EXHIBIT 1
DATE 1/13/2011
HB

Health Information Technology Provider Incentive Payments

Description and Justification: This decision package requests $35.3 in federal funds over the biennium to implement the Medicaid Provider Incentive Program (MPIP) to provide incentive payments to eligible Medicaid providers to adopt, implement, upgrade and meaningfully use certified Electronic Health Record (EHR) technology.

(Supporting Justification: The American Recovery and Reinvestment Act of 2009 (ARRA) provides incentive payments to healthcare providers for the adoption and meaningful use of certified electronic health record (EHR) technology. The Montana Medicaid EHR Incentive Program will provide incentive payments to eligible professionals and eligible hospitals as they adopt, implement, upgrade, or demonstrate meaningful use of certified EHR technology in their first year of participation and demonstrate meaningful use for up to five remaining participation years. Eligible professionals can receive up to $63,750 over the six years that they choose to participate in the program. Eligible hospital incentive payments may begin as early as 2012, depending on when the state begins its program. Hospital payments are based on a number of factors, beginning with a $2 million base payment. This calculation is based on a complex formula based on the Medicaid encounter load of the hospital compared to all patient encounters.

Montana's participation in the Medicaid EHR incentive program is voluntary, but will contribute millions of dollars in 100% federal funding to the health information technology infrastructure of healthcare providers across Montana. This funding will enhance providers' ability to participate in the state-wide Health Information Exchange (HIE) under development by the governor's designated HIE entity HealthShare Montana. The technology advances made available by this funding will also enhance the quality of healthcare available to Montanans through improved access to patient information, e-prescribing capabilities, and enhanced data sharing among providers.

The State of Montana will be utilizing an existing solution through the existing Medicaid Management Information System (MMIS) fiscal agent for the processing, tracking and issuance of incentives to providers. This solution is a fully hosted "software as a service" application. There will be no hardware or software required to support the MPIP process. Montana specific requirements with respect to provider eligibility will be configured for Montana's incentive program.

Operational costs associated with the implementation, maintenance, support, modifications, training, and help desk support of the MPIP solution are estimated to cost $825,000. This amount is calculated based on the MPIP three-year cost model for states and assumes that Montana will have over 750 participating providers. Payments are estimated to begin July 1, 2011. Total payments are estimated to be $300,000 for FY2012, $300,000 for FY2013 and $225,000 for FY2014.

Additional costs for communications, conferences and travel to meet with providers, for national HIT implementation training, and for computer equipment are estimated to be $98,800 over a three year period. Of this amount $4,800 will be expended in SFY2011, $53,000 in FY2012, $26,500 in FY2013 and $14,500 in FY2014.)

Reporting Level –

Health Resources Admin (6911-11-01-01)

Requested Expenditures –

Account	FY2012	FY2013	FY2014
62098	353,000	326,500	239,500
66251	18,500,000	16,150,000	13,225,000

Requested Funding –

Fund	FY2012	FY2013	
03580	18,853,000	16,476,500	13,464,500