

Stimulus Package (ARRA 2009)

(This page will be updated as information is released from CMS or the Federal government.)

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act (ARRA) of 2009. The Act aims to stimulate the economy through investments in infrastructure, unemployment benefits, transportation, education, and health care. Included in the \$787 billion ARRA is approximately \$20 billion in funding to incentive healthcare organizations and physicians to adopt and effectively use electronic health records (EHR) and establish regional health information exchange networks. *This is a huge opportunity for physicians to reap the benefits that EHR's can have on improving the quality, safety, and efficiency of health care, along with the cost savings.*

There are two programs for physicians: one for those that see large volumes of Medicaid patients, and another for those that accept Medicare. In order to qualify for the incentive payments, both **physicians and healthcare organizations must demonstrate three things:**

1. Use of certified EHR with ePrescribing capability (currently no definition as to what a certified product is)
2. Connectivity to other providers; and (most likely through a CCR)
3. Ability to report on their EHR use to the U.S. Department of Health and Human Services. (The submission of claims with the appropriate coding such as a code indicating that patient encounter was documented using an EHR - this is currently the case for e-prescribing)

With the goal of rapid adoption, all of the incentives include payments for up to five years, but the program is largely front loaded - meaning the largest payments are provided early, and late adopters will receive lower payments. The incentive payments begin in 2011, giving physicians time to adopt and learn to effectively use their EHR before the payment reduction begins in 2015.

Potential Reimbursement per Year

Year of Filing	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

Medicaid Incentive Plan:

The stimulus plan calls for eligible physicians to potentially receive up to \$63,750 for utilizing a qualified electronic health records system. For practices that have not implemented an EHR, the Medicaid program offers up to \$21,250.00 per physician to aid the purchase and implementation of a system (the physician must purchase before 2016 to be eligible). Thereafter, the Medicaid incentives offer up to \$8,500.00 per physician for meaningful use of the EHR. The meaningful use payments will be available for up to 5 years (with no payments being made after 2021). Medicaid-eligible professionals must pay at least 15% of the cost to purchase and maintain their EHR technology. The start date of this program has yet to be determined, but it is expected to begin on or before October 1, 2010.

Are there financial benefits available now, even before incentive money becomes available?

Section 179 tax advantage is better than ever in 2009. That's because the new, higher limits (and bonus 50% depreciation) that were first introduced in 2008 have been extended for 2009. This means the limits are almost double from previous (pre 2008) years. Practices are able to write off up to \$250,000 of software and related equipment purchased. For practices that can use this tax benefit, this clause functions as a 35% discount off of your purchase price. For instance, if you purchased and installed \$50,000 of EMR software and hardware in 2009, you would be able to depreciate, or write off the full \$50,000 this year which translates to total cash savings on your purchase of \$17,500. It is important to note that the section 179 deduction is re-evaluated annually and may or may not be in effect in future years. Regardless, acting now can signify a substantial tax savings for your practice. (Please consult with your tax advisor for full details of the Section 179 tax laws)