ELECTRONIC HEALTH RECORDS

## First Year of CMS's Incentive Programs Shows Opportunities to Improve Processes to Verify Providers Met Requirements

Why GAO Did This Study

The Health Information Technology for Economic and Clinical Health (HITECH) Act established the Medicare and Medicaid electronic health records (EHR) programs. CMS and the states administer these programs which began in 2011 to promote the meaningful use of EHR technology through incentive payments paid to certain providers—that is, hospitals and health care professionals. Spending for the programs is estimated to total $30 billion from 2011 through 2019. Consistent with the HITECH Act, GAO (1) examined efforts by CMS and the states to verify whether providers qualify to receive EHR incentive payments and (2) examined information reported to CMS by providers to demonstrate meaningful use in the first year of the Medicare EHR program. GAO reviewed applicable statutes, regulations, and guidance; interviewed officials from CMS; interviewed officials from four states, which were judgmentally selected to obtain variation among multiple factors; and analyzed data from CMS and other sources.

What GAO Recommends

GAO is making four recommendations to CMS in order to improve processes to verify whether providers met program requirements for the Medicare and Medicaid EHR programs, including opportunities for efficiencies. HHS agreed with three of GAO's recommendations, but disagreed with the fourth recommendation that CMS offer to collect certain information on states' behalf. GAO continues to believe that this action is an important step to yield potential cost savings.

View GAO-12-481. For more information, contact Linda Kohn at (202) 512-7114 or kohnl@gao.gov.

What GAO Found

The Centers for Medicare and Medicaid Services (CMS), an agency within the Department of Health and Human Services (HHS), and the four states GAO reviewed are implementing processes to verify whether providers met the Medicare and Medicaid EHR programs' requirements and, therefore, qualified to receive incentive payments in the first year of the EHR programs. To receive such payments, providers must meet both (1) eligibility requirements that specify the types of providers eligible to participate in the programs and (2) reporting requirements that specify the information providers must report to CMS or the states, including measures that demonstrate meaningful use of an EHR system and measures of clinical quality. For the Medicare EHR program, CMS has implemented prepayment processes to verify whether providers have met all of the eligibility requirements and one of the reporting requirements. Beginning in 2012, the agency also has plans to implement a risk-based audit strategy to verify on a postpayment basis that a sample of providers met the remaining reporting requirements. For the Medicaid EHR Program, the four states GAO reviewed have implemented primarily prepayment processes to verify whether providers met all eligibility requirements. To verify the reporting requirement, all four states implemented prepayment processes, postpayment processes, or both. CMS officials stated that the agency intends to evaluate how effectively its Medicare EHR program audit strategy reduces the risk of improper EHR incentive payments, though the agency has not yet established corresponding timelines for doing this work. Such an evaluation could help CMS determine whether it should revise its verification processes by, for example, implementing additional prepayment processes, which GAO has shown may reduce the risk of improper payments. In addition, CMS has opportunities to improve the efficiency of verification processes by, for example, collecting certain data on states' behalf.

CMS allows providers to exempt themselves from reporting certain measures if providers report that the measures are not relevant to their patients or practices. Measures calculated based on few patients may be statistically unreliable, which limits their usefulness as tools for quality improvement. CMS and others acknowledged that the availability of measures that are relevant to providers' patients and practices and are statistically reliable is important to provide useful information to providers. Among participants in the first year of the Medicare EHR program, the majority of providers chose to exempt themselves from reporting on at least one meaningful use measure and many providers reported at least one clinical quality measure based on few—less than seven—patients.

Information on measures reported by first year participants
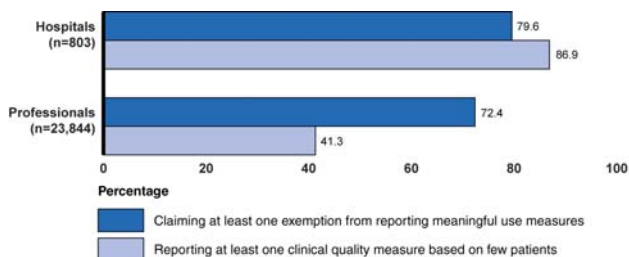
Source: GAO analysis of CMS data through December 9, 2011.