



HEALTH IT LAW & INDUSTRY



REPORT

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What Do We Do Now? The ARRA and Its Impact on Health Care Providers

By JAMES L. OAKES JR.

Whatever other long-term impact is felt by the current recession and the federal government's response to it in the form of the American Recovery and Reinvestment Act (ARRA), one consequence that will be felt for years to come is the significant (approximately \$19 billion net) investment that the federal government is making in health care information technology.

In many respects, this is the biggest investment the government has made in our health care infrastructure since the Hill-Burton Act of 1946, and it is likely to be just as far-reaching. Like the Hill-Burton Act, however, the money comes with requirements—and many hospitals are unsure how to maximize their eligibility for this funding because of the uncertainty surrounding the requirements for obtaining this reimbursement.

On the surface, the requirements seem clear: to be eligible for reimbursement, a provider must show “meaningful use” of a “certified EHR,” and must show the ability to interoperate with other systems. The problem is that every one of these phrases is subject to detailed interpretation and definition, and many other questions arise as providers determine what to do.

Examples of questions include:

- Who will determine the definitions?
- How will a provider demonstrate compliance with the definition?

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- Will an attestation be sufficient, or will there be an audit?
- When and how will funds be distributed?
- Will you have to demonstrate compliance with the definition annually, or will one time be sufficient? . . . and more.

Given the uncertainty surrounding these issues, a number of providers have elected to delay any action towards selecting and implementing an electronic health record (EHR) for their institution until answers are made available, reasoning that they want to know as much as possible before committing to a direction. However, providers who take this path may put themselves at risk for forfeiting eligibility for ARRA funds at all, given the time to execute and implement systems.

The health care information technology industry has been given an historic opportunity to show the value—clinical, financial, and strategic—that information technology can bring to health care.

Steps to Implementation. As described in this paper, providers can take steps now to plan for an implementation (if they have not already done so) to assure themselves of maximizing their potential under the act. Several specific actions can assure a provider that they are as well positioned as possible to benefit from the provisions of ARRA without having to commit large sums of capital expenditure in an era of uncertainty.

First, it is important to gain a high-level understanding of the provisions of ARRA as they pertain to your institution. Although there are a number of nuances to

the specific provisions of the Act, it should not be terribly difficult to determine, at an aggregate level, how much your institution will be eligible to receive given your patient volume, Medicare mix, and other relevant variables.

In addition, a brief review of definitions and other criteria will give an adequate understanding of the factors that will go into determining “meaningful use,” “certification,” and other terms to be defined. There are a number of excellent sources for this information; one particularly useful one is the website of the Healthcare Information Management and Systems Society (<http://www.himss.org>), which has an entire section devoted to ARRA and its implications.

Second, develop a realistic plan for your institution based on your assessment of the level of automation that is right for your circumstances, environment, and budget. While it is important to understand the financial impact of the Stimulus Act on your planning and capital requirements, the Stimulus Act alone will not turn a bad investment into a good one. In other words, if your institution isn’t ready to embrace an EHR, Stimulus Act reimbursement will not change that fact.

As one chief information officer colleague is fond of saying, “Stimulus is not a strategy.”

Furthermore, a well thought-through plan will help the institution plan for the change that will accompany the move to an EHR and computerized provider order entry (CPOE). Few health care institutions have made this leap yet (between 5 percent and 10 percent of U.S. hospitals have fully functional EHRs, according to HIMSS Analytics), and the magnitude of change cannot be overestimated. A key component of the planning exercise should be to establish communications with the various constituencies within the institution, so that expectations can be properly set and managed, and status of efforts can be communicated quickly and accurately.

Third, talk with your vendor to ascertain their plans for taking your institution to the level of automation envisioned by your plan. Although few vendors have large numbers of health care institutions actually using CPOE and EHR products yet, most have developed them. It is prudent to understand what your incumbent vendor can do for you before spending too much energy (and expense) looking elsewhere. Particularly given the anticipated huge increase in demand as Stimulus Act deadlines approach in a year or two, it is important to get this step done early, so that you don’t wind up in the back of the line.

One major vendor has almost 2,000 hospitals in the United States, many of whom are considering an upgrade to their CPOE product. It will be an interesting scene if all or most of them decide to upgrade at the same time.

Fourth, if you have determined that new or additional systems may be required to help you reach your automation goals, look at the market. It is important, however, to look at systems through the lens of your identified requirements. Cost and capability of systems can vary widely, and you will be a smarter buyer if you are a better informed buyer. The “best system” isn’t necessarily the most expensive, the most feature rich, or the one whose representatives do the best job presenting their capabilities. The best fit for you is the system (and company) that can most closely align with your business goals and priorities.

And finally, get started! Recognizing that these steps take a while to accomplish, it is important to start the journey. The landscape is changing rapidly, deadlines are approaching, and more and more of our constituents are expecting to see us take this step.

It has recently been observed that the majority of physicians coming out of training today have rotated through the Veterans’ Administration health care system, which has one of the most advanced EHRs in operation. Many of them expect an EHR to be operational in their hospitals, and indeed are surprised to find so few hospitals having them.

Going through all of these steps will not be accomplished overnight. Indeed, past experience suggests that if a hospital has not started these steps already, it will take from 24 months to 48 months for a mid-sized hospital to transition from planning to live operation, including full use of clinical capabilities. Given that ARRA incentives start phasing down in FY 2013 for physicians (2014 for hospitals), it is not beyond the realm of possibility that an institution that waits too long to start could find itself shut out of maximum incentive payments.

The health care information technology industry has been given an historic opportunity to show the value—clinical, financial, and strategic—that information technology can bring to health care. In the midst of the greatest amount of change to hit this industry in at least a generation, it is apparent that greater levels of automation will either be done by us or done to us. Here’s hoping that the industry will make the most of this moment.