



What the Economic Stimulus Package Means for Hospitals & Physicians

Optimizing the Opportunity

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HEALTH IT STIMULUS FUNDS OVERVIEW

- Over \$30B (and up to \$45B) of direct adoption incentives for “meaningful use” of certified EHRs. Specifically, \$20B in Medicare incentives and \$14B in Medicaid incentives
- \$2B for ONC, NIST, and HIE Infrastructure
- \$2.5B for distance learning, telemedicine, and broadband program account loan guarantees and grants
- \$1.5B to HRSA for grants for construction, renovation, and equipment for health centers
- \$1.1B to AHRQ for clinical research funding
- \$500M to Social Security Administration
- \$85M Indian Health Services

Conservative CBO estimates show that ARRA funding will save over \$15B in government spending throughout the health sector through improved quality and care coordination, reductions in medical errors, and duplicative care.

KEY ARRA MILESTONES

- Sec. 3003: HIT Policy Committee Announced ~ 04/03/09
- Sec. 3003: HIT Standards Committee Announced ~ 05/08/09
- Sec. 3004: Adopt an initial set of Standards, Implementation Specifications, and Certification Criteria ~ 12/31/09
 - *Final Rule expected in Spring 2010*
- Sec. 4101: Medicare Incentives for Eligible Professionals
 - *Meaningful use year ~ 01/01/2011*
 - *Pay out year ~ 01/01/2012*
- Sec. 4201: Medicaid Incentives for Eligible Professionals
 - *Meaningful use year ~ As early as 01/01/2010*
 - *Pay out year ~ As early as 2010 but bulk in 2011 (decided by state)*
- Section 4102/ 4201: Incentives for Hospitals
 - *Meaningful use year ~ As early as 10/01/2010 (FY11)*
 - *Pay out year ~ CY 2011*

MEDICARE INCENTIVES FOR HOSPITALS

- Requirements for incentives begin in FY11 (10/1/2010)
- For maximum bonus, must be a “meaningful” user of a certified EHR in FY11, FY12 or FY13
- Bonus amounts decrease beginning in FY14 with further reductions in FY15
- If not a “meaningful” user by FY15, there are penalties
 - Reduction in market basket increase
- Average Hospital Incentive in \$4M - \$6M range
- Maximum Hospital Incentive in the \$11,000,000.00 Range

MEDICARE HOSPITAL INCENTIVES

- “Meaningful” use
 - Use of a *certified* EHR technology in a “meaningful” manner
 - Demonstrates EHR is connected to provide electronic exchange of health information to improve quality and care coordination
 - Able to report clinical quality measures as specified by HHS Secretary
 - HHS Secretary to decide on further definitions which may change over time

- Year 1 Incentive Calculation

$$\begin{aligned} & \$2M \text{ Base} \\ & + \text{ Discharge Amount}^* \\ & \quad \times \text{ Medicare Share}^{**} \\ & \quad \times \text{ Transition Factor}^{***} \\ \hline & \text{Year} \times \text{Payout Amount} \end{aligned}$$

*Discharge Amounts calculated as discharge amount = For the 1150th – 23,000th discharge - \$200 per discharge – regardless of payer

**Medicare Share calculated as Medicare Inpatient bed days + Medicare Advantage inpatient bed days (Number of inpatient bed days * (Total charges – charges for charity care) / Total Charges

*** Transition Factor – see next slide

MEDICARE HOSPITAL PAYOUT EXAMPLE

Hospital with 10,000 discharges, 25% Medicare share, 25% charity care

<i>Base Amount:</i>	\$2,000,000
<i>Discharge Amount</i>	+ \$1,770,200
	\$3,770,200
<i>Factor (Medicare & Charity)</i>	x <u>.3333</u>
<i>Year 1 Payout Amt</i>	\$1,256,730

Performance Yr -> Starting Yr	FY11	FY12	FY13	FY14	FY15	FY16	Total
FY11	\$1,256K	\$942K	\$628K	\$314K	0	0	\$3,141K
FY12		\$1,256K	\$942K	\$628K	\$314K	0	\$3,141K
FY13			\$1,256K	\$942K	\$628K	\$314K	\$3,141K
FY14				\$942K	\$628K	\$314K	\$1,885K
FY15					\$628K	\$314K	\$942K
FY16						\$0	\$0

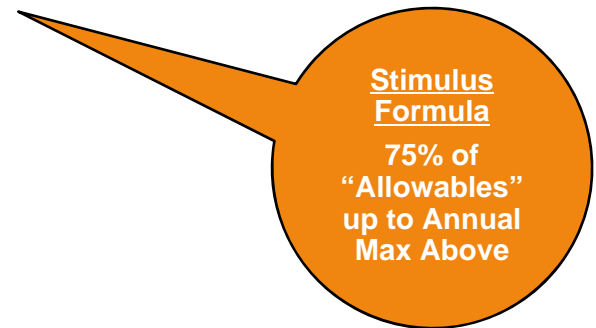
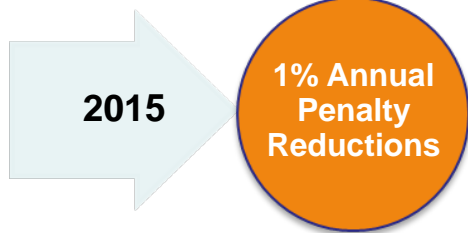
MEDICARE ELIGIBLE PROFESSIONAL INCENTIVES

For Meaningful Use of a Certified EHR



**Up to
\$44k
per provider**

**Medicare Penalties
for No EHR**



MEDICARE ELIGIBLE PROFESSIONAL DEFINED

Section 1861(r) Physician Definition

- ✓ Doctor of Medicine or Osteopathy
- ✓ Doctor of Dental Surgery or Dental Medicine
- ✓ Doctor of Podiatric Medicine
- ✓ Doctor of Optometry
- ✓ Chiropractor * (Spine Subluxation)



Up to
\$44k
per provider

MEDICAID ELIGIBLE PROFESSIONAL INCENTIVES

For *Meaningful Use* of a *Certified EHR*



**The Stimulus Package states Medicaid incentives could start as early as 2010*

**Medicaid Incentives up to \$63,750 for Uninsured, Rural, FQHC and Low-Income Providers/Eligible Professionals with a 30% Medicaid "population" or Pediatricians with at least a 20% Medicaid "population". Pediatricians below 30% may be reimbursed at 2/3's (\$42,075) of the total allowable incentive.*

Medicaid Penalties
for No EHR



Up to
\$63,750*
per provider

MEDICAID ELIGIBLE PROFESSIONAL DEFINED

The term “eligible professional” means a

- ✓ Physician
- ✓ Dentist
- ✓ Certified Nurse Mid-wife
- ✓ Nurse Practitioner
- ✓ Physician Assistant * (Rural Health Clinic/ FQHC)



Up to
\$63,750*
per provider

**Medicaid Incentives up to \$63,750 for Uninsured, Rural, FQHC and Low-Income Providers/Eligible Professionals with a 30% Medicaid “population” or Pediatricians with at least a 20% Medicaid “population” . Pediatricians below 30% may be reimbursed at 2/3’s (\$42,075) of the total allowable incentive.*

INTERESTING FACTOIDS

- **NO INCENTIVE PAYMENT IF FIRST ADOPTING AFTER 2015** — If the first payment year for a hospital is after 2015 then the transition factor in this year and any subsequent year shall be \$0.
- **POSTING ON WEBSITE** — The secretary shall post on the Internet website of CMS a list of the names, business addresses, and business phone numbers of the eligible professionals and hospitals who are meaningful EHR users.
- **INCREASE FOR CERTAIN ELIGIBLE PROFESSIONALS** — In the case of an eligible professional who predominantly furnishes services under this part in an area that is designated by the secretary as a health professional shortage area, the amount shall be increased by 10 percent.

SEIZE THE OPPORTUNITY TODAY

- Begin fostering the EHR discussion with your hospital, facility or practices
 - *Involve all staff*
 - *Leadership is critical to success*
- Understand your goals for EHR adoption
 - *Financial, quality, patient satisfaction, clinical research, community leadership, all of the above, etc...*
- Begin EHR product review process today
 - *“Meaningful Use” begins as early as Oct. 2010 for hospitals and Jan. 2011 for eligible professionals (2010 for Medicaid EPs)*
 - *It takes time to properly deploy and implement an EHR, so experts suggest you “get your place in line now.”*

PARTNER WITH A CERTIFIED EHR COMPANY

- Companies that offer CCHIT Certified[®] EHR products are committed to success just like you!
- Good EHR research resources
 - CCHIT 08 (www.cchit.org)
 - MGMA Practice Solutions (www.mgma.com)
 - KLAS (www.klasresearch.com)
 - EHR Association (www.himssehra.org)
 - EHR Decisions (www.ehrdecisions.com)

WHAT TO LOOK FOR IN AN EHR

- Reference sites in your facility/ specialty size
- Product work flow is consistent with your facility requirements
- Can be “Meaningfully Used” at the point-of-care
- Product Certification
 - Many see new certification process building from current CCHIT® framework and efforts
 - 08 CCHIT Certification + Meaningful Use criteria seems a likely level to begin from due to its interoperability criteria

WHAT TO LOOK FOR IN AN EHR

- Must be “Meaningfully Used” to qualify
 - (i) MEANINGFUL USE OF CERTIFIED EHR TECHNOLOGY — Must demonstrate:
 - Use of CPOE (10% of “applicable” orders/ prescriptions)
 - Information exchange
 - Reporting on clinical quality measures using EHR
 - NCVHS Meaningful Use Hearings on 4/28 and 4/29
 - 10 Panels covering a multitude of perspectives
 - J. Barnes testified on EHR certification, standards, interoperability, implementation and quality measures
 - Meaningful Use “Draft” Criteria published on 7/16/09

CURRENT SUCCESSES

- Companies that offer current (or 08) CCHIT Certified® EHR products have been focused on meaningful point-of-care use for many years
- Davies Award Recipients
 - www.himss.org/davies
- ROI/ Case Studies
 - <http://www.mgma.com/pm/>
 - www.himssehra.org/casestudies
 - <http://cchit.org/about/casestudies/index.asp>

TELEMEDICINE AND HOME HEALTH

There are two primary federal programs providing infrastructure grants for telemedicine:

- Department of Health and Human Services Office for the Advancement of Telehealth
- Department of Agriculture Distance Learning, Telemedicine, and Broadband Program

WHY WERE INCENTIVES CREATED?

- 10,000+ medical facilities with point-of-care EHR use experiencing ~
 - Reduced medical errors and unnecessary tests
 - Improved preventative care
 - Faster delivery of medications
 - Improved coding and better claims management
 - Increased revenue and decreased expenses
 - Increased patient satisfaction
 - Improved clinical trials and research
 - And many other improvements due to certified EHRs.

CAPITOL HILL ENGAGEMENT

- Why it is important and attainable to be “active”
 - Your Congressman & Senator’s want to hear from you
 - Educate them on the daily life of a hospital, care provider & community cornerstone facility
 - Offer to host a site visit on one of their “district days”
 - They should be able to assist with HHS relationships
 - They may even ask you to be on a Panel or in a Hearing
 - Go beyond your Association’s government affairs strategy
 - There are roughly 18 physicians in Congress today
 - There are over 300 attorney’s...
 - Not sure how many CIOs or Hospital Executives...

ADDITIONAL RESOURCES



- Economic Stimulus Educational Web Pages
 - www.aha.org
 - www.himss.org/economicstimulus
- Government & HHS Stimulus Sites
 - www.recovery.gov
 - <http://www.hhs.gov/recovery/>
- Link to Final Congressional Language
 - <http://fdsys.gpo.gov/fdsys/pkg/BILLS-111hr1ENR/pdf/BILLS-111hr1ENR.pdf>
- 20 • “Google” your Congressional Representatives and Reach Out



For More Information

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