



## **Top of Mind Issues for ARRA HITECH Regional Extension Centers**

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Earlier this year, the Office of the National Coordinator for Health Information Technology (ONC) announced two grants that have turned the HIT Market on end. One was for state Health Information Exchange projects and the other was a Health Information Technology Extension Program. This second opportunity is the one that has created frenzy in the vendor world because these entities will be choosing a small number of select vendors to serve their patients.

The HITECH Extension Program consists of Regional Extension Centers (RECs) and a national Health Information Technology Research Center (HITRC) that will offer technical assistance, guidance, and information on best practices to support and accelerate health care providers' efforts to become meaningful users of Electronic Health Records (EHRs). The extension program will establish an estimated 70 (or more) regional centers, each serving a defined geographic area. The 70 regional centers will support at least 100,000 primary care providers, through participating non-profit organizations, in achieving meaningful use of EHRs and enabling nationwide health information exchange.

The Extension Program will also establish a HITRC, funded separately, to gather relevant information on effective practices and help the regional centers collaborate with one another and with relevant stakeholders to identify and share best practices in EHR adoption, effective use, and provider support.

### **REC Issues and Concerns**

In late November, the ONC announced changes in the funding cycles for RECs (see Regional Extension Centers Facts-at-a-Glance attachment). Instead of three cycles, there will now only be two, both being funded in the first quarter of 2010. The FAQs that follow deal with REC questions addressed to the ONC concerning these changes.

***E1. The announcement mentions making one award in each of the HHS/CMS regions in the first cycle. Does this mean that each of the first cycle awards will be for an entire HHS/CMS region?***

No. It is anticipated that each Regional Center's service area will be significantly smaller than an HHS/CMS region. The goal is that at least one award will be made within each HHS/CMS region, but it is anticipated that the estimated 70 total awards made over the course of 2010 will be reasonably distributed across the ten regions, with multiple centers established within each region. To assure equitable distribution in the event the goal of making at least one award within each region is not achieved in the first cycle, the opportunity announcement provides for



preference in the second cycle for applications from any regions in which no awards were made in the first cycle.

***E2. How can a health care provider find the Regional Center serving the area in which she or he practices?***

The names, contact information, and service areas for organizations receiving support to furnish Regional Center services under this program will be published in the Extension Program section of ONC's website.

***E3. What specifically has changed in the FOA?***

The timeline for Cycle 2 has been expedited, Cycle 3 has been eliminated, and the overall REC awards pool has increased from \$598 million to approximately \$640 million.

***E4. Why did the timeline change?***

The Cycle 1 applications highlighted the tremendous need to roll out the Regional Extension Centers in an efficient expedited manner. Regional Extension Centers will be better positioned to begin organizing their programs and reaching out to providers upon receiving expedited grant funds.

***E5. What happened to the third cycle?***

Cycle 3 has been removed due to the aforementioned need, the quality of applications, and because the initial cycle resulted in significant coverage of service areas.

***E6. Since the third cycle is gone, will I be able to appeal, improve, or adjust my cycle 2 application?***

There will be no adjustments, appeals, or feedback given on the Cycle 2 full applications.

***E7. How do I know who was funded in Cycle 1?***

Cycle 1 awardees will be announced before the Cycle 2 full applications are due. We anticipate the Notice of Grant Awards will be issued around January 21, 2010 and the service areas will be posted on our website shortly thereafter. Full applications for Cycle 2 will be due on January 29, 2010.

***E8. If I applied to Cycle 1, should I resubmit the applications for Cycle 2?***

Cycle 1 applicants should submit preliminary applications for Cycle 2. ONC will try to contact Cycle 1 applicants with feedback from the Cycle 1 Objective Review Panel prior to 12/22. However, applicants are encouraged to submit preliminary applications in accordance with the Cycle 2 deadlines.

***E9. How many grants will be awarded in Cycle 1? What does this amount to, in total?***

There will be approximately 30-45 applications that will be funded in Cycle 1, which we expect to be announced around January 21, 2010. The cumulative total worth of these applications is unknown until the cooperative agreements are in place.



***E10. When will Cycle 1 awards be issued?***

Cycle 1 awards will be issued before Cycle 2 full applications are due. Full applications for Cycle 2 will be due on January 29, 2010.

***E11. What if I submit a preliminary application to a service area which will be awarded under Cycle 1?***

Only one award will be issued per service area. If a Cycle 2 applicant finds out that part of their proposed service area is already covered by a successful Cycle 1 application, they may adjust their proposal so it focuses only on areas that are not covered. We anticipate the Notice of Grant Awards will be issued around January 21, 2010 and the service areas will be posted on our website shortly thereafter. Full applications for Cycle 2 will be due on January 29, 2010.

***E12. How will I know if my service area is overlapping to an awarded Cycle 1 grant?***

Once Cycle 1 awards have been announced, ONC will send letters to applicants with service areas covered in Cycle 1 in order to comply with the terms of the FOA.

***E13. Why did the budget increase?***

ONC identified a need to provide additional funds to support core services in years 3 and 4.

***E14. Will this have an effect on the size of awards?***

No. Determination of award size will remain the same with the anticipated minimum, maximum, and average funding values listed in the FOA applying to the first two-year budget period. The estimated range of award values for the initial two-year budget period is approximately \$1 million to \$30 million per Regional Center, with an estimated average of around \$8.5 million.

***E15. Can you please provide general feedback and lessons learned from Cycle 1?***

There is a correlation between strong applications and a high number of primary care providers affected. Further, obtaining and submitting evidence of commitment from providers is more significant than communicating lukewarm commitment from large entities. There was also a positive correlation between strong applications and detailed plans of how the work was going to be accomplished, as well as matching appropriate staff expertise and experience to the work plan.

***E16. What's the difference between "awardee selection" and "award issued"?***

ONC initially hoped to be able to identify programs that were selected for funding prior to issuance of grant awards. The Office of the General Counsel has determined, however, that this is not possible due to ARRA regulations. Awards issued means that practices will receive an executed Notice of Grant Award and can begin work immediately.

***E17. If I already submitted a preliminary application can I resubmit the same application?***

Cycle 1 applicants who wish to submit a preliminary application for Cycle 2 may resubmit content from their Cycle 1 preliminary application. Applicants should modify their preliminary applications to correspond with the FOA guidelines when necessary.

## Top of Mind Issues for Vendors and RECs

With all of these issues and concerns surrounding the REC program, here are a few of the primary issues vendors should recognize in approaching and dealing with RECs.

- **HITECH Legislation and REC Accountability-** The bizarre market dynamics that will be necessary to make this HITECH legislation and resulting projects are going to be carried out by Regional Extension Centers that may or may not have adequate knowledge or project capabilities to carry out their goals. Where and how will they get this knowledge? How will they put together successful projects and obtain sustainability in a year?
- **Unclear or Unidentified Goals** – HITECH legislation calls for the HIT industry to work toward a goal at the same time it is defining that goal – meaningful use. As most experienced project managers know, it is critical to have a vision of the end point when designing a strategy. Until meaningful use is defined, the RECs truly do not know what their end goal or strategy will be.
- **Funding** – The funding for RECs will vary but most will get less than \$10M (average \$8.5M). The RECs all say this is not enough to do what they have to do. There is no up-front money to purchase EHRs for providers. These providers are cash-strapped and the only opportunity they have to access money to pay for the systems is through the Medicaid and Medicare Incentive Program that may take months to access. Due to the cost of the systems, this amount of money will leave little for the critical consulting help needed for selection, workflow assessment, and implementation. The RECs are tasked with providing these types of services but are looking for sources of funding to do this. Under the REC grant, the Extension Centers can charge providers whatever they want for their services. Provider Medicaid/Medicare incentives may or may not be available at the same time the providers need the services.
- **Successful Solution?** – There is no guarantee that the REC solution will be successful. These organizations are tasked with creating a more cost-effective solution than is offered in the current market. While these non-profits only have to come up with a 10% match initially and can pump profits back into their business, that number quickly turns to a 90% match. These are tough requirements for non-profits who are given such monumental tasks to accomplish on such a short time frame.



What is Your Experience?®

- **Mandate** – The mandate for these organizations is difficult to achieve at best. The RECs are supposed to help approximately 1,000 primary care providers become meaningful users of EHR technology within the first 24 months of receiving their first grant money. Running the numbers shows that each center would have to make a meaningful user out of more than 40 practices a month, many of which are not even using an EHR today. With the scope of this mandate including system evaluation, selection and on-the-ground technical assistance, it is unclear how their success will be possible.
- **No Vendor Bias** – The RECs are not supposed to show any bias toward any particular vendor, which means they have to know the pros and cons of each certified ambulatory EHR on the market, a list that will run into the dozens. Most vendors at this point have identified the applicants and potential applicants for REC funding and are attempting to “work closely” with the RECS to make sure they understand the “benefits” of their particular offering. These same vendors will be watching like hawks to make sure there is no vendor bias at each Center.
- **HIT Workforce** – Dr. David Blumenthal at the ONC and others have pointed out that we need an estimated 50,000 HIT workers right now. How will these 70 centers be staffed? Even if all currently employed HIT consultants were transferred from their employers and distributed appropriately to the new RECs, it is doubtful this would be enough manpower to fuel these neophyte organizations. This means a real fight for healthcare IT talent, which will undoubtedly get heated with hospitals, large practices, vendors and consultancies losing talent to the new RECs. RECs will probably be paying significant wage increases to these staff members in order to get the cream of the crop.
- **Shovel-Ready** – in all reality, most REC applicants are far from being shovel ready which means they will need to hit the ground running once funded to meet their deadlines for providers achieving meaningful use.
- **Vendors** – vendors are probably going to play a very important role in the success or failure of the RECs because they are the most current and expert source of the information and skill sets these RECs need to ensure their success. You can look for many deals being made with vendors who are chosen as the select few recommended by these RECs.