



March 9, 2009

Healthcare IT Stimulus Package Overview

I. Summary of the package

The American Recovery and Reinvestment Act of 2009 was signed into law by President Obama on February 17th 2009. Contained in this bill is a total of \$19.2 B for Healthcare Information Technology called the Health Information Technology for Economic and Clinical Health Act (HITECH Act).

The funds are targeted at a number of healthcare initiatives; \$2.1B is set aside as special funding under the control of the Office of the National Coordinator for Health IT (ONCHIT) in the form of grants to accomplish specific goals such as improvements in Rural Health Delivery quality and availability, Telemedicine quality and availability, continuing development and implementation of IT standards, development of Health Information Exchanges (HIEs).

This summary will describe the funds available for physicians through reimbursements by Medicare and Medicaid as outlined in the stimulus package.

II. Incentives for Physicians

Physician incentives are allocated in two separate payment programs one through federal Medicare and the other through state Medicaid programs. Provider may only receive payments from one program so they will need to analyze their patient mix to determine the most beneficial program for their practice.

a. Medicare Incentives

Beginning in 2011 up to \$44,000 in incentive payments will be made available to physicians that can demonstrate "meaningful use" of a "qualified EHR" will be eligible for the funds.

Additional incentives of up to \$20,000 per year are available for providers using electronic prescribing and Physicians Quality Reporting Index (PQRI). These incentives are currently available to physicians who qualify.

Although the term "meaningful use" has not yet been clearly defined, it has been suggested that providers will need to have a certified EHR implemented and utilized for enough time prior to the start of the incentives so they can demonstrate real or "meaningful" use within the practice. This also will include the use of electronic prescribing.

The following is an outline of how the funding will be available over a five year period beginning in 2011.

Funds Available by Year	EMR Adoption 2011	EMR Adoption 2012	EMR Adoption 2013	EMR Adoption 2014	EMR Adoption 2015
2011	\$18,000	--	--	--	--
2012	\$12,000	\$18,000	--	--	--
2013	\$ 8,000	\$12,000	\$15,000	--	--
2014	\$ 4,000	\$ 8,000	\$12,000	\$12,000	--
2015	\$ 2,000	\$ 4,000	\$ 8,000	\$ 8,000	\$ 0
2016	\$ 0	\$ 2,000	\$ 4,000	\$ 4,000	\$ 0
2017	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$44,000	\$44,000	\$39,000	\$24,000	\$ 0

Penalties for providers not demonstrating meaningful use of EHR technology will begin after 2015.

There is an additional stipulation for providers operating in “provider shortage area”; those providers will be eligible for an increase of 10% in their bonus payments.

A “qualified EHR” is one that meets the certification standards that have not been fully defined. However all of the preliminary information indicates that the focus will be on starting from the current Certification Commission for Healthcare Information Technology (CCHIT) standards. Because the final certification standards will not be available until the end of 2009 and final certifications will most likely not be complete until mid-2010, Health and Human Services (HHS) is encouraging physicians not to wait but to begin the selection process now and work with their vendors to ensure the vendor is on track for certification.

b. Medicaid Incentives

States have the option to make payments to Medicaid providers to encourage the adoption and use of EHR technology. Payments may not be received for both Medicare and Medicaid. Providers can include physicians, dentists, nurse practitioners, certified nurse midwives and physician’s assistants that are practicing in rural health centers or federally qualified health centers that are led by a Physician’s Assistant.

Eligibility for Medicaid reimbursements

- Non-hospital based pediatricians will need a minimum of 20% of their patient volume from individuals receiving medical assistance
- Other non-hospital based providers will need a minimum of 30% of patient volume to come from individuals receiving medical assistance.
- Non-hospital based providers that practice predominately in a federally qualified or rural health clinic will need at least 30% of patient volume “needy

individuals” (includes SCHIP assistance, uncompensated care and patients charged on a sliding scale based on ability to pay).

The start of Medicaid payments is not yet defined however it is believed the start date will be in 2011. Requirements will be similar to the Medicare incentives; providers will need to use a qualified EHR application and demonstrate meaningful use.

Payments of up to 85% of certain costs for certified EHR technology will be made available subject to caps. Caps will be set at \$25,000 for the first year and include such costs as:

- Costs for purchase, implementation, training, support or upgrade of certified EHR applications
- Engaging in efforts to adopt, implement or upgrade a certified EHR
- Payments for subsequent years will be capped at \$10,000 each year for costs relating to the operation, maintenance and use of the certified EHR application
- Maximum incentive will be \$65,000 and will only be available for five years.

III. Conclusion

This funding represents the single biggest commitment the US government has made to the implementation and use of EHR technology and Healthcare IT. Although some of the standards are yet to be defined the stimulus funding is real and signed into law. In order to take advantage of the maximum stimulus funding providers will need to demonstrate complete use by 2011. Additionally there are electronic prescribing and PQRI incentives available today.

Because the process for evaluation and implementation of EHR technology takes time it is imperative providers begin now so they can take advantage of the maximum financial benefit and are prepared for the subsequent penalties. Included below are links to some articles that contain more specific information.

Nightingale will be providing a series of Webinars on the Health Information Technology for Economic and Clinical Health Act (HITECH Act). The dates are not finalized but will be on our Website <http://www.nightingale.md/us/news-events/ehr-stimulus-program/learn-about-the-legislation>. If you have questions regarding this information please contact Shelley Grace at sgrace@nightingale.md or (952) 358-1447.