

The American Recovery and Reinvestment Act of 2009 (ARRA)

President Barack Obama on Feb. 17, 2009 signed into law the "American Recovery and Reinvestment Act of 2009" (ARRA), authorizing \$20 billion to assist in the development of a robust health information technology (IT) infrastructure.

The Health Information Technology for Economic and Clinical Health Act ("HITECH") includes \$19 billion for health information technology

What Does This Mean to You as a Provider?

Physicians can now be paid between \$44,000 to \$64,000 over five years from Medicare/Medicaid if they are utilizing an EHR in 2011 and beyond

- ▶ Late adopters will receive significantly less
- ▶ Providers may receive incentives under only one of the programs
- ▶ 2015: penalty reductions in Medicare/Medicaid fees for non-EHR users

Medicare Provision

Physicians who implement a certified solution and become meaningful users between 2010 and 2012 will be eligible for up to \$44,000 each in incentive payments.

Physicians who wait to become meaningful users between 2012 and 2014 will be eligible for lower payments. Physicians who have not become meaningful users by 2015 will not qualify for any payments and will be subject to increasing penalties. Incentives are based on the lesser of either 75% of the provider's Medicare Part B billings or the maximum allowable incentive.

Annual Incentives Schedule:

	Adopt Yr 1 2011	Adopt Yr 2 2012	Adopt Yr 3 2013	Adopt Yr 4 2014	Adopt Yr 5 2015	Adopt Yr 6 2016	Total
2011	\$18,000	\$12,000	\$8,000	\$4,000	\$2,000	-	\$44,000
2013	2009	2010	2011	2012	2013	\$2,000	\$44,000
2014	\$2,000	\$2,000	\$1,000	\$1,000	\$500	\$4,000	\$39,000
2015	\$4,000	\$4,000	\$2,000	\$2,000	\$1,000	\$8,000	\$35,000
2016	Start Paying Penalties						

Payment Reduction

For office-based physicians who do not adopt EHR technology by 2015, Medicare payments will be reduced by:

From Year	Reduction in Medicare Payments
2015	1%
2016	2%
2017+	3%

Medicare Provision

Beginning in 2011, office-based physicians who qualify under the Medicaid provision could collect a sum total of \$63,750 calculated as 85% of EHR costs not exceeding \$25,000 in the first year, followed by 85% of annual costs not exceeding \$10,000 over the next 5 years. To be eligible under this provision, office-based physicians must demonstrate "meaningful use" of a certified EHR, and more than 30% of their cases must be attributable to Medicaid, or 20% of their cases attributable to pediatrics. Office-based pediatricians are eligible to receive up to two-thirds of the maximum payment.

In 2018 and beyond, the HHS Secretary may decrease one additional percent per year (maximum of 5%) contingent upon the levels of overall EHR adoption in the market.

Other Valuable Financial Benefits Available

Gain special IRS Section 179 tax deduction benefits:

SECTION 179 PRE-TAX EXPENSING

If you purchase and install new equipment or software before December 31, 2009, you may qualify for substantial deductions available only for the 2008 tax year. You can save up to a third (1/3) of the system expenditure if you take advantage of the 2008 Economic Stimulus Act. That could represent a tax savings of \$80,000 or more.

*For more information Visit: <http://www.section179.org/>

What the Law Says About "Meaningful Use"

The law defines a **meaningful user** as a physician who:

- ▶ Uses a certified EHR in a meaningful manner, which includes the use of electronic prescribing (e-prescribing)
- ▶ Uses a certified EHR that can accommodate the electronic exchange of health information to improve quality
- ▶ Submits information on clinical quality measures, as chosen by the Health and Human Services (HHS) Secretary, for the reporting period

The law also defines a **certified EHR technology** as that which:

- ▶ Includes patient demographic and clinical health information, including medical history and problem lists
- ▶ Has the ability to provide clinical decision support.
- ▶ Has decision supporting tools that support physician order entry and be able to capture and query quality information.
- ▶ Tools that will also be able to exchange and integrate health information from outside sources.

HIMSS (Healthcare Information and Management Systems Society) Recommendations

HIMSS defines 'meaningful use' of EMRs for Medicare incentives

To get Medicare incentive payments, it's not enough to simply roll out the technology - hospitals and physicians will have to prove that they've made "meaningful use of certified EHR technology."

This "meaningful use" includes using the technology to exchange electronic health data to improve care quality and submitting care quality measures to HHS. Not only that, hospitals and doctors will need to meet these requirements within a specified time frame.

Suggestions:

- ▶ Rely on **CCHIT** as the certifying body for EMRs
- ▶ Adopt metrics that can demonstrate meaningful use, and make them increasingly more stringent over two years or so
- ▶ Work with HITSP and IHE to make sure systems are interoperable
- ▶ Close the existing gap between "certified EHR technologies", "best of breed" and "open source" technologies