
Health Information Technology in the American Recovery and Reinvestment Act

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ARRA Funding for Health IT



- ▶ February 17, 2009 President Obama signed the American Recovery and Reinvestment Act
 - \$33 billion dedicated to Medicare and Medicaid incentives for physicians and hospitals who purchase and use Electronic Health Records (EHRs).
 - \$2 billion appropriated to the Office of the National Coordinator for Health IT

ARRA EHR Incentives



- ▶ \$33 billion dedicated to Medicare and Medicaid incentives for physicians and hospitals who purchase and use Electronic Health Records (EHRs).
- ▶ Bonus payments will only be made to “meaningful users” of qualified EHRs. To take maximum advantage of them, physicians will need to be ready by calendar year 2011 and hospitals will need to be ready by FY 2011 (beginning October 1, 2010).

“Qualified & Certified EHRs” in the ARRA

The ARRA’s definition of a “qualified electronic health record” which is “an electronic record of health-related information on an individual that-

- A. includes patient demographic and clinical health information, such as medical history and problem lists; and
- B. has the capacity—
 - i. to provide clinical decision support;
 - ii. to support physician order entry;
 - iii. to capture and query information relevant to health care quality; and
 - iv. to exchange electronic health information with, and integrate such information from other sources.”



“Qualified & Certified EHRs” in the ARRA

- ▶ The ARRA’s does not define what constitutes a “qualified” or “certified” EHR
- ▶ The Certification Commission for Healthcare Information Technology, CCHIT, is one certification body.
- ▶ CCHIT certification requirements include EHR suitability, quality, interoperability and data portability, and security.
- ▶ It is not clear if CCHIT certification will be considered “certified” or “qualified” in the ARRA



ARRA EHR Incentives

- ▶ To be eligible for incentive payments physicians must be “meaningful EHR users”
 - Criteria likely to be:
 - Demonstrate to HHS that they are using EHR in meaningful manner
 - Participate in E-prescribing
 - Technology provides electronic exchange of health information to improve quality of health care
 - Submit information to HHS for quality measures



ARRA Medicare Physician Incentives

- ▶ Incentives most likely will start in calendar year 2011
- ▶ Physicians may receive payments up to \$44,000 over five years
- ▶ Health care providers in “provider shortage areas” are eligible for 10% increase
- ▶ Incentive payments end in **2015**
- ▶ In 2015, reduction in Medicare reimbursements start if physicians do not become “meaningful users”



ARRA Medicare Physician EHR Incentives

	2011	2012	2013	2014	2015	2016	2017	TOTAL
Adopt 2011	\$18,000	\$12,000	\$8,000	\$4,000	\$2,000	\$0	\$0	\$44,000
Adopt 2012	-----	\$18,000	\$12,000	\$8,000	\$4,000	\$2,000	\$0	\$44,000
Adopt 2013	-----	-----	\$15,000	\$12,000	\$8,000	\$4,000	\$0	\$39,000
Adopt 2014	-----	-----	-----	\$12,000	\$8,000	\$4,000	\$0	\$24,000
Adopt 2015 +	-----	-----	-----	-----	\$0	\$0	\$0	\$0

- Maximum payments based on 75 % of Medicare claims (Must bill at least \$24,000 to claim maximum \$18,000 bonus, for example.)
- Hospital-based professionals are not eligible for Medicare Incentives.



ARRA Medicare Physician Penalties

- ▶ In 2015, reduction in Medicare reimbursements for physicians who are **not** meaningful EHR users

(exceptions for significant hardship cases)

First Payment Year	Reduction in Medicare Fee Schedule for non-adoption
2011	\$0
2012	\$0
2013	\$0
2014	\$0
2015	-1%
2016	-2%
2017 and thereafter	-3%...

ARRA Medicare Hospital Incentives

- ▶ Incentives start in FY **2011**
- ▶ **Hospital compensation formula** starts at \$2 million and then derives from the number of patient discharges in the hospital, Medicare Share, and a transition factor
- ▶ **FY2013**: Phase down for hospitals adopting
- ▶ **FY2015**: Adjustments made for those hospitals who are not meaningful EHR users



ARRA Medicare Hospital Penalties

Starting in FY 2015, if an eligible hospital is not a meaningful EHR user than the applicable Market Basket Adjustment percentage shall be reduced

First Payment Year	Reduction in Medicare Fee Schedule for non-adoption
FY 2011	0
FY 2012	0
FY 2013	0
FY 2014	0
FY 2015	-33.33%
FY 2016	-66.66%
2017 and thereafter	-100%

ARRA Medicare Hospital Incentives

- ▶ To be eligible for incentives hospitals must be “meaningful EHR users”
 - Criteria likely to be:
 - Demonstrate to HHS that they are using EHR in meaningful manner
 - Technology provides electronic exchange of health information to improve quality of health care
 - Submit information to HHS for quality measures



ARRA Medicaid Incentives

- ▶ Incentives most likely will start in 2011
- ▶ No Medicaid payment reductions if a provider does not adopt certified EHR technology
- ▶ Providers include:
 - Physicians
 - Dentists
 - Nurse midwives
 - Nurse practitioners
 - Physician assistants (in rural health clinics or federal centers led by PA)
 - Children's and acute-care hospitals



To be eligible for Medicaid incentives, providers are required to waive Medicare EHR incentive payments.

ARRA Medicaid Incentives

Who's Eligible?

Providers	Medicaid Patient Volume
Non-hospital based providers	≥ 30%
Non-hospital based pediatrician (eligible for 2/3 of the amount)	≥ 20%
Physician who practices in federally qualified health center or rural health clinic	≥ 30% attributable to needy individuals
Children's hospitals	No requirement needed
Acute-Care hospitals	≥ 10%

ARRA Medicaid Incentives for Non-hospital based providers

▶ Incentives for up to 85% of costs for EHR

- Caps: 1st year payment at \$25,000
- Caps: following years at \$10,000/year
 - 1st yr cost no later than 2016
 - No payments made after 2021 or more than 5 years

▶ Costs Include:

- Purchasing
- Implementation
- Upgrades
- Support & training
- Engaging in efforts to adopt, implement...
- Maintenance & use



ARRA Medicaid Incentives: Hospitals

▶ Limitations

- Adoption of EHR before 2017 to receive incentives
- Incentives limited to 6 years
- Incentives = product of overall Hospital EHR amount and Medicaid Share
- In any year: total amount not more than 50% of Medicaid Incentive
- In any two year: total amount not more than 90% of Medicaid Incentive



ARRA ONC Funding

- ▶ The Office of the National Coordinator for HIT (ONC) has \$2 billion appropriated in the ARRA for grants to states:
 - Award HIT Infrastructure Grants to States
 - Establish HIT Regional Extension Centers
 - Establish EHR loan programs within states



Award HIT Infrastructure Grants to States

▶ 9 specific qualifying activities

- **Enhance** a broad and varied participation in the authorized and secure nationwide **electronic use of and exchange of health information**
- **Promote health information** technology/identify State or local resources available toward the nationwide efforts
- **Complement other Federal grants**, programs and efforts towards the promotion of health information technology
- **Provide technical assistance** for the development and dissemination of solutions to barriers to the exchange of electronic health information
- **Encourage Physicians** to work with HIT Regional Extension centers (as described in ARRA)
- **Promote effective strategies to adopt and utilize** health IT in medically underserved communities
- **Assists patients in utilizing health IT**
- **Support public health agencies** authorized use of and access to electronic health information
- **Promote the use of electronic health records for quality** improvement including through quality measures reporting



Establish HIT Regional Extension Centers

- ▶ Regional centers are to provide technical assistance and disseminate best practices to accelerate efforts to adopt, implement, and effectively utilize HIT
 - Throughout implementation, effective use, upgrading and on-going maintenance
 - Emphasis on serving the healthcare safety-net providers first
- ▶ Must be a non-profit organization
- ▶ Unclear of what “regional” means (state, sub state, multi-state?)
- ▶ 50% match required
- ▶ Details of this program/grant solicitation has not yet been released



Establish EHR loan programs within states

- ▶ Purpose is to establish loan a loan program for providers to:
 - Purchase Health IT
 - Enhance utilization
 - Train personnel
 - Improve exchange of information
- ▶ State or state-designated entity is the 'eligible' entity
- ▶ Requires a \$1 for every \$5 match
- ▶ Details of this program/grant solicitation has not yet been released



Michigan's Recovery Act Response

- ▶ Building upon success and lessons learned from the MiHIN program
- ▶ Enabling health information to follow the patient
- ▶ Leveraging valuable private HIT investments
- ▶ Working to add value to HIT investments, past and future
- ▶ Integrating state and local public health with the MIHIN backbone
- ▶ Supporting the connectivity of current and new EHR purchasers/users



Michigan's Recovery Act Response

- ▶ March 2009 the Michigan HIT Commission voted to create a “technology backbone” that will allow for EHRs to connect statewide
 - Centralize certain elements of HIE technology and administration in order to attain the optimal economy of scale and the most efficient use of available resources

- ▶ Benefits of a Statewide MiHIN Backbone
 - Allows for earlier adopters to populate the record locator service increasing HIE value and reducing the “empty” EHR syndrome
 - Unifies privacy and consent management policies, governance and data sharing agreements
 - Allows Michigan's earlier adopters of HIE/interoperability to connect with each other and state applications (i.e., MCIR)
 - Aligns with the American Reinvestment and Recovery Act HIE infrastructure requirement for State funding
 - Enables EHR users to connect to one another and exchange information (consistent with what will likely be the definition of “meaningful use”)



Michigan's HIE Infrastructure: MiHIN Backbone

Master Patient Index

- Uniquely identifies an individual within the Michigan Health Information Network

Record Locator Service

- Locates where the disparate pieces of health information exists on an individual

Messaging Gateway (s)

- Transports the requests for and responses (messages) regarding the location of health information

Security

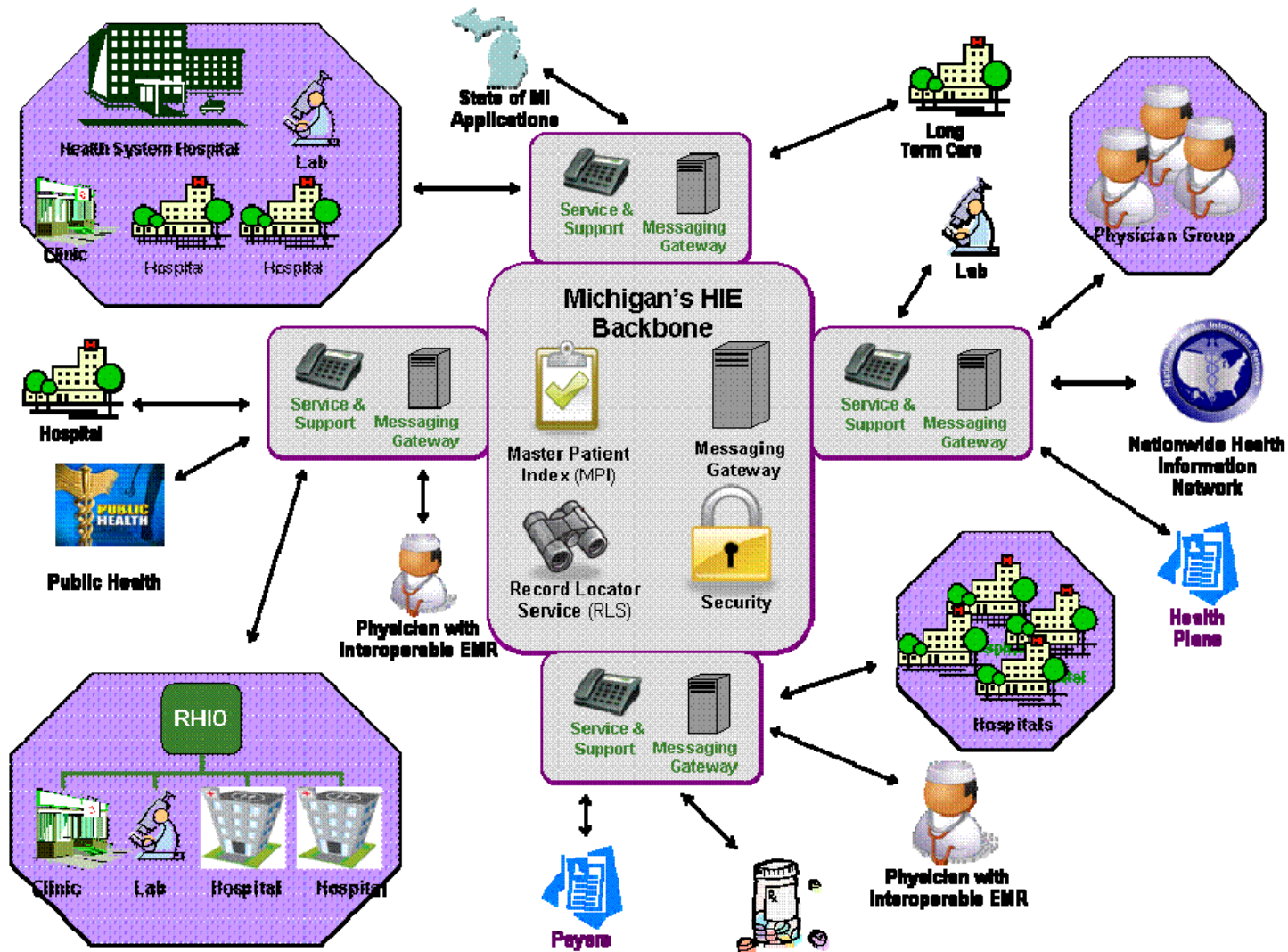
- Provides authentication, authorization, auditing and logging on all connection and disconnections to the MiHIN

Regionalized Service & Support

- Provides resources within communities to resolve and troubleshoot issues with identity management, the RLS and gateways



Michigan's HIE Infrastructure: MiHIN Backbone



MiHIN Backbone: Implications

- ▶ Communities can still choose to support a regional HIE, which can then connect to the MiHIN Backbone to ensure statewide information sharing
- ▶ Providers who do not have the option or desire to subscribe to a regional HIE can connect directly to the MiHIN Backbone
- ▶ The MiHIN Backbone provides the ability to exchange information – the technologies that support the use and viewing of information is the choice of the provider
- ▶ The MiHIN Backbone enables the connectivity that is necessary for the American Recovery and Reinvestment Act Medicare and Medicaid incentives for EHR meaningful use



Review

- ▶ ARRA has \$33 billion in Medicare and Medicaid incentives for provider and hospital Electronic Health Records (details pending)
- ▶ ARRA has \$2 billion for activities in which the State of Michigan is ready to compete for grants:



- Regional HIT Extension Centers
- EHR Loan Program
- State HIE Infrastructure
 - MiHIN Backbone