

Frequently Asked Questions American Recovery and Reinvestment Act and the HITECH Act

Basics of the Bill

How does the \$19 billion that's allocated to Health IT break down in the Stimulus Bill?

There is \$2.1 billion that will be available to the Secretary of Health & Human Services for distribution through the Office of the National Coordinator for Health IT (ONCHIT). These funds will be spent on projects related to standards evaluation and development, infrastructure for health information exchange (HIE), grants to states for the purpose of furthering EHR adoption, improvements in telemedicine delivery, and the establishment of Regional Health IT Resource Centers.

There is an additional \$17 billion to be applied to longer term utilization incentive bonuses for providers meeting certain criteria.

What are the different incentive options?

There are two incentive payment programs outlined under the HITECH Act – one through Medicare and another from Medicaid. Providers can only submit for payment of an incentive bonus from one of the programs so will need to analyze their organization's public payer mix to determine where they stand to benefit most. Both require that a provider prove "meaningful use" of an EHR product to qualify for the incentives, as well.

How does the bill define adequate EMR utilization? What does "meaningful use" actually mean?

"Meaningful Use" is defined in three ways in the Bill:

- Use of a certified product complete with ePrescribing capability as determined appropriate by the Secretary of HHS
- The EHR technology is connected for the electronic exchange of PHI
- Complies with submission of reports on clinical quality measures

All further details about what type of reporting will need to be submitted, what level of connectivity will be required and the final criteria for standards will be determined by the Secretary of Health & Human Services before the utilization incentives begin.

What are the bonus payments that will be available to physicians under Medicare?

Under Medicare, physicians will be eligible for the following as soon as they can demonstrate "meaningful use" (beginning in 2011):

Year they first file	Amount They'll Receive Each Year						
	2011	2012	2013	2014	2015	2016	TOTAL
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

Two notes:

- Physicians operating in a "provider shortage area" will be eligible for an incremental increase of 10% in their bonus payments.
- Physicians operating entirely in a hospital environment, such as anesthesiologists, pathologists and ED physicians, are ineligible.

As a physician, what if I don't demonstrate use of an EHR after the incentives are in place?

Beginning in 2015, physicians not demonstrating meaningful use will have their Medicare fee schedule reduced. Reductions will be:

- For 2015, down to 99 percent of the regular fee schedule
- For 2016, down to 98 percent
- For 2017 and each subsequent year, down to 97 percent

If the Secretary finds that less than 75% of eligible healthcare professionals are utilizing EHR beginning in 2018, the Secretary can further reduce the fee schedule to 96% and then 95% in subsequent years but not further.

How is the incentive program structured? Is it based on payment of a flat dollar amount or is it a percentage of Medicare allowables like it is for PQRI?

The utilization bonus payments identified as incentives for physician utilization in the Bill are flat payments that will be the same for all providers who meet the criteria.

Are groups that do Medicare Advantage also eligible for the stimulus dollars?

Yes, there are provisions of the Bill related to groups accepting Medicare Advantage. Those organizations and their providers are eligible for the incentives as long as the provider delivers a minimum of twenty hours a week of patient care services and the organization furnishes at least 80 percent of the services of the individual professional to clients of their organization.

What are the bonus payments that will be available to physicians under Medicaid?

A healthcare provider is eligible for incentive payments from Medicaid who:

- 1) is not hospital-based and has at least 30 percent of the professional's patient volume coming from Medicaid patients;
- 2) who is a pediatrician, who is not hospital-based, and who has at least 20 percent of the patient volume coming from Medicaid patients;
- 3) practices predominantly in a FQHC or rural health clinic and has at least 30 percent of the professional's patient volume coming from Medicaid patients;
- 4) is a children's hospital, or an acute-care hospital that is not described in clause (i) and that has at least 10 percent of the hospital's patient volume coming from Medicaid patients.

Incentive payments will be based on a calculation that factors the physician's Medicaid mix in combination with up to \$25,000 the first year and \$10,000 each subsequent year for five years. The highest potential for Medicaid payments is \$64,000. Additionally, physicians filing under Medicaid must first demonstrate EHR usage by 2015 and will not be eligible for payments after 2021.

Note: Pediatricians, because they have to meet a lower threshold of only 20% Medicaid patients to qualify for the incentives, are only eligible for 66% of the incentive payments described above.

What are the bonus payments that will be available to hospitals under Medicare?

The calculation used to determine the incentive payments to hospitals efficiently utilizing an EHR is much more complicated than that on the physician side.

Essentially, there is a calculation based on a \$2 million base payment plus a figure derived from the discharge volume. *Then*, CMS will additionally determine the hospital's Medicare share in a fraction form by adding inpatient-bed-days for different Medicare patients (Part A and Part C) (equaling the numerator) *over* the product of the total inpatient-bed-days and the total hospital charges divided by the total hospital charges (the denominator). Medicare will then pay incentives based on the year in which the hospital demonstrates meaningful use, decreasing the annual incentive payments with time.

Note: Critical Care Hospitals are not eligible for the incentives described above. Instead, they will be allowed to expense the acquisition cost of health it in a single year for Medicare payment instead of depreciating it over a number of years.

Does use of an EHR in an Emergency Department qualify me as an Emergency Physician for incentive payments?

Hospital-based physicians are not eligible to individually receive incentive payments based on the fact that their organization was the one to shoulder the cost of purchasing and implementing the EHR. This includes specialties such as ED, pathology, anesthesiology and others.

What happens to hospitals that don't prove meaningful use of an EHR by 2015?

Again, very complicated. For eligible hospitals not demonstrating meaningful EHR use by 2015, three-quarters of the anticipated percentage increase in the fee schedule shall instead be reduced by 33 1/3 percent for fiscal year 2015, 66 2/3 percent for fiscal year 2016, and 100 percent for fiscal year 2017 and each subsequent fiscal year. This reduction will be reevaluated each year, and a hospital can return to a normal fee schedule as soon as EHR use is demonstrated.

Are all physicians in the U.S. eligible for incentive bonus payments from Medicare and Medicaid?

While the majority of physicians stand to earn incentive payments if they meet the meaningful use threshold, there are some that will not qualify – those not accepting Medicare, or those that do not have a patient base that is comprised of more than 30% Medicaid patients. Additionally, physicians delivering all care in a hospital, such as anesthesiologists, pathologists or emergency physicians, do not qualify.

Note that while most providers must demonstrate that 30% of their patients are using Medicaid in order to qualify for that portion of the program, pediatricians need only prove 20%. This is an effort to facilitate the participation of more pediatricians in the program who would not normally accept Medicare and very well might not have a sufficient Medicaid volume to qualify.

How are Pediatricians and Family Physicians going to be able to participate?

If a physician does not meet the Medicaid payer mix threshold and does not accept Medicare, they will be able to apply for grants and/or loans to offset the upfront costs of the purchase of an EHR but will not be eligible for incentives as currently delineated. Additionally, the Secretary of HHS will be assessing utilization levels beginning in 2011, and if he or she believes that there is a need to offer other incentives to prompt adoption among those populations of providers, that will be addressed then.

If I meet the definition of meaningful use now as an EHR user, can I earn incentive payments immediately?

No, all organizations must wait until 2011 to submit for incentive payments. However, you do have an immediate opportunity to earn incentives from CMS for ePrescribing utilization, as well as PQRI bonuses.

How much of the \$19B will be allocated for ambulatory solutions vs inpatient clinicals?

The money is not allocated by care setting and is intended to incite as much adoption as possible among healthcare professionals in both delivery environments. Additionally, the funds are not capped in the event that EHR adoption takes off at levels beyond the initial forecast.

What does the connectivity requirement of the meaningful use definition mean?

The Secretary of HHS will be defining this requirement further, but we believe that demonstrating connections and patient data exchange with another provider such as a lab, pharmacy, imaging center, hospital, or other physician will satisfy the requirement. It is possible that as health information exchange initiatives gain traction in more regions across the country that the requirement for connectivity will be adjusted by the Secretary and be interpreted more stringently.

Impact on Clients / Product Specific Questions

What does this mean to current Allscripts clients?

The answer depends on the client's current technology utilization patterns.

For those that do not yet use an EHR and meet the criteria for the incentive payments, this program should offer a motivation to adopt so there is sufficient time to implement and learn how to effectively use the software sufficiently enough to comply with the "meaningful use" requirements.

For clients who already use an EHR product, they will be eligible for the utilization incentives assuming they meet the criteria under Medicare or Medicaid and demonstrate meaningful use.

If I already use an Allscripts EHR, do you know if I can qualify for a grant once they become available?

The Secretary of HHS will first prioritize grant dissemination to organizations that do not have an EHR or to those that use an outdated product that will not meet certification criteria. For those already using an EHR that meets that criteria, the HITECH Act will instead reward them and offset their purchase costs through the utilization incentives.

What is Allscripts' position on the standards certification requirement?

Allscripts has been a strong supporter of CCHIT – one of the industry's primary product certification bodies – since its inception, and our CEO, Glen Tullman, is the only vendor representative on the Board of Trustees. We are pleased that Congress appears to be recognizing the good work CCHIT has done through its certification process and that HHS will likely be basing much of their go forward standards on that work to date.

Today, Allscripts has four clinical products that address different market needs and client bases. Each of these solutions has current CCHIT certification, and we intend to ensure that every one of our clients is in a position to participate in the new Stimulus incentives that will become available in 2011.

What are the current CCHIT certifications for the Allscripts EHR solutions?

Each of our Electronic Health Record solutions is currently certified; we will continue to aggressively pursue connectivity, interoperability and CCHIT certifications for our solutions moving forward.

Will Misys EMR meet the certification criteria for meaningful use?

Over 1,800 physician practices use Misys EMR today, and we continue to invest in development, maintenance and support of this solution. With the combination of our current CCHIT certification for Misys EMR (valid until February 2011) and our just released Version 9.1 and the future Version 9.2 (due in early 2010), we are committed to ensuring that all of our clients will be able to participate in these, and future, incentives. While the CCHIT requirements for 2009, 2010 and 2011 are not finalized, we will analyze and execute the best approach for each of our clients (across all solutions) as the standards requirements are released by the Department of HHS.

Do you know what type of reporting will be required to prove EHR utilization to CMS / HHS?

We will not know for some time – likely into 2010 – what the requirements will be of physician organizations or hospitals wishing to submit reports to demonstrate meaningful use of an EHR or what those terms will ultimately come to mean. The Bill lists several options for that reporting, including the creation of new CPT or ICD-9 (or ICD-10) codes that indicate use of an EHR, surveys, attestations and other forms. However, Allscripts is committed to ensuring that our products make it as simple as possible for our clients to comply with any directive that comes out of HHS at that point.

I use Document Manager – will that qualify as an EHR under the definition of meaningful use?

Document Manager and our other electronic health record modules are not EHRs and are thus not certified, so they will not qualify on their own or meet the meaningful use definition.

General Questions

Can hospitals use Stimulus funding for Stark projects?

There is nothing in the Bill that preempts a hospital from moving forward with a program maximizing the relaxation of the Stark and Anti-Kickback laws. Such hospitals may apply for grants and/or loans that become available as the Secretary of HHS allocates the \$2 billion and use that money to further EHR adoption in their larger community. The incentive payments for meaningful use will not benefit the hospital as those payments go directly to the practicing providers, but we anticipate that many hospital executives will decide to proceed in an effort to increase physician loyalty and referral dollars.

What do you think will happen in the industry as a result of this? Consolidation? More companies entering the space to get a piece of the pie?

It is likely that smaller, independent players in our space will be acquired as larger companies – and particularly those without any discernible presence in the ambulatory market in particular – seek to gain a share in the incredible opportunity presented by the HITECH Act.

I have a grant request ready to send to HHS – do you know where I should send it?

At this point, the entire process for grant submission related to Stimulus funds is undefined so it is premature to submit any type of grant request. The Secretary of HHS will release the plan for allocating the \$2 billion within 90 days, and at that point, other relevant organizations and sub-agencies of HHS will begin establishing their own action plans accordingly.

As an industry leader, how will Allscripts meet the logistical challenges of selling to and implementing a higher number of systems than ever required before?

As intended by the Stimulus Bill, Allscripts will hire new sales professionals, implementation experts and client support professionals as our client base expands and requirements in those areas of our business grow.

Gray Areas

There are several gray areas in the language of the Bill:

1. The definition of which healthcare professionals are eligible for incentive payments. Definitions are generally very vague, and many groups across the country are working to gain clarity, including IDNs, MSOs and IPAs.
2. While it appears that only physicians will qualify to receive the individual incentive payments, other providers such as Physician Assistants, Medical Assistants, Nurse Practitioners and Physical Therapists are seeking clarification based on care environments in which they are the primary care givers
3. We do not yet know if homecare, hospice and/or long term care environments will qualify for funding through the Stimulus Bill. There was an amendment to include those agencies in the list of eligible organizations when the Senate was working on it, but the CBO indicated a challenge with scoring the cost of outfitting those types of organizations for some reason so it is unclear whether they are covered by the final Bill.