

What is the Economic Stimulus Act?

The Economic Stimulus Act

The American Recovery and Reinvestment Act of 2009 (ARRA) was signed into law on February 17, 2009. The opportunity presented by the bill to American physicians is substantial. The Stimulus may help provide most physicians in the United States with an EHR at ZERO net cost to the physician. For some, the incentive payment is enough to cover the cost of a top-of-the-line EHR system while producing a "surplus" of \$20,000 - \$55,000.

Frequently Asked Questions:

What financial benefits for Healthcare IT incentives are included in the American Recovery and Reinvestment Act?

The health IT component of the Act, the HITECH Act, appropriates \$19.2 billion dollars to modernize and accelerate the use of health information technology, particularly electronic health records (EHRs).

Who or what kinds of organizations will benefit from the Healthcare IT incentives?

The incentives primarily benefit hospitals and physicians. Basically, the law provides that qualified physicians who utilize a certified electronic health record in a "meaningful" way will receive incentive payments through additional reimbursements via either Medicare or Medicaid depending upon the individual physician's payor mix.

What is the potential financial benefit of the Healthcare IT incentives?

- Starting January 1, 2011, "meaningful" EHR users can earn \$44,000 under the Medicare plan and \$64,000 under the Medicaid plan over 5 years. Physicians may participate in one or the other plan, but not both.
- Early adopters benefit the most, as about 70% of the payments come in the first two years.
- Those engaged in Physician Quality Reporting Initiative (PQRI) and electronic prescribing can earn an additional \$6,000-\$8,000 per year beginning immediately.
- Physicians' maximum allowable Medicare incentive for the first year of "meaningful" use is increased \$3,000 from \$15,000 to \$18,000, for demonstrated EHR use in 2011 or 2012. This "early adopter" incentive raises the total amount a physician can qualify for from \$41,000 to \$44,000 in the Medicare plan. A benefit for early adoption does not exist under the Medicaid incentive program.

How is "meaningful" initially defined in the legislation?

- Using certified EHR technology that includes electronic prescribing.
- Using EHR technology that allows electronic exchange of health information.
- Eligible professionals must submit information for the period on the clinical quality measures and other measures selected by the secretary of the Department of Health and Human Services (HHS).

What constitutes a certified EHR?

What constitutes a "certified" EHR is to be determined by the Secretary of Health and Human Services (HHS). However, many believe that the Certification Commission for Healthcare Information Technology (CCHIT) will be instrumental in the certification process. The Certification standards must be published by December 31, 2009

What are the penalties if healthcare providers do not implement an appropriate amount of technology and report quality data by 2015?

For physicians who do not adopt such technology by 2015, Medicare payments will be reduced by the following factors in the years specified:

- 2015: One percent
- 2016: Two percent
- 2017 and beyond: Three percent
- 2018 and beyond: HHS Secretary may decrease one additional percent/year (max of 5%) if 75% of physicians do not adopt technology by 2018.

- **Who qualifies as an eligible professional?**

Eligible Professionals under the Medicare HIT incentive program are limited to physicians as defined in the Social Security Act (A§1861(r))

- A doctor of medicine or osteopathy
- A doctor of surgery or of dental medicine
- A doctor of podiatric medicine
- A doctor of optometry
- A chiropractor

To receive Medicare incentive payments, the physician must:

- a. Not be hospital-based;
- b. Demonstrate meaningful use of a certified EHR; and
- c. Submit Medicare Part B claims of at least 133% of the maximum incentive for a program year to qualify for the maximum incentive payment.

The Medicaid HIT Incentive program expands the definition of eligible professionals to include:

- a. Certified nurse mid-wife
- b. Nurse practitioner
- c. Physician assistant (under certain circumstances)

To receive Medicaid incentive payments, eligible professionals must:

- a. Not be hospital-based;
- b. Demonstrate meaningful use of a certified EHR; and
- c. Treat a patient population, of which at least 30% receive medical assistance (or 20% if the physician is a pediatrician).

There are no distinctions between specialty and primary care physicians in terms of the incentives.

Do hospital-based physicians qualify?

The legislation specifically states the hospital-based physicians DO NOT QUALIFY for the Medicare or Medicaid EHR incentives.

Do Physician Assistants, Nurse Practitioners, etc. qualify for the incentive?

Certified nurse mid-wives, nurse practitioners and physician assistants will not qualify under the Medicare provisions. These providers, however, can receive Medicaid incentives provided that at least 30% of their patients receive medical assistance.

Who qualifies for the additional 10% rural health incentive?

An eligible professional who predominantly furnishes services in a geographic area that is designated by the Secretary as a health professional shortage area may receive a 10% increase in their annual payment.

Will the incentives be applied to systems already in use, or will they be applied to the purchase of new systems only?

The incentives are available to meaningful users of certified IT systems described in the legislation regardless of when they were implemented. The qualifier is the date at which the provider can qualify as a meaningful user of the certified technology.

Will your medical practice be ready to take advantage of the financial benefits of the American Recovery and Reinvestment Act of 2009?

While January 1, 2011 seems like a long time away, IT REALLY IS NOT.

Depending on the size of your medical practice and requirements, it may take as long as 6 to 9 months to fully install and transition to a TOTAL SOLUTION (i.e. EMR/PMS/Labs/etc. interfaced) as shown above.

Remember, in order to qualify for the incentive payments you must demonstrate "meaningful" use of a certified EHR. Purchase and implementation are not enough. The transition to a new EHR system can be a timely process when you include the following steps:

- Development of your selection criteria;
- Requirements Analysis and Workflow study, etc.;
- Selection and coordination of vendor(s)
- Development of your implementation plan;
- Installation and testing Total Solution (i.e. EHR, PMS, Labs, etc.);
- Training and Go Live

If you haven't started the process, 2011 is a lot closer than many would like.

DISCLAIMER: This Overview is only a summary. Please check the [American Recovery and Reinvestment Act of 2009 \(i.e. Title XIII\)](#) for specific details regarding issues presented in this summary.