

February 21, 2010

Ms. XXXXXX  
XXXXXXXXXX  
XXXXXXXXXX  
XXXXXXXXXX

Dear XXXX:

Please find enclosed the RHC Cost Report Notebook for 2010 and for use in preparing the 12/31/2009 cost reports. A couple of big changes this year in that we will filing this to Cahaba GBA instead of Riverbend GBA, the P S and R will not automatically be mailed out to you as you will have to retrieve from the IACS system, and if you provided H1N1 vaccinations those should be listed and you will be reimbursed for your administrative time. We are also doing our RHC Update seminars this year and have included a schedule of the locations. We would love for you or your staff to attend one of the sessions.

Another important consideration this year is preparing to obtain the Electronic Medical Records incentive payments as provided in the *American Recovery and Reinvestment Act* of 2009. Unfortunately, rural health clinics do not qualify for funding from Medicare. To view the proposed regulations go to the following link:

<http://edocket.access.gpo.gov/2010/pdf/E9-31217.pdf>

Medicaid is the only funding source available to rural health clinics and your clinic must have at least 30 percent (20% for pediatrics) of patient volume attributable to individuals who are: - Receiving Medicaid assistance, receiving SCHIP assistance, is furnished uncompensated care by the provider, or for whom charges are reduced by the provider on a sliding scale basis based on an individual's ability to pay. It is important to document the uncompensated care or discounted care that your clinic is providing if you are teetering at the 30% threshold for Medicaid funding. Here is a link that will help you to establish a discounted fee program for the medically needy at your clinic.

<http://nhsc.hrsa.gov/communities/discountedfee.pdf>

As a part of the cost reporting process, please send us information on the number of Medicaid visits this year and we can help access your situation. When we complete the cost report; we will include in the cover letter an assessment of your Medicaid payer mix as it relates to obtaining EHR funding. This funding could be extremely important to your clinic as Medicaid will pay up to \$63,750 per provider (includes your NPs and PAs) over 6 years. In a clinic with 5 physicians and 2 NPs (PAs are recognized for Medicaid incentive payments only if they led the clinic- my thinking is the PA counts only if the clinic is owned by the PA ) that's almost a ½ million dollars over 5 years.

Additionally, you should be assessing your ability to comply with the technical aspects of obtaining the funding and meeting the “meaningful use” threshold required for payment. An assessment of exactly where you stand on EHR should be done as soon as possible. Some clinics have not started the process and some have been doing EHR for years. Finding vendors that are certified to provide services and meet the standards as defined in recent regulations and regulations still to be published is going to be a challenge as it is estimated to take an additional 40,000 people in new staff to implement and train clinics and hospitals in EHR. If you have not started, yet it is imperative that you identify a vendor or two and get started in the evaluation process.

Additionally, if you have already started using the electronic medical records and you know you meet the 30% threshold you may want to start focusing on the proposed meaningful use regulations as published in the Federal Register on January 13, 2010:

<http://edocket.access.gpo.gov/2010/pdf/E9-31216.pdf>

A couple of things that make these regulations difficult to comply for rural health clinics are the inclusion of the Provider Quality Reporting Initiative data as one of the criteria. Since rural health clinics do not get paid an incentive for this; very few have implemented this program to date. As a rural health clinic, you may want to scrape your annual evaluation process and start a quality improvement plan using the PQRI as your model for development.

PQRI is a voluntary individual reporting program that provides an incentive payment to identified eligible professionals (EPs) who satisfactorily report data on quality measures. Additionally E-prescribing is important in achieving your goal of documenting meaningful use. At least 75% of all permissible prescriptions written by the provider must be transmitted electronically to demonstrate meaningful use.

It is important to know that in order to obtain Medicaid funding in 2011, your clinic must show meaningful use for at least a 90 day continuous period for the calendar year. That means that RHC must have their EHR systems up and fully functional by October 1, 2011 to receive funding for 2011. Vendors and EHR providers are going to be stressed to meet that deadline; so the sooner you put time into the process the better. This year most of our focus in our RHC evaluations is going to be on EMR readiness and planning. If you have not had your annual evaluation in a few years; it's a good time to schedule us to come out and get you back in compliance with one of the 8 required conditions of participation and we will evaluate coding, charges, billing, and provide benchmarking reports as well. Of course, as a part of your cost report preparation service, we have developed a benchmarking report that will be provided to you when the cost report is completed. It will compare your clinic against averages for RHCs and will spotlight strengths and weaknesses of the clinic. This new benchmarking system has been developed by entering 100s of client cost reports in an Excel spreadsheet, as well, as W-2 information, and P S and R data.

I apologize for the long letter. I appreciate all of our cost reporting clients and the loyalty that you have shown me over the last 20 years of working with rural health clinics and almost 30 years in the healthcare field. If you need to ask questions about this information or you find something inaccurate with the EMR information; please let me know. I like every healthcare provider and consultant I am struggling to get a handle on this important information.

Best personal regards,

Mark R. Lynn  
RHC Consultant