

ASGE FACT SHEET

Financial Incentives Available in 2011 for Physicians and Hospitals Adopting Electronic Health Records

The Health Information Technology for Economic and Clinical Health Act (HITECH Act) was signed into law on February 17, 2009 as part of the American Recovery and Reinvestment Act of 2009 (H.R. 1), also known as the economic stimulus bill. H.R. 1 sets aside \$23 billion to jumpstart the adoption of health information technology by physicians and hospitals in order to improve healthcare quality and reduce costs. **Moreover, this legislation requires a majority of the funding, \$21 billion, be spent on a financial incentive program for physicians and hospitals to accelerate adoption of health IT.**

Incentive Program

The HITECH Act provides a substantial financial incentive to encourage physicians and hospitals to adopt health IT by 2014. The incentives focus on providing direct payment for the adoption, implementation and maintenance of electronic health records (EHRs) to "eligible professionals" who establish "meaningful use" of an EHR. The newly signed legislation mandates that an incentive program must be put in place by 2011. The schedule of payments has not been determined. Bonuses will be distributed by CMS over five years based on a tiered system. Eligible professionals, who become "meaningful" EHR users quickly, by 2010 or 2011, will receive the maximum payment of \$44,000. While those who choose to adopt an EHR a couple of years later will receive \$24,000. Eligible professionals in designated shortage areas will receive a 10% increase in their bonus payment.

Estimated Payment Amount Received Each Year							
Year they first file	2011	2012	2013	2014	2015	2016	Total
2011 (system in place before 2011)	\$18,000	\$12,000	8,000	4,000	2,000	\$0	\$44,000
2012	\$0	\$18,000	\$12,000	\$8,000	\$4,000	\$2,000	\$44,000
2013	\$0	\$0	\$15,000	\$12,000	\$8,000	\$4,000	\$39,000
2014	\$0	\$0	\$0	12,000	8,000	\$4,000	\$24,000
2015 or Later	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Once a provider starts collecting EHR incentive payments they will no longer be able to participate in the E-Prescribing incentive program; but will still be eligible for PQRI.

After 2014, incentive payments will be phased out for physicians and hospitals. Incentives will be replaced with penalties for those eligible professionals who are not using certified electronic health records by 2015. Those eligible professionals who are not in compliance will see reductions in their Medicare Part B payments of 1% in 2015, 2% in 2016 and 3% thereafter. Furthermore, if by 2018 75% of eligible professionals are not using EHR, the HHS Secretary can continue reducing Medicare payments up to 5%.

While the key pieces of this legislation have been established by law, the bill still must go through the regulatory process where many of the details of the program will be determined by November 2010, giving physicians an opportunity to be deliberate in selecting a "certified" electronic health record software that is appropriate for their practice.

Meaningful User of EHR

The Secretary of HHS has been given discretion to develop the details of how users demonstrate meaningful use; however the law states that the meaningful use of an EHR must allow:

- use of electronic prescribing;
- the electronic exchange of information to improve the quality of health care; and
- information on clinical quality measures to be submitted.

A “certified” EHR is further described as a “qualified” electronic health record or “an electronic record of health related information on an individual that (A) includes patient demographic and clinical health information, such as medical history and problem list; (B) has the capacity to (i) provide clinical decision support; (ii) support physician order entry; (iii) capture and query information relevant to health care quality; and (iv) exchange electronic health information with, and integrate such information from, other sources.”

Cost Savings to Adopting Electronic Health Records

The Congressional Budget Office (CBO) expects that accelerating the implementation of health IT will reduce health care spending by decreasing “the number of inappropriate test and procedures; paperwork and administrative overhead; and the number of adverse events resulting from medical errors.” Additionally, it predicts that HIT would “improve the quality of care provided to patients by improving the information available to clinicians at the time of treatment, encouraging the use of evidence-based medicine, and helping physicians manage patients with complex, chronic conditions.”

Under this accelerated HIT adoption process, the CBO anticipates that approximately 90 percent of doctors and 70 percent of hospitals will be using comprehensive electronic health records by 2019. The CBO estimates that the changes in utilization from accelerating the adoption will reduce Medicare spending by 4.4 billion over the 2011-2019 time periods. For the same time period, the provisions of the HITECH Act will save the government approximately \$12 billion on direct spending in the Medicare, Medicaid, and Federal Employee Health Benefits programs.

Other Health Information Technology Authorizations in Stimulus Bill

There were four major components addressed in the HITECH section of the American Recovery and Reinvestment Act. In summary the HITECH Act:

- Codifies the Office of the National Coordinator for Health Information Technology (ONCHIT) and authorizes it to develop a process to adopt standards, create certification criteria and implement requirements for health IT;
- Establishes payment incentives in the Medicare and Medicaid program to encourage providers to adopt HIT;
- Provides \$2 billion in funding to implement an array of HIT related activities through the Office of the National Coordinator (ONC) including strengthening the HIT infrastructure, implementation assistance, state planning grants, state and tribal loan programs, a Clinical Education Demonstration Program, and a University Medical Informatics Program. A significant amount of this funding will go to establish a network of HIT Research Centers; and
- Strengthens Federal privacy and protection law for HIT.

The Federal government envisions every American having individual electronic health records by 2014; and is confident that the national health IT agenda will save lives and lower costs. ASGE will continue to evaluate and provide information on health IT to our members.

Additional Resources

1. Department of Health and Human Services health IT information: <http://www.hhs.gov/healthit>
2. General Accountability Office Testimony to the Senate HELP Committee on HIT: <http://www.gao.gov/new.items/d09312t.pdf>
3. National e-Health Collaborative: <http://www.nationalehealth.org>
4. Certification Commission for Health Information Technology(CCHIT): <http://www.cchit.org>
5. Healthcare Information and Management System Society: <http://www.himss.org/ASP/index.asp>
6. e-Health Initiative: <http://www.himss.org/ASP/index.asp>
7. The American Recovery and Reinvestment Act (H.R. 1): http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.pdf
8. American Medical Association HIT Resources: <http://www.ama-assn.org/ama/pub/physician-resources/solutions-managing-your-practice/health-information-technology.shtml>