

## Who's Being Stimulated?

HOW FEDERAL DOLLARS WILL BE DEPLOYED FOR HEALTHCARE

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On February 17, 2009, President Obama signed into law the American Recovery & Reinvestment Act (ARRA) designed to stimulate the lagging U.S. economy. For the healthcare sector, ARRA included a health IT component labeled the HITECH Act. The 267 pages outline a plan for spending approximately \$19.2 billion dollars to encourage healthcare organizations to adopt and effectively utilize electronic health records (EHR) and to

providers in the local region. The majority of the funds are not for the purchase of technology, but rather, for the proven utilization of technology based on reporting capabilities.

The real question: will a physician spend upwards to \$45K over the next two years in hopes that he or she will receive funding over a five-year period starting in 2011? The answer is still unknown, but every physician and every HBMA member must understand the requirements and processes to meet the

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establish health information exchange (HIE) networks at regional and local levels. The act also is designed to ensure that the systems deployed protect and safeguard critical patient data at the core of the system.

The opportunity presented by the bill is enormous, but is there any real stimulus in the stimulus plan? Before we talk about the details of the HITECH Act, readers should understand that stimulus funding does not start until 2011 and only if the healthcare organization can prove "meaningful use" and "interoperability" with other care

government's goal of allowing every patient to access his or her medical records by 2014. So what's in the stimulus bill?

### \$19 Billion—in Detail

There are two portions of the HITECH Act. One provides \$2 billion immediately to the Department of Health & Human Services (HHS) and its sub-agency, the Office of the National Coordinator for Health IT (ONCHIT), and directs the creation of standards and policy committees. The second sets aside \$17.2 billion that will (continued on page 20)

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eventually be paid to those healthcare physicians and hospitals that can demonstrate their use of electronic health records.

### **\$2 Billion to HHS/ONC**

The Secretary of HHS is directed to spend \$300 million of the \$2 billion fund to establish more health information exchange (HIE) initiatives in regions and towns across the country, as well as to help existing HIEs to progress in connecting providers. Local community HIEs are extremely important, since without a community, physicians will not qualify for any of the \$17.2B in EHR funding.

### **\$17.2 Billion in Incentive Payments to Physicians and Hospitals**

When the bill was first announced, many organizations were excited to hear that the government was going to help fund EHR adoption. At first glance, most healthcare providers believed they were going to receive funding to purchase an EHR. They were wrong. Physicians who had already adopted EHRs thought that they were going to receive funding to help reimburse them for their EHR. They, too, were wrong.

Funding is going to providers who meet "meaningful use" criteria, can report quality indicators to the government, and most importantly, can exchange patient-specific clinical data with other providers in the community. Funding will *not* go to providers who have pre-existing EHRs unless they are connecting to a community HIE. One of the government's primary goals is to eliminate the silos of patient information within an individual provider organization.

"Meaningful use" has not yet been defined by the government. The Office of the National Coordinator for Health Information Technology (ONCHIT) office is supposed to publish the requirements by Dec 31, 2009. Same for the Quality reporting. This is our prediction of what both terms might mean.

#### **Meaningful use criteria:**

- Include a clinical data repository and Computerized Provider Order Entry (CPOE) supported by clinical decision support.
- Use ePrescribing technology to electronically transmit prescriptions to pharmacies.

- Exchange health information electronically with external entities.
- Use E-submission of claims complying with HIPAA Claims Attachment regulations
- Use quality reporting metrics.

#### **Quality Reporting includes:**

- Baseline reporting of percentage of medical orders entered electronically into the EHR by physicians
- Baseline electronic reporting of Joint Commission core measures
- Baseline reporting of the Agency for Healthcare Research and Quality (AHRQ) quality outcomes
- Baseline reporting of National Priorities Partnership goals, convened by National Quality Forum
- Baseline reporting of all adverse (drug) events
- Baseline reporting of percentage of prescriptions sent to the pharmacy electronically upon a patient's visit

The vast majority of the funds within the HITECH Act are assigned to payments that will reward physicians for effectively using a robust, connected EHR system to exchange patient data. In order to qualify for the incentive payments, both physicians and hospitals have to prove three things:

1. Use of a certified EHR product with ePrescribing capability that meets current HHS standards
2. Connectivity to other providers to improve access to the full view of a patient's health history
3. Ability to report on their use of the technology to HHS

Additionally, because the government wants to spur quick movement in this area, all of the incentives include payments for up to five years but provide the largest payments early in the program. Those who don't adopt EHR will eventually be penalized through lower payments. The incentive payments begin in 2011 to ensure that providers have time to adopt and learn to use the EHR; penalties begin in 2015. *(continued on page 21)*

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### Specifics of the Physician Opportunity

There are two incentive programs: one for those physicians who see large volumes of Medicaid patients and one for those who accept Medicare. Physicians will choose program participation.

- **Medicaid:** Physicians who see more than 30% of patients paying with Medicaid (20% for pediatricians) are eligible for payments of up to \$64,000 over five years.
- **Medicare:** Physicians who do not have a large Medicaid volume but do accept Medicare can receive up to \$44,000 over the five years.

**Fee Reductions:** Providers who do not demonstrate meaningful use in 2014 will see, in their 2015 fee schedules from Medicare, a decrease of 1%. An additional decrease will be affected in 2016 and 2017 down to a total of 97% of the regular fee schedule. Fee schedules can be further reduced

to 95% if the Secretary determines that total adoption is below 75% in 2018.

### Action for HBMA Members

All HBMA members should become educated on the ARRA Bill and the HITECH Act. As the provider's trusted advisor, HBMA members should provide knowledge to their clients and should help to eliminate the confusion in the marketplace. To qualify, HBMA physician clients must implement certified EHRs, must meet the "meaningful use" criteria, and physicians must be connected via a local HIE. To enhance community exchanges, HBMA members should consider developing their own HIE or joining one of the local pre-establish HIEs. ▲

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