

# Health Care IT:

## *Economic Recovery Package*

Provisions in the American Recovery and Reinvestment Act include \$17 billion in federal financial incentives for health information technology adoption for states and for Medicare and Medicaid providers, plus another \$2 billion to invest in health information infrastructure.

- ▶ **State grants and loans to promote health information technology:** Under this provision, the government may grant states or state-designated entities money to facilitate and expand the use of health information technology.
  - Funds may be used for:
    - HIT infrastructure to support regional or sub-national health information exchange
    - Infrastructure and tools to promote telemedicine
    - Promotion of interoperability of clinical data repositories
    - Integration of health information technology for health professionals and others in the industry
    - Training and dissemination of best practices on integrating HIT into provider workflow.
  - To qualify as a state-designated entity, an organization must be not-for-profit with broad stakeholder representation on its governing board, and demonstrate that one of its principles is to use HIT to improve health care quality and efficiency.
  - States must match federal funds with:
    - FY 2011: \$1 for every \$10 federal dollar
    - FY 2012: \$1 per \$7 federal dollar
    - FY 2013 and thereafter: \$1 for each \$3 in federal funds
  - Grants may be obtained by states or Tribes for the purpose of creating loan funds to provide competitive loans or loan guarantees to providers to facilitate the purchase of certified EHR technology, enhance the utilization of EHR technology, to train personnel in the use of this technology or to improve secure exchange of health information.
    - Interest rates on these loans must not exceed the market rate, and repayment must start within one year of dispersal.
    - Loans must be fully amortized within 10 years and an eligible entity must use up to 4% of the funds to pay administrative overhead costs.
- ▶ **Medicare incentives for hospitals related to HIT:** Starting in 2011, eligible hospitals that are “meaningful users” of EHR qualify for Medicare incentive payments for up to four years.
  - Hospitals that are “meaningful users” of electronic medical records employ some electronic exchange of health information to improve the quality of care and may use the system to submit data for performance standards.
  - Incentive payments are based on a complicated formula that takes in to account hospital Medicare discharges and charity care. Payment for qualified hospitals is calculated as Medicare’s share of \$2 million plus an additional discharge-related amount. Hospitals get an additional \$200 for each discharge starting with their 1,150<sup>th</sup> and ending with their 23,000<sup>th</sup> discharge. Payments phase out over four years.
  - Hospitals that become meaningful EHR users by 2013 qualify for reduced incentives. Those becoming meaningful users after 2015 get no incentives. Hospitals that are not meaningful users of health information technology may face payment reductions from Medicare starting in FY 2015.
  - Critical access hospitals may qualify for even greater incentives.
- ▶ **Medicaid Provider IT Incentives:**
  - States will be paid 100 percent match for up to 85% of allowable costs of EHR technology, support services, maintenance and training for the adoption and operation of systems by Medicaid Eligible hospitals, and up to 90 percent of the cost of administrative expenses related to paying for that technology.
  - Children’s hospitals and acute care hospitals with at least 10 percent Medicaid volume are eligible.

- ▶ **Expansion of Broadband Technology:** The act establishes the Broadband Technology opportunities program that will award grants to states and a variety of corporations, nonprofits, foundations and other entities that are found to be in the public interest.
  - Grants may go toward acquiring equipment and other technology related to broadband infrastructure. Services that enhance the delivery of health care will be given consideration in the award. \$4.7 billion appropriated.
  - An additional \$2.5 billion is authorized for broadband loans and loan guarantees as authorized by the Rural Electrification Act of 1936 for distance learning and telemedicine.
  - Entities may only qualify for one of the programs listed above.
  
- ▶ **Teaching hospitals:** Competitive grants may be awarded to carry out demonstration projects to develop academic curricula integrating certified EHR technology into clinical education of health professionals.
  
- ▶ **Establishes National Coordinator for Health IT** with a \$2 billion appropriation.
  - \$20 million of those funds go for the Director of the National Institute of Standards and Technology to advance health IT integration and through technical standards analysis
  - \$300 million to support regional or sub-national efforts toward health information exchange.