

## **Health Information Technology – FACT SHEET**

The Obama administration has set a goal of computerizing all of America's medical records within 5 years as a means of improving efficiency, quality, and safety. The Recovery Act of 2009 invests \$19 billion in the development and implementation of HIT, which will provide incentive payments to physicians and hospitals starting in 2011 for using a certified EHR. The Recovery Act also provides subsidies to physicians and hospitals to purchase and implement EHRs. An investment in health IT has the potential to:

- Improve the quality of health care
- Reduce medical errors
- Decrease health care costs
- Eliminate unnecessary duplication of tests
- Increase administrative efficiencies
- Decrease paperwork
- Expand access to affordable care
- Assist with the evaluation of health care quality, efficacy, and value
- Help early detection of infectious disease outbreaks around the country
- Improve tracking of chronic disease management

### ***The Investment in Health IT: The Recovery Act of 2009***

The American Recovery and Reinvestment Act of 2009 (ARRA), provides \$19 billion over 10 years to promote the adoption and use of health information technology and electronic health records. \$17 billion of this money is for financial incentives for physicians and hospitals to adopt and use health EHRs.

### **For physicians:**

- Beginning in 2011, individual physicians can receive extra Medicare payments for the *meaningful use of a certified EHR*
- Physicians who adopt EHRs in 2011 or 2012 will receive direct payments of \$18,000 in the first year. Physicians who adopt EHRs in 2013 will receive at least \$15,000, with gradually decreasing incentives until 2016.
- In total, physicians who demonstrate meaningful use of EHRs starting in 2011 can collect \$44,000 over 5 years. Those who begin in 2013 can collect \$27,000 over 3 years. Current estimates of purchasing, installing, and implementing an EHR in a medical office has been estimated to cost \$40,000.
- For physicians who take care of 30% or more Medicaid patients, there are alternative subsidies through Medicaid, though physicians must choose between Medicaid and Medicare benefits
- Incentive payments may also be aggregated and paid as a lump sum to staff-model or exclusive group-model Medicare Advantage HMOs.
- There will also be financial penalties for not adopting EHRs in the next five years. In 2015, physicians who are not using EHRs will lose 1% of their Medicare fees, which will increase to 2% in 2016 and 3% in 2017.

**For hospitals:**

- Hospitals demonstrating meaningful use of EHRs in 2011 will receive a one-time bonus of \$2 million plus and an add on to Medicare DRG payments, which would apply to every admission (up to a designated maximum), and then phase out over a 4 year period
- Hospitals may opt for a Medicaid incentive program instead of Medicare payments.
- Hospitals will face penalties for not using EHRs by 2015 in the form of cuts from Medicare payments.

The Recovery Act also provides additional support for implementation of HIT:

- \$2 billion for ONCHIT to put HIT support systems in place
- \$300 million to support the development of health information exchange capabilities
- Grants to create regional technology centers to help physicians and hospitals install EHRs
- Funds to train a workforce to assist with HIT implementation
- Educational programs for medical students
- Grants and loans to states to assist with adoption and interoperability

Finally, the Recovery Act has provisions that will help strengthen protections of health care information:

- Extends privacy and security regulations of HIPAA to businesses such as Google and Microsoft, who have created their own Personal Health Records
- Requires health care organizations to notify patients when patient data have been compromised
- Limits commercial use of information

***Remaining Issues and Unanswered Questions***

- The terms “certified EHR” and “meaningful use” have yet to be defined, and these definitions will have significant impact on physicians and hospitals
- The infrastructure for the development and implementation of health IT will need to be in place well before the 2011 start of the incentives program
- The Health IT incentives need to be accompanied by payment reform so that improvements to quality via EHRs get rewarded
- There need to be clear provisions for the delivery of incentives to physicians who participate in physician groups, medical groups, and independent practice associations.

---

**Selected References:**

“Stimulating the Adoption of Health Information Technology” David Blumenthal, The New England Journal of Medicine, April 9, 2009.  
“Use of Electronic Health Records in U.S. Hospitals”, Ashish K. Jha et al, The New England Journal of Medicine, April 16, 2009.  
Office of the National Coordinator for Health Information Technology: <http://healthit.hhs.gov/>