

# From High Hopes to HITECH: Money and Meaningful Use

MONTGOMERY COUNTY MEDICAL SOCIETY

2009 MEDICAL PRACTICE RETREAT

Don McDaniel

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# The Promise of Health Information Technology

- Prevention of medical mistakes
- Comprehensive patient care
- Promoting preventative care
- Delivering workflow efficiencies
- Higher quality/lower costs
- Solving major complexity - a “practiced way” to treat patients

# Lots to Coordinate/Little Coordination

- One-quarter of all Medicare recipients
  - Have five or more chronic conditions
  - See, on average, 13 physicians per year
  - Secure 50 prescriptions per year
- Over 13,000 different drugs being sold in the U.S. in 2007 - 16x what was available 50 years ago
- Over 900,000 physicians in the U.S. - 75% are in practices of less than 8 physicians
- Payment system issues - hard to support a “system” of care

# Perverse Incentives - FFS

- Supply-induced demand
- Payment for therapy > payment for diagnosis or payment for wellness
- No payment for quality or precision
- Little incentive to coordinate care especially for those with chronic conditions
  - no “savings later” without a system of care
  - no incentive to invest in a better “system” on part of individual providers

Let there be light...

... a health information ecosystem?

# Major Themes

- It's about IT adoption but also ...
  - Interoperability
  - Network Effects
  - Transparency
  - BETTER OUTCOMES/BETTER VALUE???
  
- About the money - economic development

# It's the Economy Stupid!

1. United States	\$14.3 T
2. Japan	\$ 4.8 T
3. China	\$ 4.2 T
4. Germany	\$ 3.8 T
5. France	\$ 2.9 T
6. UK	\$ 2.8 T
7. <b>US health economy</b>	<b>\$ 2.4 T</b>
8. Italy	\$ 2.4 T

**GDP 2008 (USD)**

**\$ 2.4 T**

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



\$36.6  
Billion

## EHR Incentives

- Medicare & Medicaid
- Physicians & Hospitals

\$2  
Billion

## Loans Grants Workforce training

- \$565M: HIE
- \$598M: Regional Extension Centers

\$2  
Billion

## CHCs

- EHR
- Facilities
- Networks

\$6.8  
Billion

## Broadband and Telehealth

- \$4.3B Broadband
- \$2.5B Telehealth

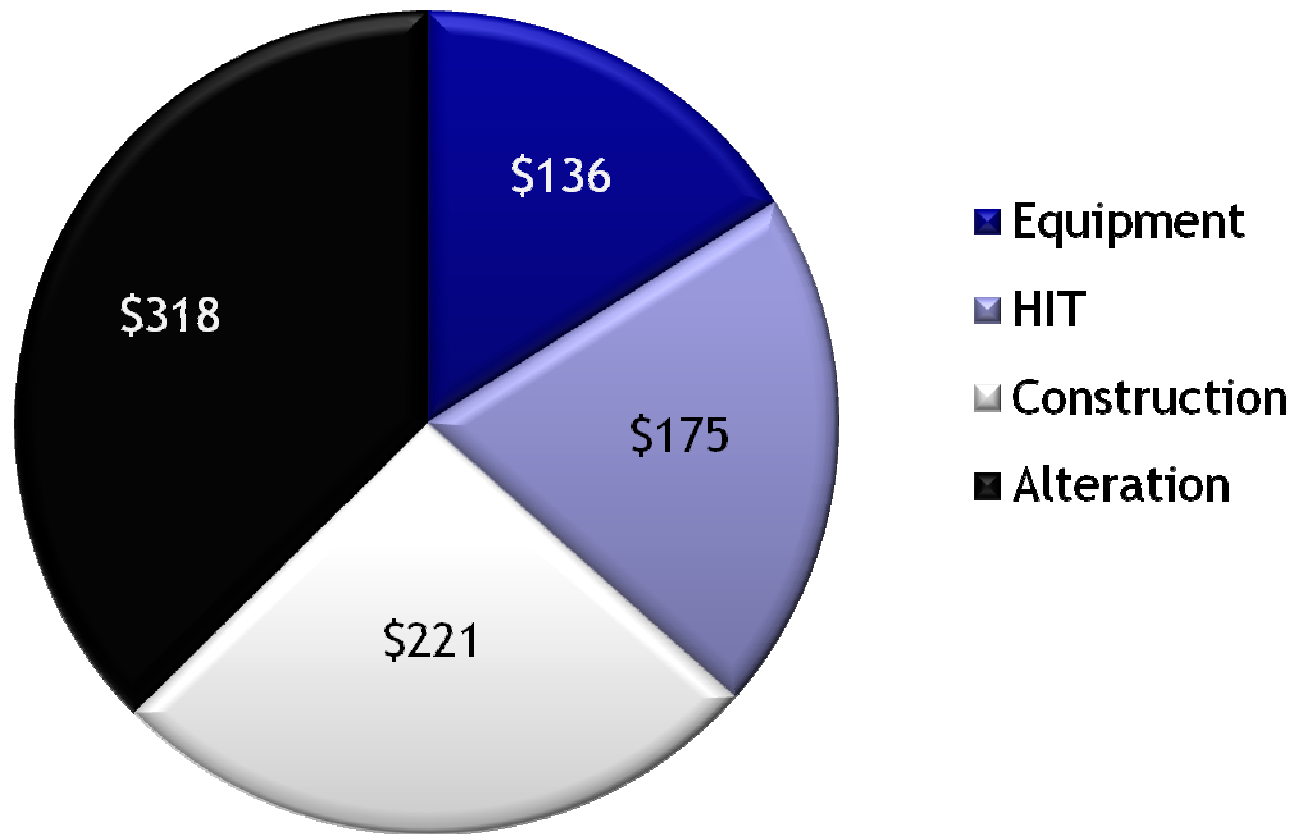
\$1.1  
Billion

## Comparative Effectiveness Research

- AHRQ
- NIH
- HHS

Health IT &  
Technology  
Funding

# Safety Net Dollars Hit the Streets: \$850 Million



# Health Information Technology Extension Centers (HITEC)

- \$598M for 70+ HITECs - only non-profits eligible
- Will be funded to prioritize serving safety-net and small-group providers - goal of serving 100,000 providers
- Funding floor is \$1M, and the ceiling is \$30M
- Grants will be awarded throughout 2010

# MEDICARE AND MEDICAID INCENTIVE PAYMENTS

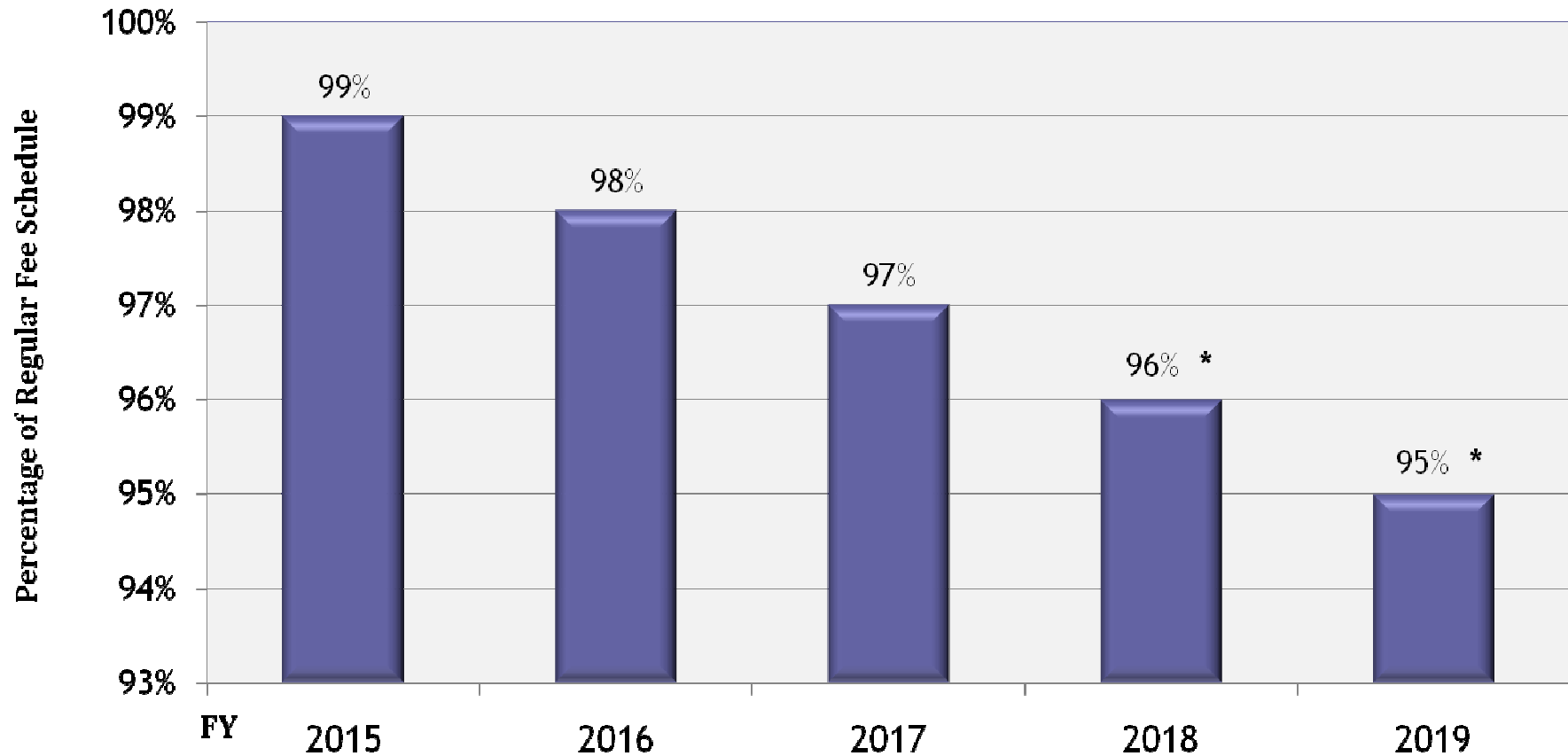
## Eligible Professionals - Medicare

- Doctor of Medicine or Doctor of Osteopathy
- Doctor of Dental Surgery or Dental Medicine
- Doctor of Podiatric Medicine
- Doctor of Optometry
- Chiropractor

# Medicare Incentives: Sooner the Better

Year	Adopt 2011	Adopt 2012	Adopt 2013	Adopt 2014	Adopt 2015+
2011	\$18,000	-	-	-	-
2012	\$12,000	\$18,000	-	-	-
2013	\$8,000	\$12,000	\$15,000	-	-
2014	\$4,000	\$8,000	\$12,000	\$12,000	-
2015	\$2,000	\$4,000	\$8,000	\$8,000	-
2016	-	\$2,000	\$4,000	\$4,000	-
2017	-	-	\$0	\$0	-
<b>TOTAL</b>	<b>\$44,000</b>	<b>\$44,000</b>	<b>\$39,000</b>	<b>\$24,000</b>	<b>\$0</b>
<b>Health Shortage Area</b>	\$48,400 (+10%)	\$48,400 (+10%)	\$42,900 (+10%)	\$26,400 (+10%)	\$0

# Medicare Penalties for Non-Adoption



\* These penalties are optional. If by 2018, 75% of eligible healthcare professionals have not adopted EMR, reimbursement can be cut to up to 5% of Medicare.

## Eligible Professionals - Medicaid

- Physicians
- Dentists
- Certified nurse mid-wife
- Nurse practitioner
- Physician assistants
  - Practicing in rural health clinics or leading an FQHC

# Qualifying for Medicaid Incentives

- 30% of volume attributable to Medicaid
- Pediatrician with 20% of volume attributable to Medicaid
  - Threshold award at 66% of incentives
- FQHC or rural health provider with a minimum of 30% service to “needy individuals”
  - Medicaid, including Medicaid managed care plan
  - SCHIP, sliding scale, charity care

# Medicaid Payments

Payments up to **\$63,750\***

Payment Year	Amount	Payment Uses and Conditions
1	\$21,250	Engaged in efforts to purchase, implement, or upgrade EHR Support services and training
2-6	\$8,500	Operation, maintenance, and use Must demonstrate meaningful use

Not in excess of 85 percent of net average allowable costs for certified EHR technology and support services

# Medicaid Incentives Schedule

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
2011	\$21,250	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500						\$63,750
2012		\$21,250	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500					\$63,750
2013			\$21,250	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500				\$63,750
2014				\$21,250	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500			\$63,750
2015					\$21,250	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500		\$63,750
2016						\$21,250	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$63,750

# Non-Eligible Professionals

- Hospital Based
  - Furnishes *substantially all* of services in a hospital setting (whether inpatient or outpatient) - utilizing facilities and equipment
    - e.g. pathologists, anesthesiologists, emergency physicians, PCP operating in a hospital clinic, etc.
  
- Non-hospital professionals who do not meet thresholds
  - Can apply for loan funds but will not receive EHR incentives

# Hospital Incentives

- **\$2 Million** base payment
- Additional payments based on discharges, Medicare share, and a transition factor
- Excluded hospitals
  - Rehabilitation
  - Average inpatient stays >25 days
  - Hospitals involved extensively in the treatment of or research on cancer
  - Hospitals treating patients who are predominantly under 18

# Hospital Payment Example

## 250 Bed Hospital with Meaningful Use by FY 11

- 7,161 Acute Discharges
- 38,022 Total In-Patient Days
- 24,835 Total In-Patient Days (Medicare Part A)
- \$245,531,017 Estimated Total Hosp Charges
- \$14,340,000 Estimated Charges (Charity Care)
  
- **\$5,629,045 Total Incentive Payments**

# MEANINGFUL USE

# Meaningful Use Criteria: A Balancing Act

- Urgency of health reform
- Urgency of Economic Recovery
- Outcomes improvement
- Available EHR capabilities
- Product certification
- Time needed to implement
- Small practice realities



Availability of Technical Assistance and Exchange Capabilities

# Meaningful Use Governance

HHS Office of National Coordinator  
National Coordinator

CMS

Policy Committee

Standards  
Committee

MU

Certification/  
Adoption

Exchange

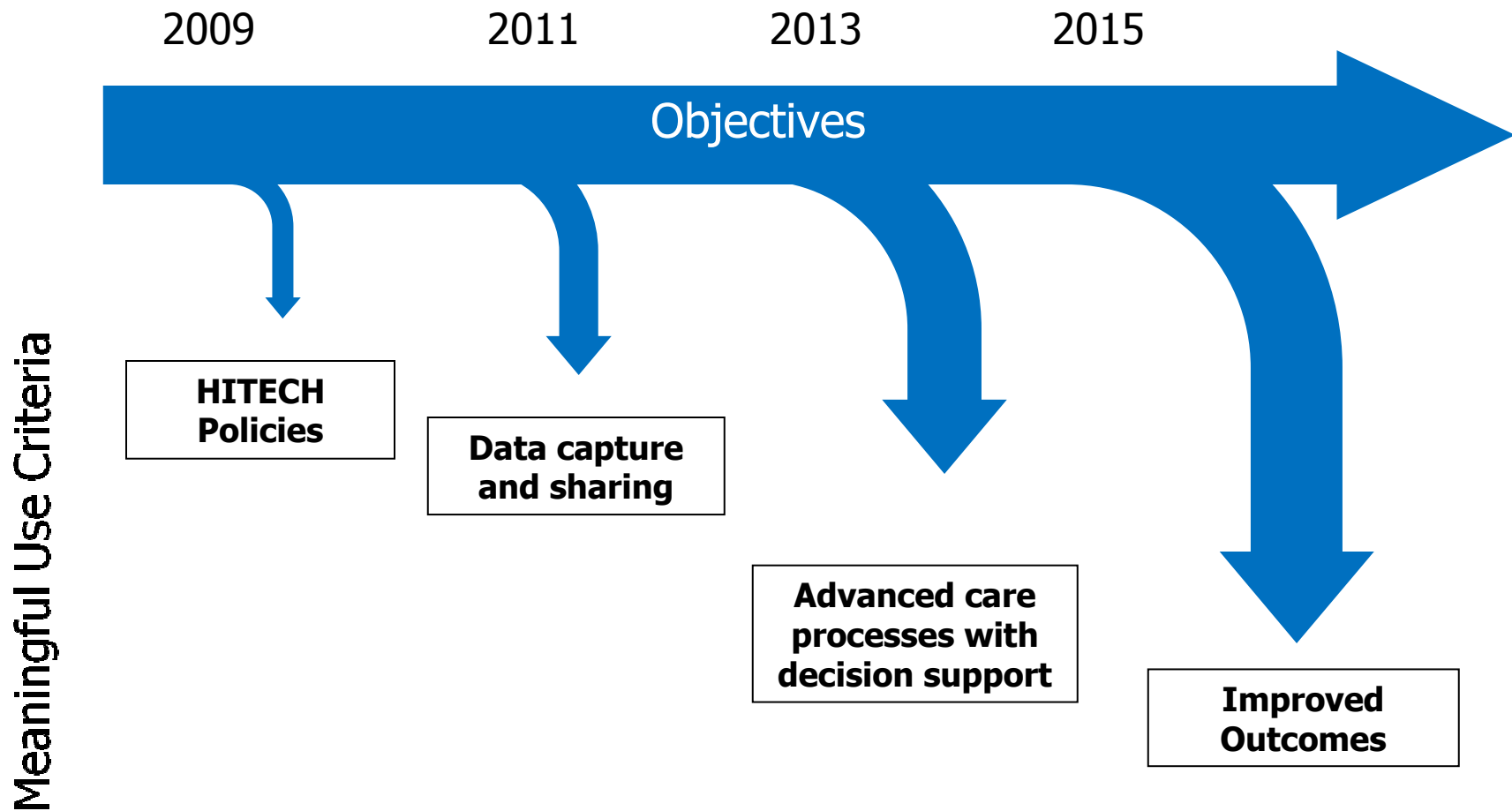
Clinical  
Quality

Clinical  
Operations

Privacy and  
Security

# HIT-Enabled Health Reform

*Achieving Meaningful Use*



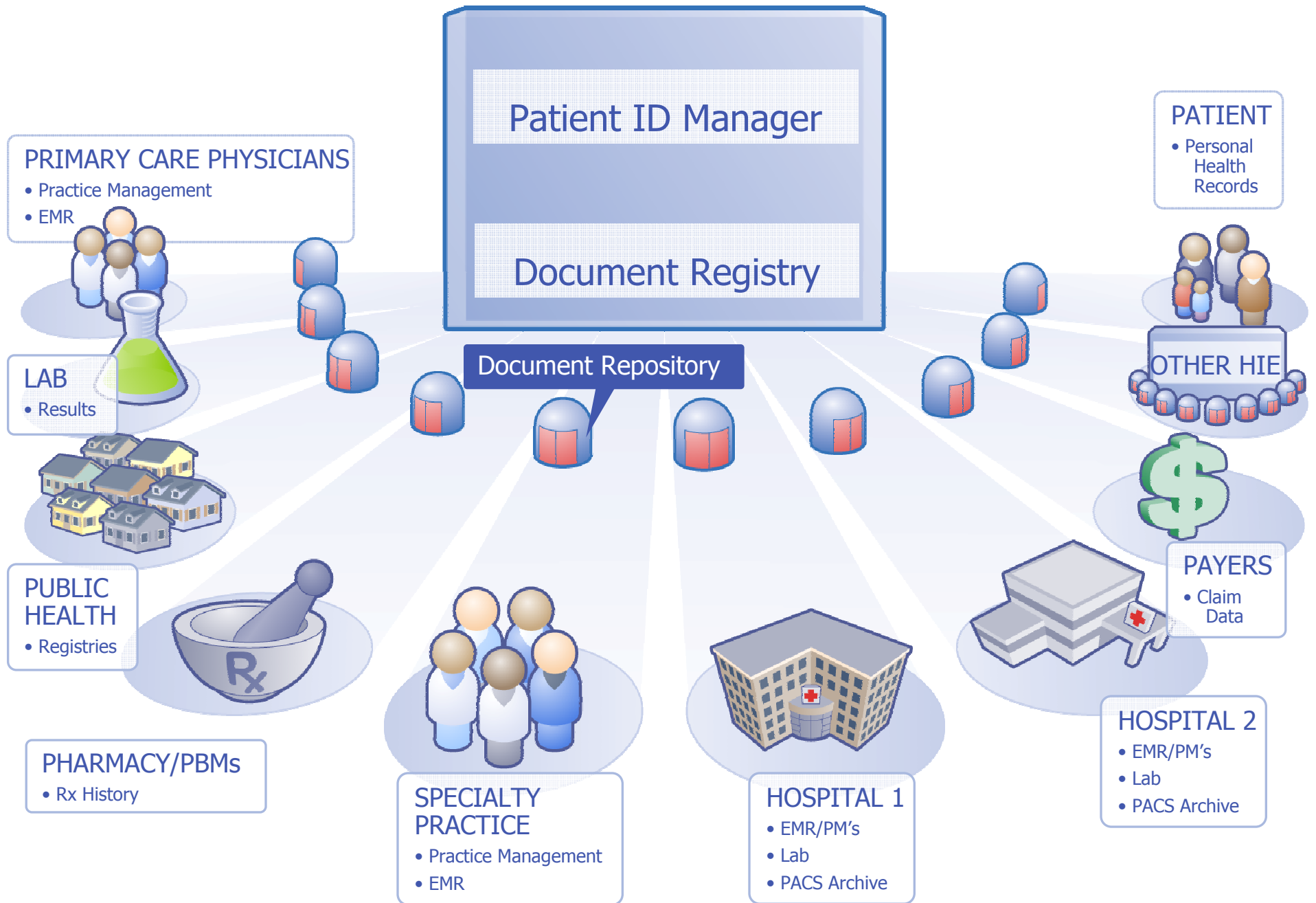
# Health Policy Priorities and Measures

<p>Improve quality, safety, efficiency, and reduce health disparities</p> <p>2011</p>	<p>Engage patients and families</p> <p>2013</p>	<p>Improve care coordination</p> <p>2013</p>	<p>Privacy and security</p> <p>2015</p>	<p>Improve population health</p> <p>2015</p>
<p>% Diabetics with A1C under control</p>	<p>% Patients with access to PHR populated in real time</p>	<p>10% reduction in 30 day readmission rate</p>	<p>Provide patient with accounting of disclosures</p>	<p>HIT enabled surveillance measure</p>

# Validation

- Data submission of quality measures
- Attestation
- Submission of claims with appropriate coding
- Survey responses
- Other means specified by the Secretary

# INTEROPERABILITY



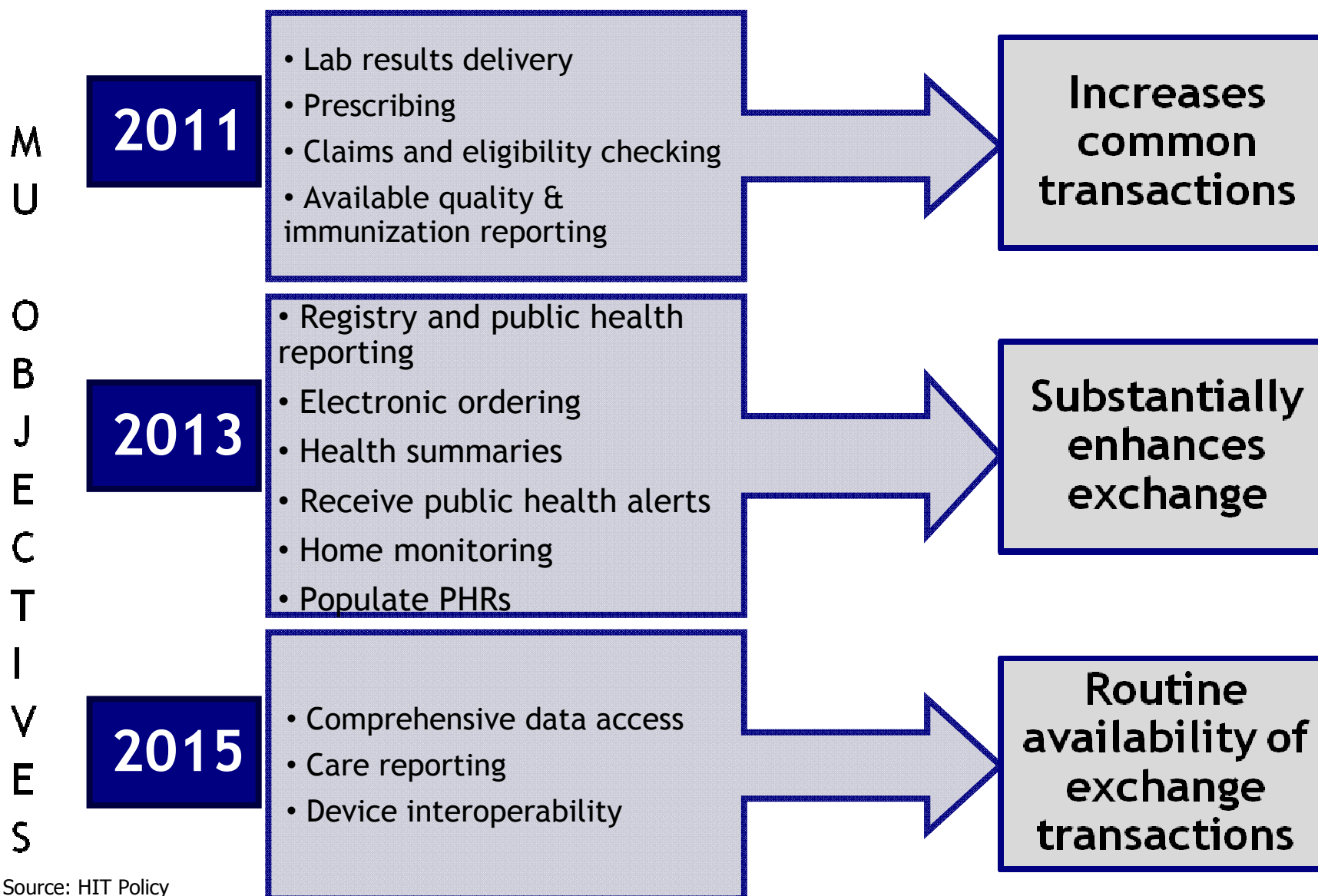
# Providing and Receiving Data - Existing RHIOs

Entity	Providing Data	Receiving Data
Hospital	84%	73%
Ambulatory Clinic/MD	70%	86%
Lab	68%	34%
Imaging Center	57%	32%
Payer	34%	20%
Public Health	25%	39%
Pharmacy	34%	34%
Pharmacy Benefit Mgr	18%	11%

# Exchanged Information

Type of Information	Percentage of Exchange
Test Result	84%
Inpatient Data	70%
Medication History	66%
Outpatient Data	64%
Public Health Reports	14%

## MU Drives Interoperability!!!



Source: HIT Policy Committee: Aug 14,2009

# Challenges Brewing

- Capacity/readiness/infrastructure
- Standards
- Consolidation - vendors and providers
- Heightened regulatory involvement
- Health reform

# Questions

# Thank You.



S A G E G R O W T H  
P A R T N E R S

*Don McDaniel, President and CEO*  
*Office: (410) 534.1161 Cell: (443) 904.2882*  
*<http://www.sage-growth.com>*