



# Solutions as Unique as Your Needs

## Update on the Economic Stimulus Package and Related Impact on Healthcare IT

### What Does IT Mean to Your Organization?

The American Recovery and Reinvestment Act of 2009 (ARRA) was recently signed into law, and with it came provisions that will further enable the adoption of healthcare IT by physician practices. Those provisions, called the Health Information Technology for Economic and Clinical Health (HITECH) Act, represent a significant opportunity to advance technology in the ambulatory environment, but understanding what needs to be accomplished in order to maximize potential incentives to an individual practice, a group practice organization, or a health system that employs physicians is the key challenge at this juncture. ***This e-mail is meant as a high-level summary; we plan to provide more details in the future as they become clear.***

### Provider Payments

In addition to grants and demonstration projects, the potential financial incentive for electronic health record (EHR) adoption is a maximum of \$44,000 per physician that is to be paid based on a 5-year schedule. Eligible physicians will not begin to receive reimbursement until 2011 at the earliest. In order for physicians to be eligible for the maximum payment, implementation must be completed by the beginning of 2011 in order to be able to illustrate "meaningful use" of the EHR by mid-2011. To be eligible for any payment, implementation must be completed by 2014, with no payments made to physicians after 2016. Possible payments decline over time according to the following schedule:

	2011	2012	2013	2014	2015
Payment per Eligible Physician	\$18,000	\$12,000	\$8,000	\$4,000	\$2,000

Payments are tied to what the legislation classifies as "adoption and meaningful use of certified EHR technology." Certification is currently governed by the Certification Commission for Healthcare Information Technology (CCHIT), which sets strict, evolving standards. Meaningful use requires the demonstration of satisfactory ePrescribing, interoperability, and reporting capabilities. The legislation further states that the requirements to demonstrate meaningful use can become more stringent over time, but does not offer any specifics. ***Therefore, it is important to validate that products are certified and will continue to meet requirements through the reimbursement period.***

### Penalties

There is also a penalty for lack of adoption; beginning in 2015, Medicare reimbursement will be reduced 1 percent in 2015, 2 percent in 2016, and 3 percent in 2017 for nonparticipating providers. This is in addition to the rewards and penalties for [ePrescribing](#) adoption, which we reported on in October 2008, and the opportunity for health systems to [donate EHRs](#) to community practices, which we reported on in fall 2007. One key message which can be derived from this legislation is that a "wait and see" approach, with regard to moving forward with EHR initiatives, risks resulting in a negative long-term financial impact. Whether you have a mature ambulatory electronic medical record initiative at your organization or you are just beginning to go down that road, this legislation will have an impact.

Presuming that an organization wants to be best poised to take advantage of this opportunity, implementation should be complete by the end of 2010. If an organization has not selected or implemented technology yet, a sample timeline might be as follows:

	Q2 '09	Q3 '09	Q4 '09	Q1 '10	Q2 '10	Q3 '10	Q4 '10	Q1 '11
Review and Selection of System	█							
Negotiation of Contract		█						
Implementation Planning		█						
Preparation of Technical Environment		█						
Current Environment Documentation/Future Vision		█						
Implementation Kickoff			◆					
Implementation Team Training			█					
System Configuration			█	█				
System Testing					█			
System Training						█		
Go-Live						◆		
Rollout						█	█	
Optimization							█	█
Target for HITECH/ARRA								◆

The industry anticipates that an overwhelming number of organizations will desire to select a system, negotiate contracts, and implement the system during this time period. As such, ECG is uniquely positioned to assist your organization by ensuring that your needs are met throughout this entire process. Our areas of expertise specifically address physician/hospital alignment strategies and both financial and operational performance improvements, including:

- n IT strategic planning.
- n System selection.
- n Contract negotiation.
- n IT project management.
- n System implementation and optimization.

We look forward to continuing to provide you with the most current information that you need to make informed choices. To understand more specifically how these acts impact your organization and how you can be best positioned to take advantage of the financial benefits, please do not hesitate to contact one of our experts on this legislation: Mr. John C. Whitham, Principal, Healthcare IT – East, at 703-522-8450 or [jwhitham@ecgmc.com](mailto:jwhitham@ecgmc.com), or Ms. Laura D. Jantos, Principal, Healthcare IT – West, at [ljantos@ecgmc.com](mailto:ljantos@ecgmc.com) or

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