

HITECH Implications for Hospitals and Physicians

Presentation Prepared by
Wakerly Partners, Inc.
October, 2010



Objectives

After this session you will be able to:

- Build relationships with customers today, through knowledge and understanding to help with tomorrow's IT decisions.
- Speak intelligently about the basic provisions and IT implications of the ARRA/HITECH Act.

Topics

- Why is there an American Recovery and Reinvestment Act (ARRA)?
- What are the HITECH provisions?
- Health Information Exchange (HIE) Opportunities
- Where can I or my customers get more info?



Why ARRA for Healthcare?

1 After the economy, healthcare still a top political issue

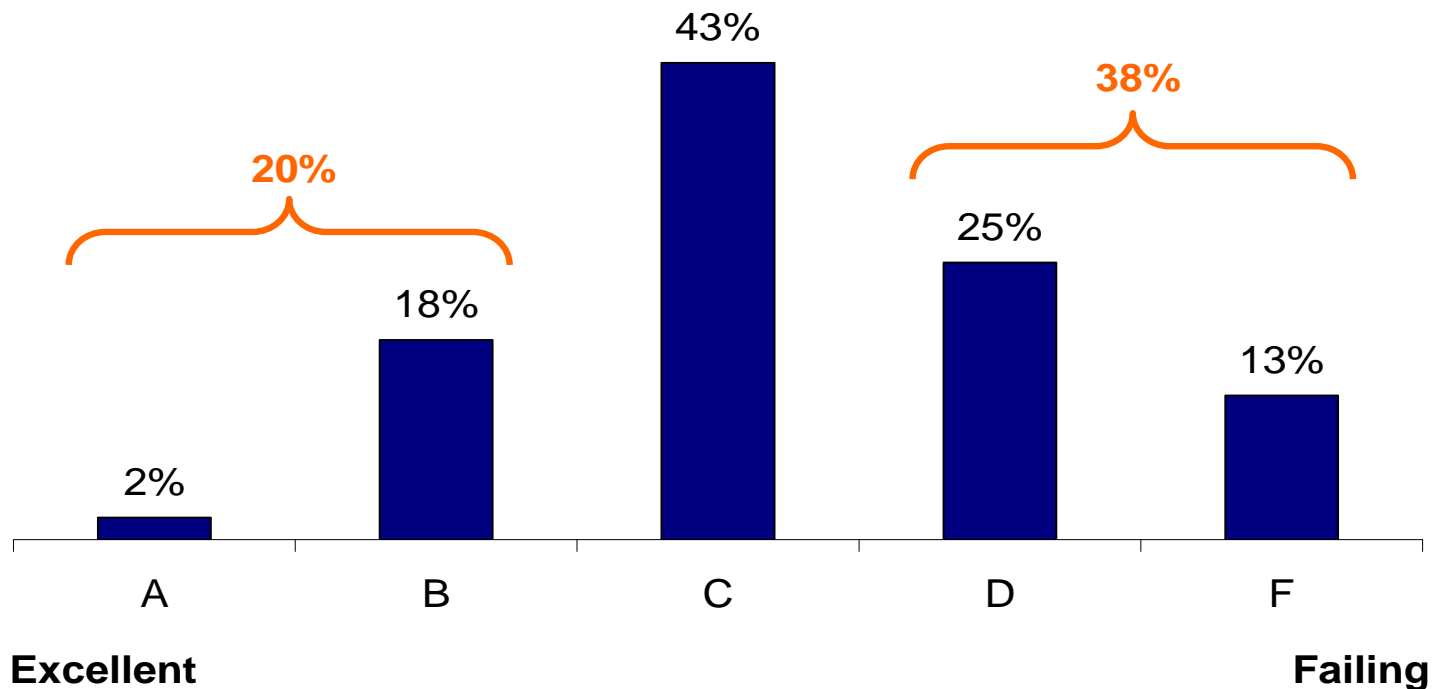
2 Opportunity to push for sweeping healthcare reform

3 Use of IT as key enabler

The Public Grades Healthcare Low...

Only 1 in 5 consumers give the U.S. health care system an above-average report card grade; those grading the system “F” outnumber those giving it an “A” by 6 to 1.

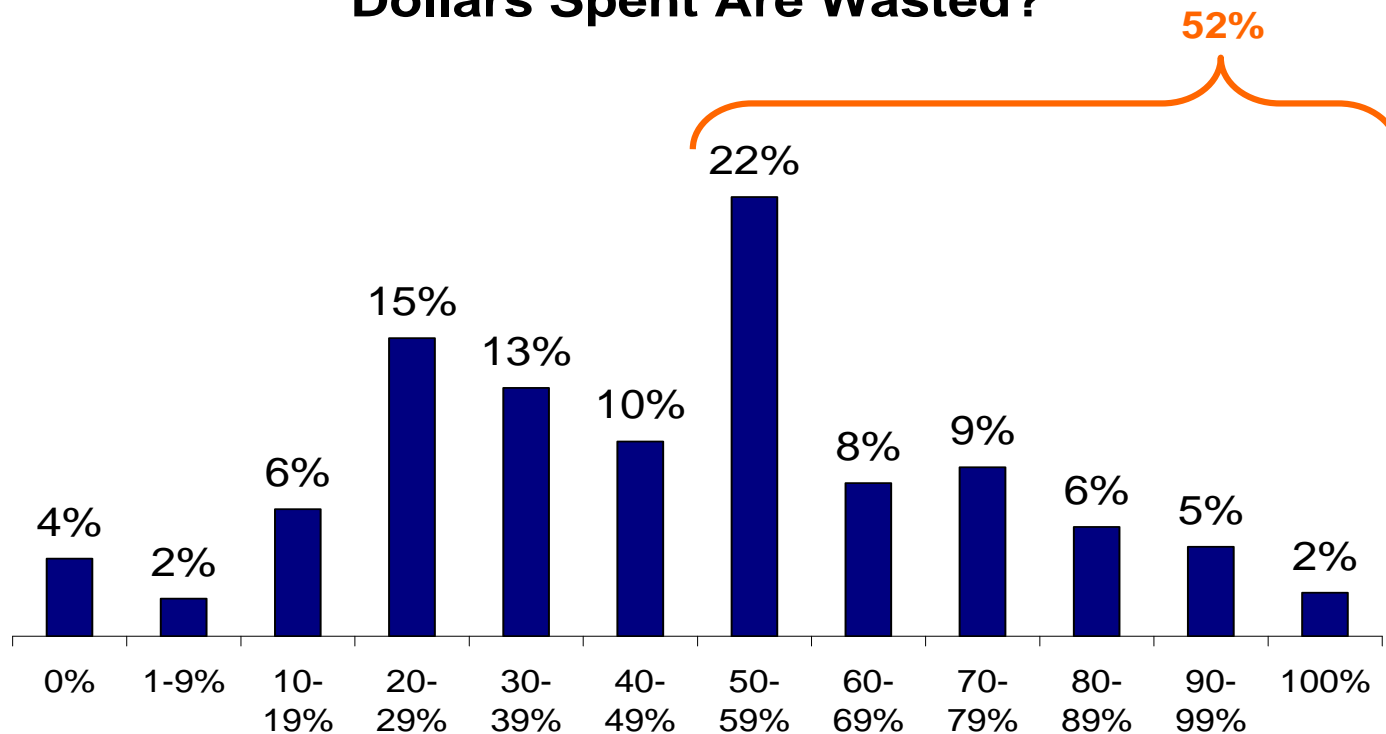
How Would You Grade the Overall Performance of the U.S. Health Care System?



...And Believes It Wastes Money

52% of Americans feel that at least half of health costs are wasted.

What Percentage of All U.S. Health Care Dollars Spent Are Wasted?



Source: 2009 Survey of US Health Consumers

President Obama's Appeal

"If we do not fix our health care system, America may go the way of GM; paying more, getting less, and going broke...As we seek to contain the cost of health care, we must also ensure that every American can get coverage they can afford."

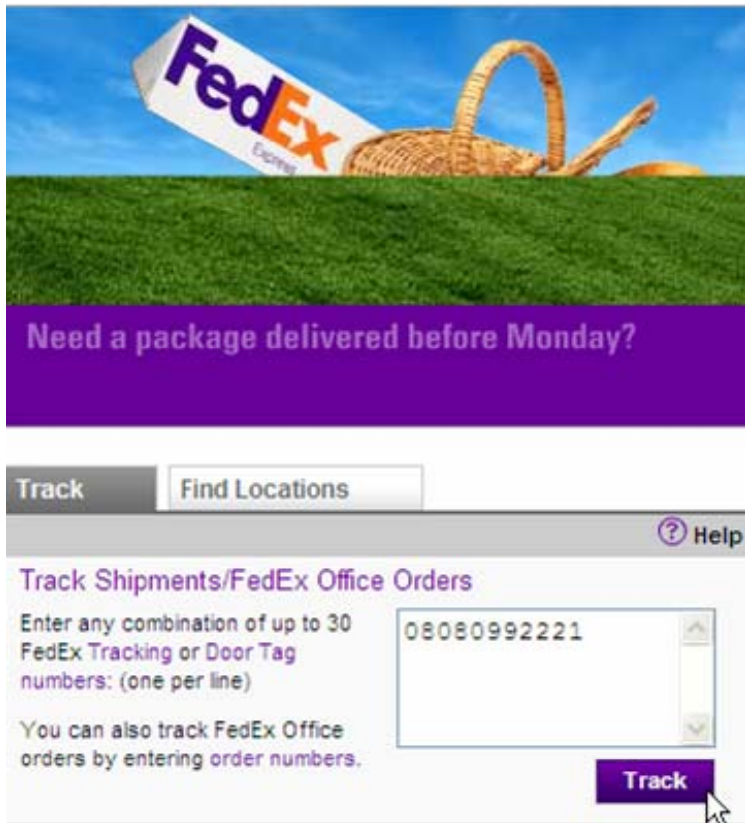
– President Obama's speech to the AMA, June 15, 2009



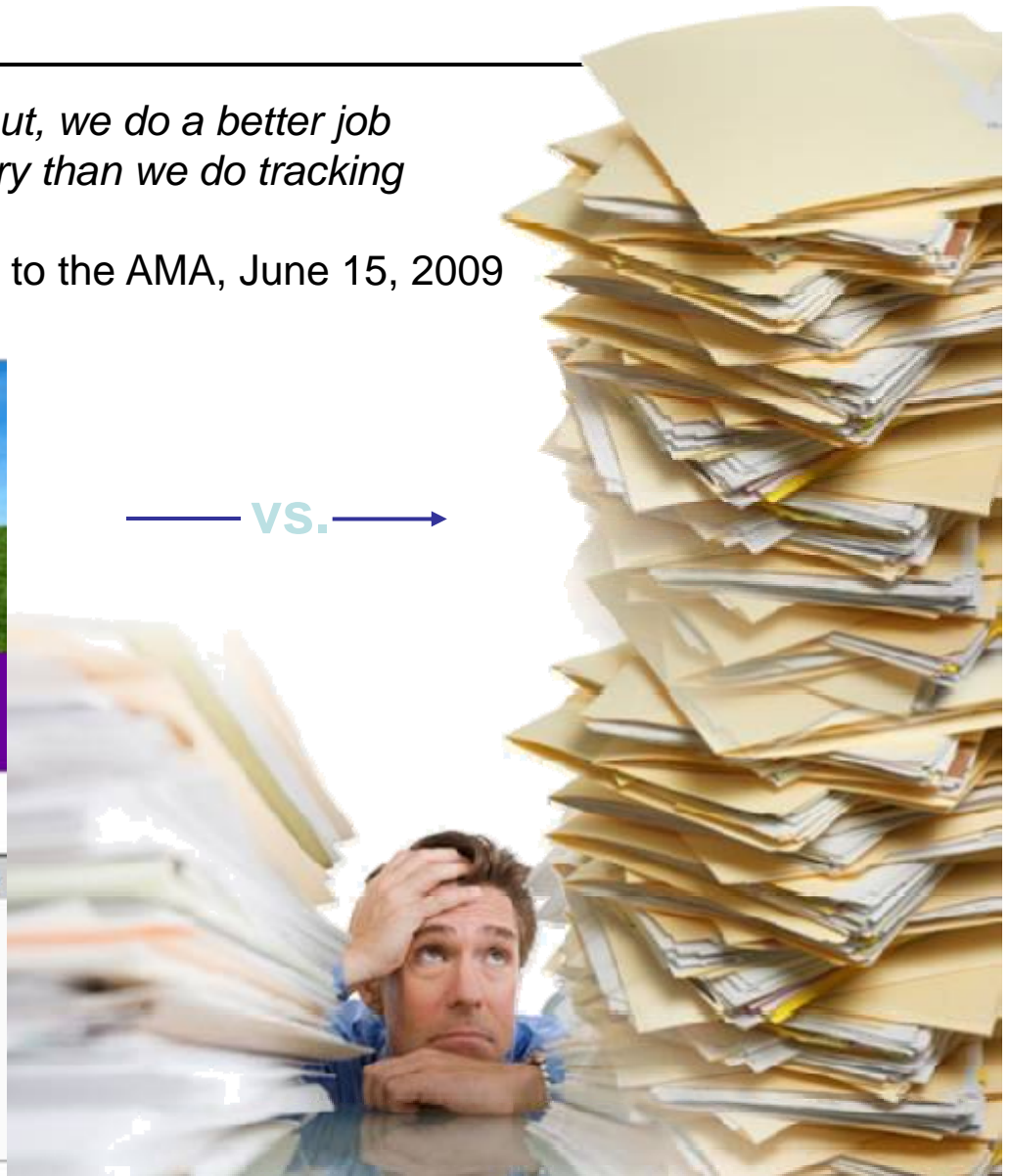
President Obama on Electronic Health Records

"As Newt Gingrich has rightly pointed out, we do a better job tracking a FedEx package in this country than we do tracking a patient's health records."

– President Obama's speech to the AMA, June 15, 2009



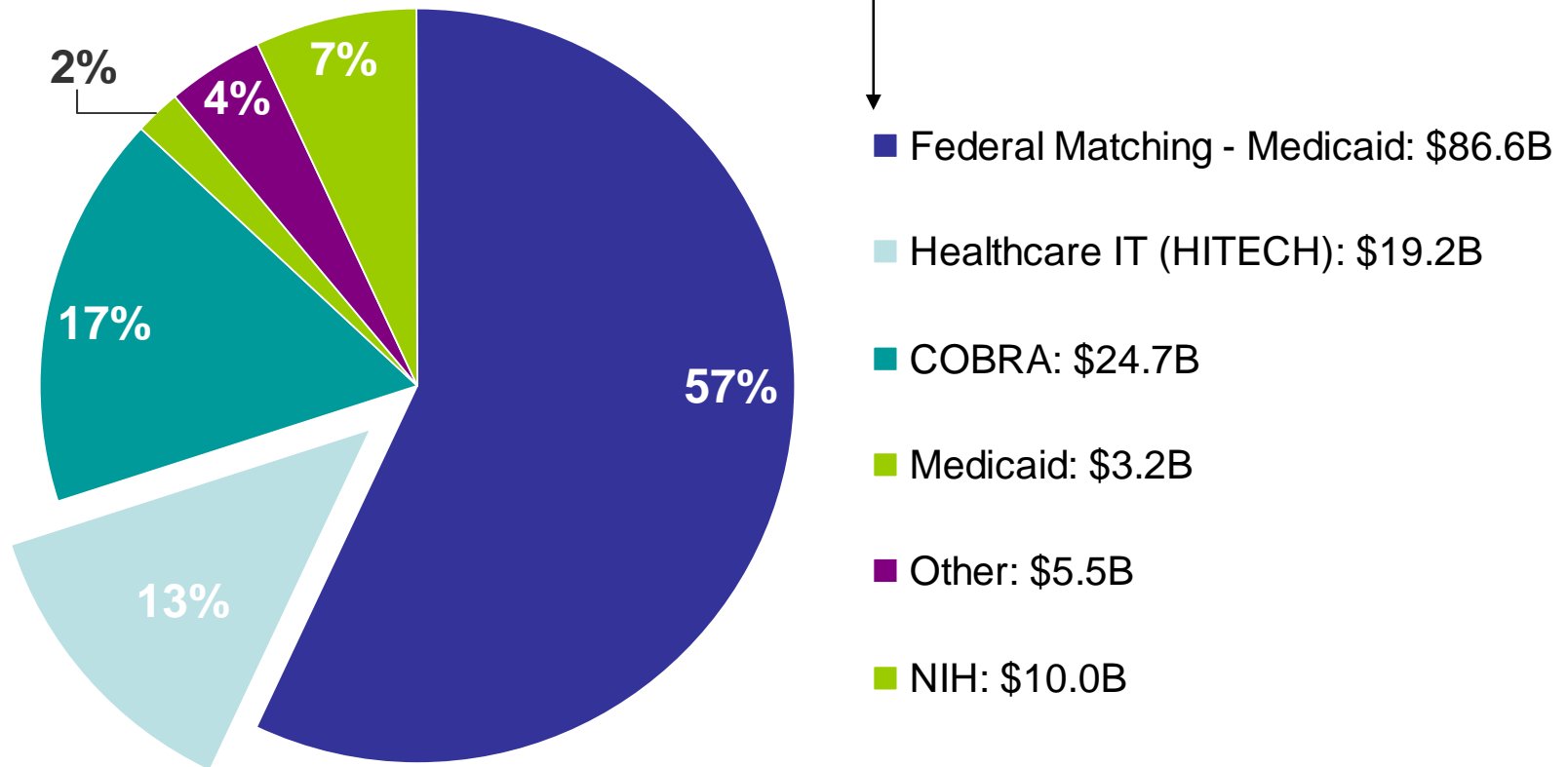
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Healthcare Components of ARRA

Total Costs of ARRA = \$787 billion.

Total Health Spending = \$149.2B:



SOURCE: Detailed Summary of ARRA from the Appropriations Committee and Senate Finance and Ways and Means Committees.
<http://www.speaker.gov/blog/?p=1694> and White House Summary.

Health Information Technology for Economic and Clinical Health (HITECH) Act

- Provides \$36B (Net \$19.2B) to accelerate adoption of Health Information Technology (HIT).
- An additional ~\$2B will be dispersed in 2009 and 2010 to:
 - Enable development of health IT standards
 - Enhance privacy and security regulations (HIPAA)
 - Build health information exchanges (HIEs)
- Federal government to drive HIT standards development.
- Strengthens federal privacy and security law.
- Creates hundreds of thousands of jobs.
- Facilitates broad adoption of electronic health records.
- Controls health care costs — estimated \$12B savings over 10 years.



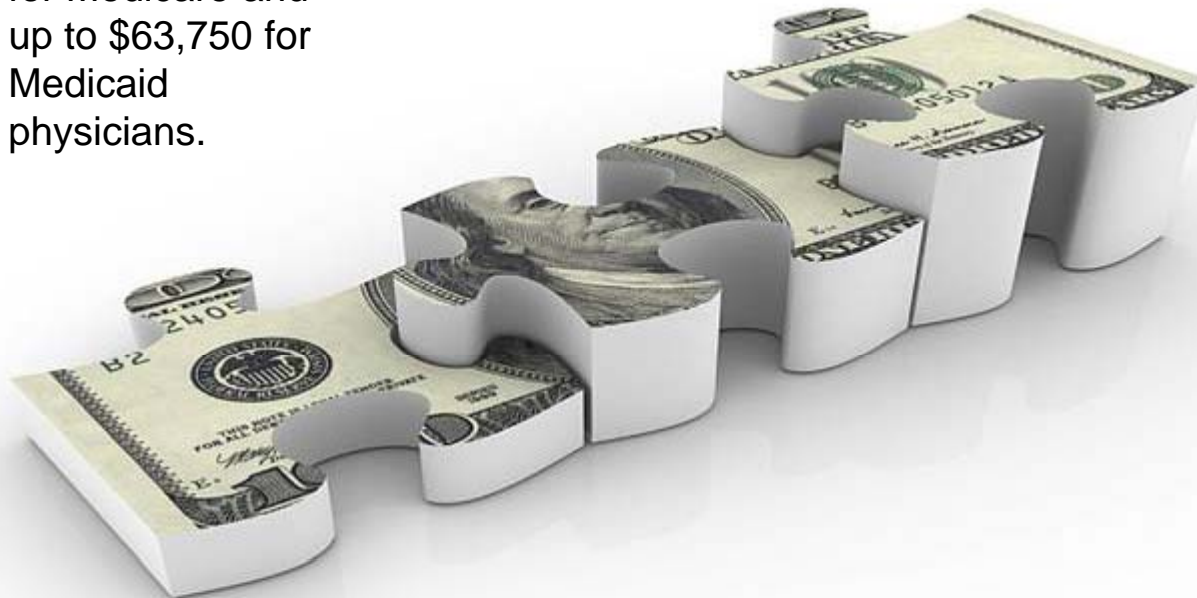
What Are the HITECH Provisions?

What Does it Mean to Your Buyers?

- Up to **\$44,000 per physician** for “meaningful use” of electronic health records (EHR), with payments beginning in 2011 for Medicare and up to \$63,750 for Medicaid physicians.
- **\$2 million per hospital** as base incentive, then up to an additional \$4 million per year for Medicare discharges up to 23,000.
- 10% higher incentive for **rural setting providers** (Health Professional Shortage Areas (HPSAs)).

“It could create a \$70-\$100 million benefit for our IDN.”

~ Senior Vice President of Information Systems & Chief Information Officer



Hospitals Revenue Opportunity – HITECH

- Tied to Medicare discharges (patient volume) and meaningful use of a 'certified' EHR by 2011.
- Must be using e-prescribing and electronic information exchange of health information to improve the quality of care (e.g. “promoting care coordination” per the Secretary of HHS).
- \$2M base incentive per hospital and up to \$4M more per year for Medicare discharges up to 23,000.
- 10% bonus for rural-setting providers.
- Typical 500-bed hospital would receive \$6.1M in incentives.
- Same 500-bed hospital could lose as much as \$3.2M annually in Medicare funding if it fails to meet the criteria by 2017.

Maximum EHR Incentive Payments for Medicare - EP

Adapted from Table 22 of Proposed Rule

In Use: >	2011	2012	2013	2014	2015
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
Max Total	\$44K	\$44K	\$39K	\$24K	\$0

Medicaid maximum = \$63,750 over a 6 year payout

Who is Eligible

Eligible Providers in Medicare	Eligible Providers in Medicaid
<p align="center"><u>Eligible Professionals (EPs)</u></p> <p>Doctor of Medicine or Osteopathy</p> <p>Doctor of Dental Surgery or Dental Medicine</p> <p>Doctor of Podiatric Medicine</p> <p>Doctor of Optometry</p> <p>Chiropractor</p>	<p align="center"><u>Eligible Professionals (EPs)</u></p> <p>Physicians (Pediatricians have special eligibility & payment rules)</p> <p>Nurse Practitioners (NPs)</p> <p>Certified Nurse-Midwives (CNMs)</p> <p>Dentists</p> <p>Physician Assistants (PAs) who lead a Federally Qualified Health Center (FQHC) or rural health clinic (RHC)</p>
<p align="center"><u>Eligible Hospitals*</u></p> <p>Acute Care Hospitals</p> <p>Critical Access Hospitals (CAHs)</p>	<p align="center"><u>Eligible Hospitals</u></p> <p>Acute Care Hospitals</p> <p>Critical Access Hospitals (CAHs)</p> <p>Children's Hospitals</p>

The Catch ... “Meaningful Use”

Physicians and hospitals must meet government’s definition of meaningful use of Electronic Health Records (EHR) Technology” in order to be paid.

- HHS / ONC Final Rules were released on July 13, 2010
- During the comment period there were over 2,500 responses
- 2011 is the first year for partial qualification for meeting Meaningful Use (Stage 1)
- 2013 and 2015 will have different rules that build out toward the HITECH objectives (Stage 2 and Stage 3)
- Penalties begin in 2015



What Is “Meaningful Use”

Meaningful use is defined as:

- Use of a **certified EHR** in a meaningful manner (ex: clinical documentation, e-prescribing, etc.)
- Use of certified EHR technology for **electronic exchange** of health information
- Use of certified EHR technology to **submit clinical quality and other measures**.

To insure Meaningful Use and to ensure continued adoption and subsequent use of the EHR there are specific rules for demonstration of that use.

HITECH – Meaningful Use Goals

- To improve the quality, safety, and efficiency of care while reducing disparities
- To engage patients and families in their care
- To promote public and population health
- To improve care coordination
- To promote the privacy and security of EHRs

Stage 1 Objective

“Focus on electronically capturing health information in a coded format; using that information to track key clinical conditions and communicating that information for care coordination purposes; implementing clinical decision support tools to facilitate disease and medication management; and reporting clinical quality measures and public health information”

Reporting Requirements Summary

Requirements vary based on whether the applicant is an “eligible professional” or “eligible hospital.”

- **Reporting Period** –for any consecutive 90 days for first year; one year subsequently
- **For 2011** –Providers required to submit summary quality measure data to CMS or States by attestation
- **For 2012** –Providers required to electronically submit quality measure data to CMS or States

Stage 1 Overview – Eligible Providers

- Must choose between Medicare or Medicaid program
- Must practice 20 hours per week minimum
- Must use a certified EHR
- Must meet 15 core requirements + 5 menu requirements
- Quality measures required for reporting for EPs – 3 core + 3 menu
- If EP unable to report on normal core measures, three (3) alternative core measures are specified as well as a process for determining reporting requirements for the EP.

Stage 1 Overview - Hospitals

- Quality Measures for Eligible Hospitals and Critical Access Hospitals (CAHs) – Medicare and Medicaid
 - 15 Required quality measures – Table 10 in Final Rule
 - Must report numerators, denominators and exclusions for all patients in the selected measures
- Objectives published in the final rule
 - Administrative and financial objectives deferred
 - 14 Core Objectives required for hospitals
 - 5 Menu Objectives required for hospitals
 - Hospitals may select from ten potential objectives

Examples of Hospital Reporting Requirements

- First Year Incentive Reporting Period and Method
 - 90-day consecutive meaningful use meeting required objectives and measures
 - First reporting period:
 - Federal Fiscal Year Oct 1- Sept 30
 - FY 2011 = October 1, 2010 to Sept 30, 2011
- The latest a hospital could start to demonstrate MU and be covered under the program in FY2011 would be July 2011
 - Reporting mechanism in 2011 is “Attestation Methodology” with selected compliance reviews
- Subsequent Years Reporting Period and Method
 - Entire 12 months in the respective year
 - No more than 2 years at Stage 1. If a hospital starts in 2011, they must be ready for Stage 2 in 2013, which starts in October 2012

Example of Hospital Core Objectives and Measures

CORE Objective

- ¹ Record patient demographics (sex, race, ethnicity, date of birth, preferred language, date and preliminary cause of death in the event of mortality)
- ² Record vital signs and chart changes (height, weight, blood pressure, body-mass index, growth charts for children)
- ³ Maintain up-to-date problem list of current and active diagnoses
- ⁴ Maintain active medication list

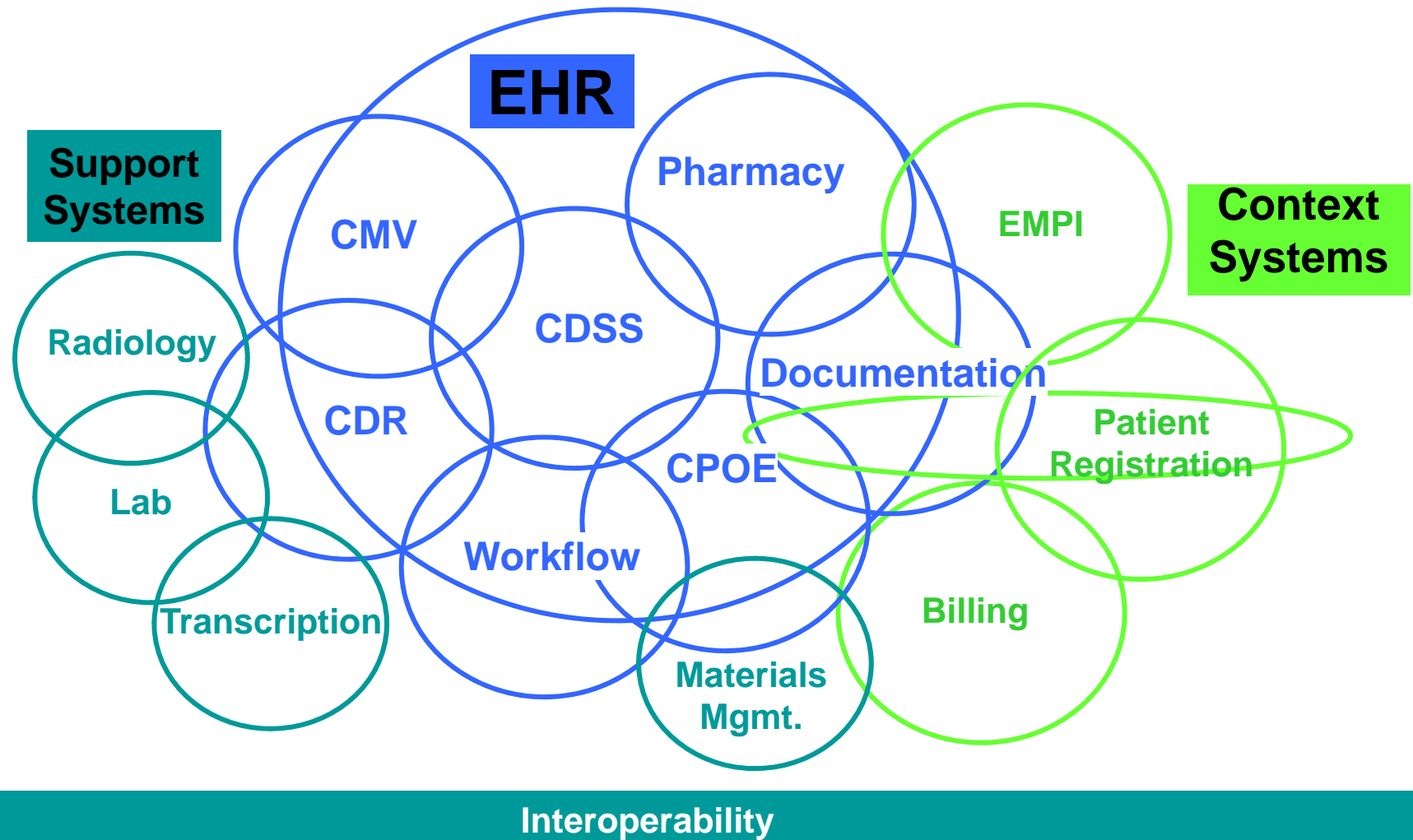
Measure

- More than 50% of patients' demographic data recorded as structured data **Changed from 80%**
- More than 50% of patients 2 years of age or older have height, weight, and blood pressure recorded as structured data **Changed from 80%**
- More than 80% of patients have at least one entry recorded as structured data **Removed ICD-9 & SNOMED language**
- More than 80% of patients have at least one entry recorded as structured data

Critical Access Hospital Rules

- CAH Medicare Incentive Program
- May receive payments for up to 4 years for cost reporting periods that begin in FY 2011
- Incentive Payment Calculation
 - May receive incentive payments for reasonable purchase costs of depreciable p assets like computers and associated hardware/software (excludes any depreciation and interest)
- Incentive payment = product of reasonable costs incurred for the purchase of certified EHR technology x Medicare share percentage
- Medicare share cannot exceed 100%
- Verify depreciable assets with your organization's accounting department

Full Automation Has Many Components



“Meaningful Use” Implications

- Rules are significant
- Data is required that may reside in numerous systems and under different data models
- Hospitals will drive toward integration and use of analytical warehouses
- Physician use of systems is still a major goal for the hospitals and now if they don't use EHRs then the hospital will be penalized starting in 2015
- CIOs are under tremendous pressure to make sure that they get the full stimulus amount

“Meaningful Use” Implications (cont.)

- Hospitals will have to carefully assess their ability to meet meaningful use by 2011.
- Just having an EHR does not mean that a hospital will meet the criteria.
- Each Health System and Hospital will have a unique set of interoperability, system interface, data standards and timeline requirements.
- Health Information Exchange (HIE) technologies may be needed in order for the organization to fully comply depending on their needs for hospital to achieve physician data interchange.
- Meaningful Use compliance capital costs will continue to be refined and developed and currently may not be budgeted.

Impact on Hospital EHR Programs

- Will assess the need to either continue the Stark program or work on solidifying their preferred EHR of choice.
- Goal is to reduce EHR fragmentation.
- Increase Interoperability effectiveness.
- Cost sharing and reimbursement contracts.
- Infrastructure to support meaningful use.



Hospitals can donate up to 85% of the cost to fund affiliated physician practices' purchase of EHR software and services.

HITECH Program Issues

- Accelerated implementation timelines.
- Integration into hospital strategic plan and IT plan – BUDGETS.
- Resources to bring about completion of EHR.
- Gap analysis of EHR and interoperability capability.
- EHR and other vendor performance.
- ISV software upgrades.



Case Example – Smaller Hospital

- Profile
 - 100-bed facility.
 - In process of purchasing EHR and other enterprise systems.
 - Technology budget \$1 million.
 - Selected vendor-of-choice.
- CIO: Impact of HITECH
 - Complete EHR on a quicker timeline and currently changing the Strategic Plan over the next three years.
 - Concerned about coordination of care and moving records to outside EHRs – may need additional software to support that requirement.
 - Assessing current capabilities to meet the projected Meaningful Use Criteria as laid out in June 2009.
 - After Gap Analysis is complete, readjust IT implementation plan and determine what needs to be bought, upgraded, etc.

Case Example – A Community Hospital – CIO

- 350-bed community hospital with 100 owned physicians in various clinics.
- \$6.8M potential benefit from HITECH over life of program. Projected to be offset by potential \$16M loss in revenue under healthcare reform.
- Advanced HIT capabilities include full McKesson Horizon EHR for both the hospital and 100 physicians.
- Anticipate that they already comply with majority of meaningful use criteria:
 - Most functionality in use. Others available, not fully utilized yet.
 - Some gaps in HIE, progress notes and public health reporting.
- Do not anticipate major purchases of technology as result of HITECH.
- Possible impact on physician linkage/HIE strategy.

How Do We Work With Physicians?

- Have a basic understanding of ARRA / HITECH and it's impact on your specific customer type:
 - Independent Specialty Physicians
 - Physicians closely aligned with hospitals
 - Pediatricians
- Keep abreast of key changes – meaningful use:
 - Meaningful use and impact on EHR technologies especially HIE
 - Key dates for meeting specific thresholds in order to get funding
- Understand where the hospital and physician's group are at in their evaluation, purchase and use of EHRs.

Meaningful Use Summary for Physicians

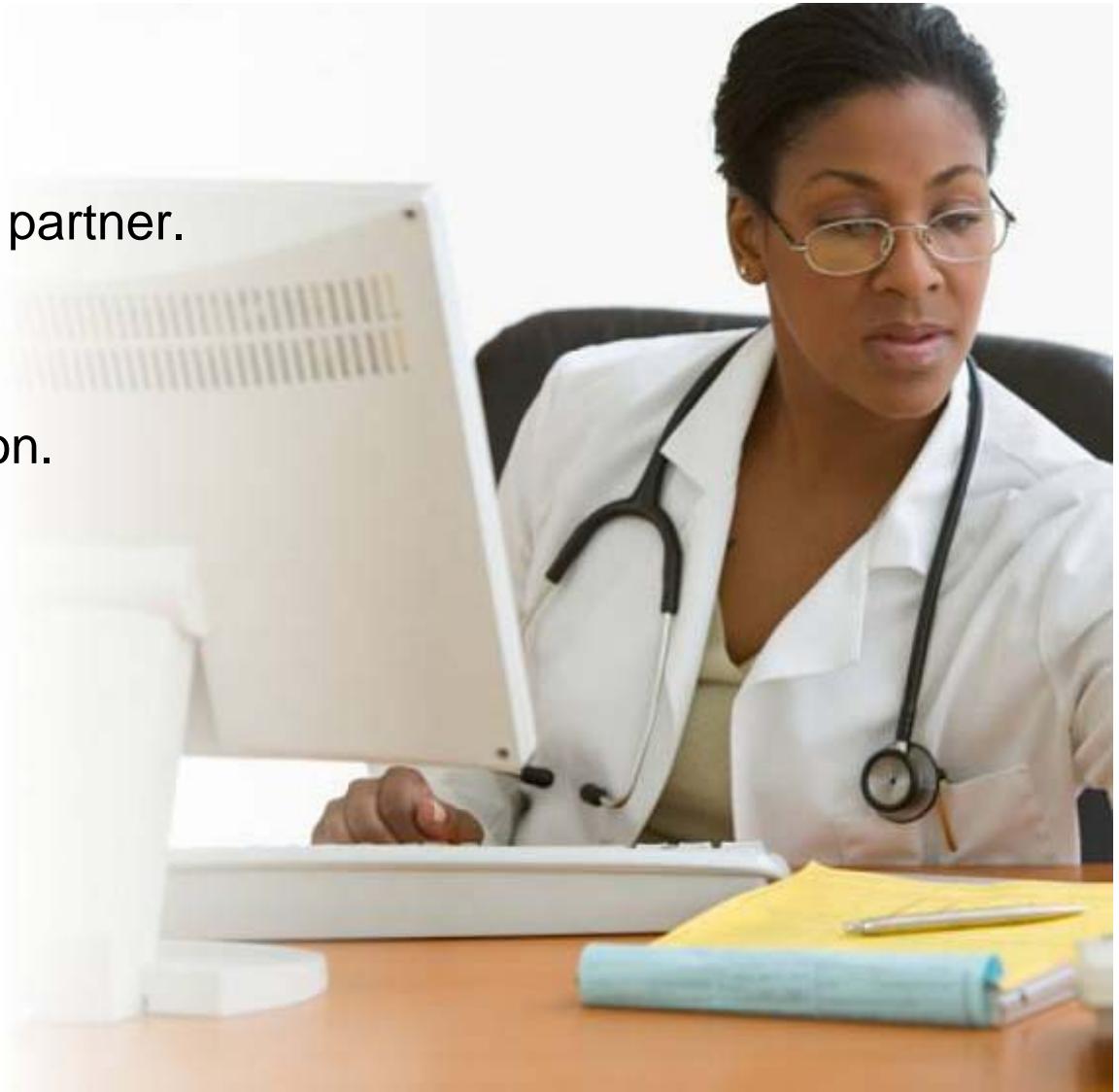
- Physician clinics will have to carefully assess their ability to meet meaningful use by 2011/2012 and what needs to be done to qualify for the first year payment.
- Just having an EHR does not mean that a clinic will meet the criteria.
- Each physician's group will need to understand what it will take to have the required interoperability, system interfaces, data standards and time line requirements.
- Physicians may be invited to participate in HIE technologies offered by the hospitals to assist in complying with Meaningful Use Criteria.

ARRA Program Issues

- Confusion and lack of Final Rule understanding by physicians.
- Upfront funding is still an issue.
- Uncertainty around health information exchange.
- Integration with hospitals, labs and consumer provisions.
- Resource constraints.
- Gap analysis of EHR and interoperability capability.
- EHR and ISV performance.
- Practice Management implementation option is becoming a non-starter as time passes.

Hospital ARRA Activity — Implications for Physicians

- Meaningful use trading partner.
- HIE opportunity.
- Support and services.
- Possible hosting solution.



Case Example Physician Group — CEO & CIO

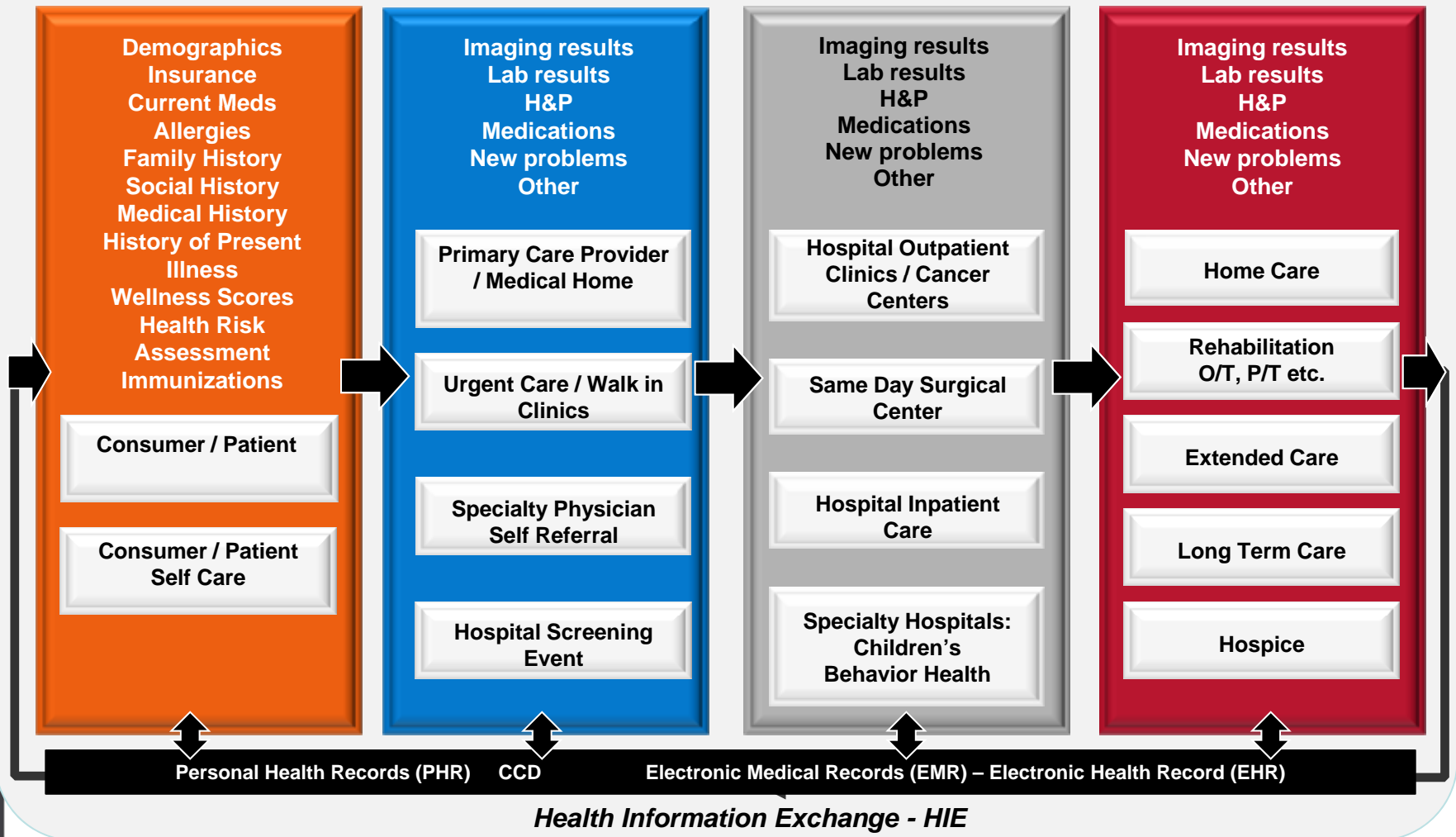
- 35 Physicians – Cardiology Group.
- Six locations working in eight hospitals with 50% Medicare payer mix.
- \$1.5M potential benefit from HITECH over life of program.
- Buying NextGen EHR and EPM.
- Concerned about Meaningful Use and what remaining work will need to be done after the implementation of EHR.
- Anticipate a quicker timeline for EHR implementation.
- Need to evaluate the linkage to hospitals HIE strategy.



Health Information Exchange

The Care Continuum

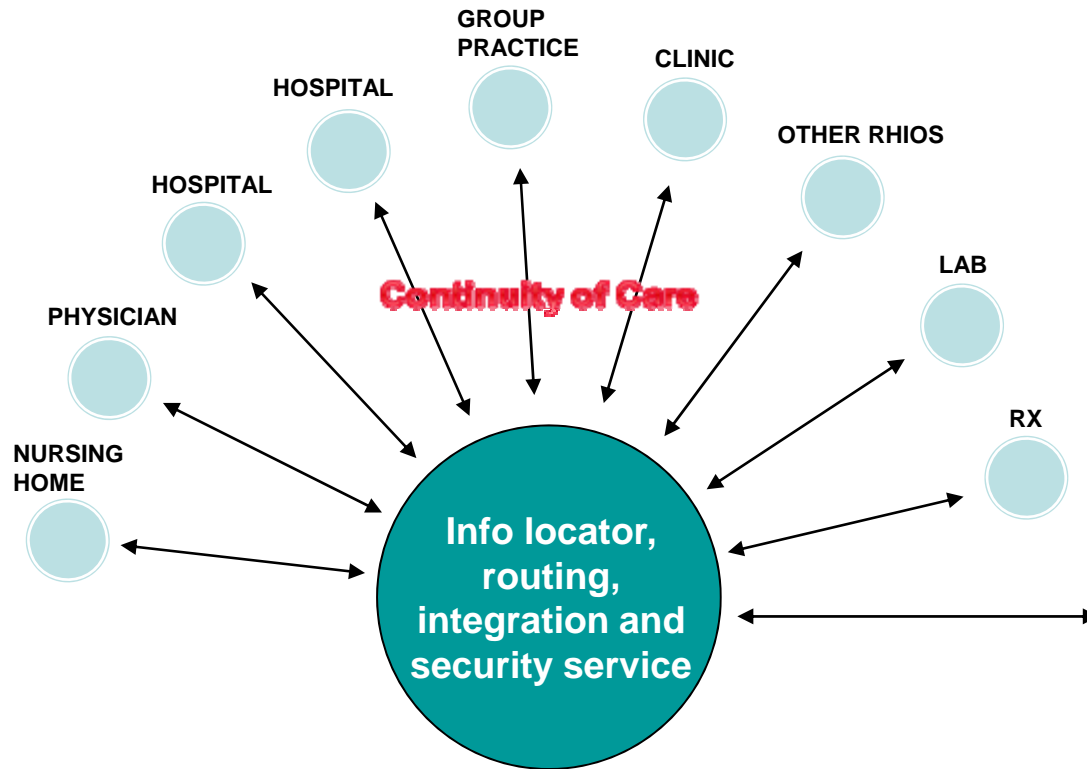
Health Status / Care Plans / Consent / Advance Directives / Identification



HITECH Provisions for Coordination of Care Interoperability

- Meaningful use will drive the need for greater interoperability between all provider EHRs with emphasis on hospitals, health systems and private physicians.
- Specific data expected to be included in the final meaningful use criteria:
 - Medications
 - Diagnosis / Problems
 - Allergies
 - Lab Results
- Many hospitals will employ Health Information Exchange (HIE) technologies to manage their global interoperability needs.
- Physicians and hospitals must provide consumers an electronic copy of their records / encounters upon request.

Health Information Exchange (HIE)



Common Views

Integrated Delivery System with multiple hospitals, clinics and other entities that may already have implemented electronic medical records from different source vendors.

Thanks for Participating !

**Education Program Materials Developed By
Wakerly Partners, Inc.**

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Appendix

Reference Materials

- HIMSS complete coverage of ARRA/HITECH:
www.Himss.org/economicstimulus
- HIMSS ARRA/HITECH Summary PDF:
<http://www.himss.org/content/files/HIMSSSummaryOfARRA.pdf>
- CMS Proposed Rule Fact Sheet:
http://healthit.hhs.gov/portal/server.pt?open=512&objID=1456&parentname=CommunityPage&parentid=31&mode=2&in_hi_userid=11113&cached=true
- ARRA/HITECH Funding details from CMS:
http://healthit.hhs.gov/portal/server.pt?open=512&objID=1153&parentname=CommunityPage&parentid=67&mode=2&in_hi_userid=11113&cached=true
- Impact of ARRA privacy and security rules:
<http://www.healthcareitnews.com/blog/impact-privacy-provisions-arra>
- CCHIT Certification criteria:
http://www.cchit.org/files/certification/09/guide/ConciseGuideToCCHIT_CertificationCriteria_May_29_2009.pdf