



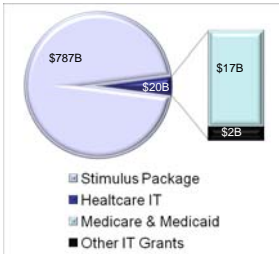
Health IT Stimulus Funding through the American Recovery & Reinvestment Act (ARRA) of 2009

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American Recovery & Reinvestment Act (ARRA) of 2009

- February 17, 2009 - Signed in to law by President Obama
- \$787 billion in new spending and tax cuts
- Over \$20 billion to aid in the development of a robust IT infrastructure
- Combination of Incentives & Penalties (Carrot & Stick) approach



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Government/Agency Leadership Infrastructure

Office of the National Coordinator (ONC/ONCHIT)

- Establishes the Office to be headed by the National Coordinator appointed by the Secretary of Health and Human Services (HHS)
- Primary purpose is to develop a nationwide health information technology infrastructure that allows for the electronic use and exchange of information


HIT Policy Committee

- Make recommendations on national HIT infrastructure and the implementation of the Office of the National Coordinator (ONC) Strategic Plan
- Prioritize focus for interoperability and certification
- Tasked with defining "Meaningful use of EHR"

HIT Standards Committee

- Recommend standards, implementation specs, and certification criteria in accordance with the policies developed by the HIT Policy Committee


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Medicare & Medicaid Incentives Executive Summary


- The ARRA provides substantial stimulus expenditures in the health care industry — **over \$20 billion** — for the development and adoption of HIT.
- The largest allocation of funding — approximately \$17 billion — is for incentive payments through the Medicare and Medicaid reimbursement systems to encourage providers and hospitals to implement EHR technology systems.
- Incentive payments are triggered when a provider or hospital demonstrates it has become a "meaningful EHR user."
- Medicare Payments are paid over time, with larger payments in the early years and lower payments over time, totaling as much as \$48,400 for eligible professionals and up to \$11 million for hospitals.
- On the other hand, hospitals and eligible professionals suffer penalties through reduced Medicare reimbursement payments if they do not become meaningful users of EHR by 2015.

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Medicare Incentives for Physicians

Year	2011 Adopt	2012 Adopt	2013 Adopt	2014 Adopt	2015 Adopt	2016 Adopt	2017
Fee Schedule Penalties	No Reduction	No Reduction	No Reduction	No Reduction	99% (1% Reduction)	98% (2% Reduction)	97% (3% Reduction)
2011	\$18K						
2012	\$12K	\$18K					
2013	\$8K	\$12K	\$15K				
2014	\$4K	\$8K	\$12K	\$12K			
2015	\$2K	\$4K	\$8K	\$8K	\$0		
2016	\$0	\$2K	\$4K	\$4K	\$0	\$0	
2017	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$44K	\$44K	\$39K	\$24K	\$0	\$0	\$0
Health Shortage Area	\$48,400 (additional 10%)	\$48,400 (additional 10%)	\$42,900 (additional 10%)	\$26,400 (additional 10%)	\$0	\$0	\$0



Medicare Incentives for Hospitals

Hospital with 16,000 discharges, 40% Medicare Inpatient Bed Days and 6% Charity Care Charges:

<p>\$2M Base Amt + Discharge Amt* x Medicare Share** Year 1 Payout Amount</p>	<p style="text-align: right;">\$2,000,000 (Base Amt) + \$2,970,200 (Discharge Amt*) = \$4,970,200</p> <p style="text-align: right;">x .4255 (Medicare Share)** = \$2,114,820 (Year 1 Payout Amt)</p>
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*Discharge Amount: For the 1150th - 23,000th discharge - \$200 per discharge (regardless of payer) *Discharge Amount: 16,000 - 1149 = 14851
14851 X 200 = \$2,970,200

**Medicare Share calculated as: **Medicare Share:

<p>Medicare Inpatient bed days + Medicare Advantage inpatient bed days</p>	<p style="text-align: right;">40,000</p>
<p>(Number of inpatient bed days * (Total charges - Charity care Charges)) / Total Charges</p>	<p style="text-align: right;">100,000 * (987,000,000 - 59,220,000) / 987,000,000 = .4255</p>

Factor for Year 1 – Year 5 Payouts:
Year 1 – 100%, Year 2 – 75%, Year 3 – 50%, Year 4 – 25%, Year 5 - 0%

Medicare Incentives for Hospitals

Year	2011 Adopt	2012 Adopt	2013 Adopt	2014 Adopt	2015 Adopt	2016 Adopt	2017	2018
Market Basket Penalties	No Reduction	No Reduction	No Reduction	No Reduction	No Reduction	% of increase reduced by 33.33%	% of increase reduced by 66.66%	% of increase reduced by 100%
2011	\$2,114K							
2012	\$1,586K	\$2,114K						
2013	\$1,057K	\$1,586K	\$2,114K					
2014	\$528K	\$1,057K	\$1,586K	\$1,586K				
2015	\$0K	\$528K	\$1,057K	\$1,057K	\$1,057K			
2016	\$0	\$0K	\$528K	\$528K	\$528K	\$0		
2017	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$5,287K	\$5,287K	\$5,287K	\$3,172K	\$1,586K	\$0	\$0	\$0

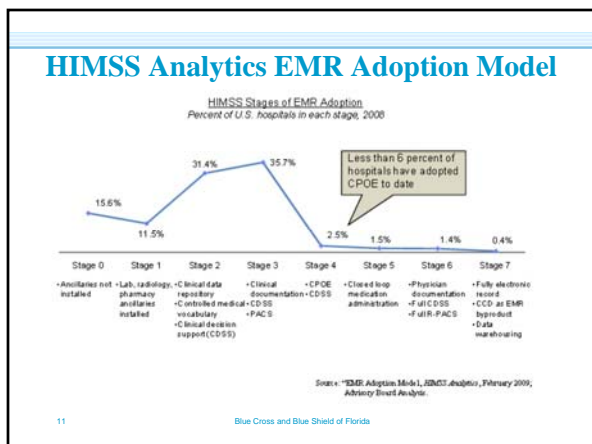
- ### Medicare Incentives - Qualifications
- Need to be using a Certified Electronic Health Record
 - Need to be a “meaningful user” of the EHR – “meaningful use defined as:
 - Using a **Certified EHR in a meaningful manner** (Use of electronic prescribing for Physicians **but not for Hospitals**)
 - Demonstrates EHR can provide **electronic exchange of health information** to improve quality and care coordination
 - Able to report on **clinical quality measures** as specified by the Secretary (Note – Secretary of HHS to provide additional information and clarification on the final definition of “meaningful use”)
 - No upfront money to fund purchase - need to have or buy a certified system and be a “meaningful user” to qualify for the incentives
 - Physicians & Hospitals do not need to “apply” for these incentives
 - – eventually will need to attest to meeting the requirements

- ### Certified EHRs
- Certified EHR technology is an EHR that is certified to meet standards adopted by the national coordinator under the AARA.
 - The EHR technology must include
 - patient demographic
 - clinical health information (e.g., medical history and problem lists)
 - have the ability to provide clinical decision support for physician order entry, to capture and query information relevant to health care quality, and
 - to exchange electronic health information with, and integrate such information from, other sources.

HIMSS Analytics EMR Adoption Model

EMR Adoption Model SM		2007 Final	2008 Final	2009 Q1
Stage 7	Medical record fully electronic; HCO able to contribute CCD as byproduct of EMR; Data warehousing in use	0.0%	0.3%	0.3%
Stage 6	Physician documentation (structured templates), full CDSS (variance & compliance), full R-PACS	0.3%	0.5%	0.8%
Stage 5	Closed loop medication administration	1.9%	2.5%	3.0%
Stage 4	CPOE, CDSS (clinical protocols)	2.2%	2.5%	2.8%
Stage 3	Clinical documentation (flow sheets), CDSS (error checking), PACS Available outside Radiology	25.1%	35.7%	37.0%
Stage 2	Clinical Data Repository, Controlled Medical Vocabulary, Clinical Decision Support, may have Document Imaging	37.2%	31.4%	32.1%
Stage 1	Ancillaries – Lab, Radiology, Pharmacy – All Installed	14.0%	11.5%	9.0%
Stage 0	All Three Ancillaries Not Installed	19.3%	15.6%	14.5%


Data from HIMSS Analytics™ Database (n = 5073/5166/5175) © 2009 HIMSS Analytics



- ### Medicaid - Qualification
- Beginning in 2011, States may make payments to Medicaid providers to encourage adoption and use of certified EHR technology
 - Physicians who provide Medicaid services, (Medicaid providers include: Physicians, dentists, certified nurse midwives, nurse practitioners, physician assistants that are practicing in rural health clinics or federally qualified health centers that are led by PA) and Children’s and acute-care hospitals
 - have at least 30 percent Medicaid patient volume.
 - Federally qualified health centers or rural health clinics with at least 30 percent Medicaid patient volume can receive up to \$63,750 in incentives.
 - will not face reductions in Medicaid payments if they do not adopt certified EHR technology.
 - No duplicative Medicare and Medicaid payments

Medicaid		Medicaid Incentives for Physicians						
Year	2011 Adopt	2012 Adopt	2013 Adopt	2014 Adopt	2015 Adopt	2016 Adopt	2017	
Fee Schedule Penalties	No Reduction	No Reduction	No Reduction	No Reduction	No Reduction	No Reduction	No Reduction	
2011	\$25K							
2012	\$10K	\$25K						
2013	\$10K	\$10K	\$25K					
2014	\$10K	\$10K	\$10K	\$25K				
2015	\$10K	\$10K	\$10K	\$10K	\$25K			
2016	\$0	\$10K	\$10K	\$10K	\$10K	\$25K		
2017	\$0	\$0	\$10K	\$10K	\$10K	\$10K	\$0	
2018	\$0	\$0	\$0	\$10K	\$10K	\$10K	\$0	
2019	\$0	\$0	\$0	\$0	\$10K	\$10K	\$0	
2020	\$0	\$0	\$0	\$0	\$0	\$10K	\$0	
2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total	\$65K	\$65K	\$65K	\$65K	\$65K	\$65K	\$0	

Medicaid		Medicaid Incentives for Hospitals						
<ul style="list-style-type: none"> Hospitals that adopt in 2017 or later are not eligible for any incentives Incentives limited to 6 years Incentives equal the product of the overall Hospital EHR Amount and the Medicaid Share for such provider ("Medicaid Incentive") In any year, the total amount shall not exceed 50% of the Medicaid Incentive and in any 2 year period, the total amount shall not exceed 90% of the Medicaid Incentive 								
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Medicaid		Questions & Discussion						
								
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