			X			HIGLAS
6603.5	The MCS shared system shall use the value of "C" for the Payment Type Code in the BAL Segment.	X			X			X			HIGLAS
6603.5.1	HIGLAS will return a PLB code of "BN" to represent the P4R payment on the HIGLAS 835.	X			X						HIGLAS
6603.5.2	Provider adjustment reason code "BN" will be inserted in PLB03-1 on the outgoing 835 with the monetary amount in the PLB04 data field. The paper							X			

Number	Requirement	A / B MAC	D M E MAC	F I	C A R R I E R	R H H I	FISS	MCS	VMS	CWF	OTHER
	remit will also show the provider adjustment under "BN". **NOTE:** For providers receiving Electronic Funds Transfer, no paper documentation will be provided--only the electronic 835.										
6603.5.3	Consistent with processing of other bonus payments, the contractor shall append a 4 character code to the CCN in the PLB 03-02 segment to specify the payment type. The four character code shall be comprised of a two character abbreviation, "EH". for the Electronic Health Records Demonstration followed by two digits representing the reporting period (e.g.EH10 for EHR Demo incentive payments in 2010, EH11 for EHR Demo incentive payments in 2011, etc. Because there may be multiple payment batches applicable to the same year, payments processed across several batches shall share the same 4 digit code.							X			
6603.6	Contractors will follow standard procedures if a provider is subject to "Do Not Forward" processing or if a provider returns a demonstration payment for any reason.	X						X			HIGLAS
6603.7	Contractors shall be able to process multiple payment "runs" in a given year. Although payments to a specific practice will be limited to one or two per year, due to late submission of data by some practices, payments may be "batched". It is likely that there will be no more than four payment batches in any given year (total estimated number of payments to individual practices per year is approximately 800)	X						X			HIGLAS
6603.8	To the extent possible, payments shall be processed in the same manner (check or electronic) as are other Medicare bonus payments.	X						X			HIGLAS
6603.9	Payments of less than $1.00 shall not be suppressed	X						X			HIGLAS
6603.10	Payments shall be processed within 10 business days of receiving the file. If this is not possible due to processing of other	X						X			

Number	Requirement	A / B MAC	D M E M A C	F I	C A R R I E R	R H H I	F I S S	M C S	V M S	C W F	OTHER
	incentive payments, the contractor shall contact the CMS project officer in a timely manner to determine the next available mutually agreeable processing date.										
6603.11	Contractors shall work with CMS to develop and execute a plan for testing the successful processing of payments	X						X			CMS/ORDI
6603.12	Contractors shall provide the following explanatory message with the incentive payment *for paper remittances only*: "This check is for an incentive payment under the EHR demonstration."	X						X			
6603.12.1	Contractors shall maintain flexibility with the explanatory message and be able to change it if needed. However, all practices will receive the same message for any given payment batch.	X						X			
6603.13	For each file provided by CMS, contractors shall provide reports listing those practices that received bonus payments and, if applicable, practices that could not be paid and those for whom payments were processed but then returned. CMS/ORDI shall work with contractors to develop a format for the report that, to the extent possible, builds on existing report formats.	X						X			

6603.13.1	The report of incentive payments successfully processed and issued to demonstration practices shall include, at a minimum, the following information:
	
	Demonstration ID (provided on CMS input file)
	Tax ID paid
	Provider Information:
	    Provider Name on file
	    Provider Address on file
	    NPI
	    TIN
	    Group PIN (or Individual PIN, as appropriate)
	    Incentive payment amount
	    Offsets against the payment (if applicable)
	    Amount paid
	    Date Paid
	    Check #
	    13 digit CCN tracking number
		X						X			

Number	Requirement	A / B MAC	D M E M A C	F I	C A R R I E R	R H H I	F I S S	M C S	V M S	C W F	OTHER
	Any messages on the check or statement issued with the check										
6603.13.2	Contractors shall provide a report to CMS/ORDI within 5 business days of processing of any practice for which payment cannot be processed due to lack of matching to an appropriate TIN or any other reason. For each practice for which payment cannot be processed, the reason for the "error" shall be provided. The report shall be sorted by Demonstration ID #.	X						X			
6603.13.3	CMS/ORDI shall work with contractors to develop a format for the reports specified above that, to the extent possible, builds on existing report formats. At a minimum, the report shall show the demonstration practice ID number, the name of the practice, billing PIN, the amount of the payment that could not be processed, and the reason for not being able to process (error codes). The report shall be sorted by Demonstration ID #	X						X			CMS/ORDI
6603.14	If a demonstration payment is returned to the contractor for any reason (e.g. including but not limited to "Do Not Forward" rules, checks returned by the provider, etc.), the contractor shall notify and send a report to the CMS/ORDI project officer indicating the practice, the amount of the check, the date the check was originally issued, the date it was returned, and the reason for the return.	X									
6603.14.1	CMS/ORDI shall work with contractors to develop a format for the report specified above that, to the extent possible, builds on existing report formats.	X									CMS/ORDI
6603.15	Offsets shall be applied to demonstration incentive payments in a manner consistent with how they are handled with other bonus payments. The contractor shall notify the CMS project officer via the requested report whenever offsets are applied against a demonstration incentive payment, the amount of the offset, and the net payment made (if any).	X						X			HIGLAS

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B MAC	D M E MAC	F I	C A R R I E R	R H H I	FISS	MCS	VMS	CWF	OTHER
6603.16	The contractor shall process 1099 tax reporting forms in accordance with standard procedures. The dollar amount of all incentive payments shall be reported in the annual 1099 process.	X									

III.   PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B MAC	D M E MAC	F I	C A R R I E R	R H H I	FISS	MCS	VMS	CWF	OTHER
6603.17	No MLN articles shall be required.	x									
6603.18	The contractor shall only be responsible for responding to questions related to the processing of the payment, and shall not be responsible for responding to questions unique to the demonstration such as how the payment amount was calculated.	X									
6603.19	CMS/ORDI staff shall communicate with practices participating in the demonstration about the payment process and shall be available to the contractor to assist with responding to practices about payment issues that the contractor cannot resolve.										ORDI

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below:
Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: For all other recommendations and supporting information, use this space:

V. CONTACTS

Pre-Implementation Contact(s):   Jody Blatt (410) 786-6921; Debbie VanHoven (410) 786-6625
Post-Implementation Contact(s): Jody Blatt (410) 786-6921; Debbie VanHoven (410) 786-6625

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Intermediaries (RHHIs):*

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Section B: *For Medicare Administrative Contractors (MACs)*:

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

EHR DEMONSTRATION LUMP SUM BONUS FILE
EXCEL SPREADSHEET RECORD LAYOUT

FIELD NAME	COMMENT
Incentive Type Year Indicator	
--Incentive Type	Value "EH" denotes EHR Demonstration Incentive
--Incentive Reporting Year	Value denotes demonstration year to which incentive is applicable and, if applicable, incentive payment within year (e.g. 11= demo year 1, payment 1; 12 = demo year 1, payment #2; 51= demo year 5, payment #1, etc.)
Carrier/MAC Number	
Practice Demo ID #	A unique identifier for each practice to be paid. This number is assigned by CMS for demonstration tracking purposes only Format: EHRD01MDXXXX. For purposes of this demonstration: • the "EHRD01" will be the same for all practices; • the next two letters will vary ("MD", "PA", "LA", or "SD"); and • the 4 X's represent numbers (0001 – 9999).
Practice Name	Up to 100 characters
Group Billing PIN, if available	10 characters
Group NPI, if available	10 characters
Individual Billing PIN (if no Group PIN available, e.g. for solo practitioners)	10 characters
Individual NPI, (if no Group NPI available, e.g. for solo practitioners)	10 characters
Payment Amount	Up to $99,999.99