Hospitals: Determine your Medicaid Incentive Amount

Overall EHR Amount X **Medicaid Share** = **Incentive Amount**
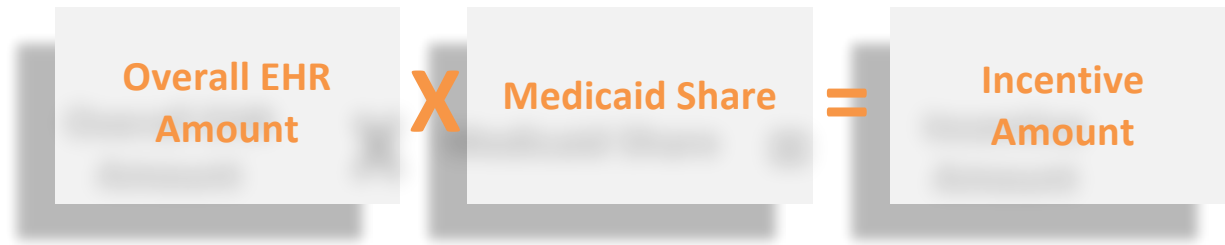
Step One: Overall EHR Amount

The Overall EHR Amount is the product of multiplying the Initial Amount by the Transition Factor over 4 years of theoretical payment. (A different transition factor applies for each of the four years of theoretical payment as shown below).

Overall EHR Amount = Initial Amount x Transition Factor

Initial Amount = $2,000,000 + Discharge-Related Amount for each year of the theoretical four years of the program.

The Discharge-Related Amount is calculated by determining the number of eligible discharges in the base year and adjusting it using the Average Annual Growth Rate for the most recent 3 years for which data are available.

1. **Finding Average Annual Growth Rate:** Enter total discharges for the most recent Federal Fiscal Year (this will be your Base Year) and the most recent past three Federal Fiscal Years for which there is data.

Example: Hospital A

Fiscal Year	Total Discharges	Yearly Growth Rate
Base Year (i.e. FFY10)	2,000	0.025%
FFY09	1,952	0.014%
FFY08	1,925	0.008%
FFY07	1,910	
AVERAGE ANNUAL GROWTH = 0.0157%		

Your Hospital Data

Fiscal Year	Total Discharges	Yearly Growth Rate
Base Year (i.e. FFY10)	A	$(A - B)/B *100 = \%$
FFY09	B	$+ (B - C)/C*100 = \%$
FFY08	C	$+ (C - D)/D*100 = \%$
FFY07	D	$\div 3 = X$
AVERAGE ANNUAL GROWTH = X		

2. **Discharge-Related Amount** = $200 x Base Year Total Discharges between 1,500 and 23,000.

   ❑ **Less than 1,500:** Eligible discharges = 0
   ❑ **Between 1,500 and 23,000:** Eligible discharges = # of reported discharges – 1149
   ❑ **More than 23,000:** Eligible discharges = 21,852

3. Using your **Average Annual Growth** rate and **Base Year Total Discharges** between 1,500 and 23,000, multiply the transition factor for each of the four years of theoretical payment. *See example on next page.*

Transition Factor is fixed for each year of theoretical payment: Year 1 = 1, Year 2 = 0.75, Year 3 = 0.50, Year 4 = 0.25

Discharge-Related Amount should be adjusted for each theoretical year based on the average annual growth rate for the hospital

Example: Hospital A

Year *4 years of theoretical payment*	Initial Amount *base year Total Discharges, adjusted each year to account for Average Growth*	Transition Factor	EHR Amount
1	$2M + $200 x (2,000 – 1,149) = 2,170,200 x	1 =	$2,170,200
2	$2M + $200 x (2,032 – 1,149) = 2,176,600 x	0.75 =	$1,632,450
3	$2M + $200 x (2,065 – 1,149) = 2,183,200 x	0.50 =	$1,091,600
4	$2M + $200 x (2,098– 1,149) = 2,189,800 x	0.25 =	$547,450
		Overall EHR Amount =	$5,441,700

Step Two: Medicaid Share

The Medicaid Share is the estimated percentage of a hospital's inpatient-bed days attributed to Medicaid adjusted by the charity care rate to give hospitals added consideration for their charity care work. (See Equation Below).

You will need to gather the following data for your hospital:

- ☐ Medicaid inpatient-bed-days
- ☐ Total # of inpatient-bed-days
- ☐ Charges excluding charity care
- ☐ Total charges for the period

Non-Charity Care Ratio = Charges excluding charity care ÷ Total Charges

$$\frac{\text{(\# of inpatient-bed days attributable to Medicaid)}}{\text{(Total \# of inpatient-bed-days)} \times \text{(non-charity care ratio)}}$$

Example: Hospital A

- ☐ Medicaid inpatient-bed-days = 7,000
- ☐ FY2009 inpatient-bed-days = 21,000
- ☐ Total charges excluding charity care = $8,700,000
- ☐ Total charges for the period = $10,000,000

$$\frac{7,000}{21,000 \times (\$8,700,000 / 10,000,000)} = 0.38$$

Example Hospital A's Aggregate Incentive Amount = $5,441,700 x 0.38 = **$2,067,846**

In Oregon, hospitals will be paid their Aggregate EHR Incentive Amount over a course of 3 years in the following installments:

Example Hospital A's Installments:

Year 1: 50% of the Aggregate Incentive Amount = $1,033,923.00
Year 2: 40% of the Aggregate Incentive Amount = $827,138.40
Year 3: 10% of the Aggregate Incentive Amount = $206,784.60

Note: For purposes of calculating the Medicaid Share, a patient cannot be counted in the numerator of the above equation if they would count for Medicare.