

State & local health IT is heating up

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As you might recall from GovWin's [coverage of federal stimulus for health IT](#), the legislation left it to the Secretary of Health and Human Services to fill in the blanks defining how state and local governments will contribute to the national effort.

Recent events are bringing new insights into exactly what that contribution will be.

First, earlier this week HHS Secretary Kathleen Sebelius formally delegated authority to the Office of the National Coordinator (ONC) for Health IT to oversee section 3013 of the legislation relating to the awarding of state grants to promote health IT. A Beltway outsider, Blumenthal brings a state-based perspective to his wide-ranging role, having been director of the Institute for Health Policy at Massachusetts General Hospital.

Today, Vice President Joe Biden [announced that \\$1.2 billion in funds will be awarded by ONC](#) under its new authorities. \$598 million will go toward competitive grants establishing 70 Health IT regional Extension Centers, as part of the Health IT Extension Program ([GovWin S&L Grant Opportunities profile](#)), which will "offer technical assistance, guidance and information on best practices to support and accelerate health care providers' efforts to become meaningful users of Electronic Health Records (EHRs)."

Key excerpts from the program "[Facts-At-A-Glance](#)":

- Grants under the Extension Program will be awarded on a rolling basis *to U.S.-based, nonprofit institutions or organizations* with an expected 20 grants awarded in the first quarter of FY2010, another 25 in the third quarter and the remaining awards in the fourth quarter of FY2010. The initial funding includes approximately \$598 million to ensure that comprehensive support is available to providers under the Extension Program beginning early in FY2010, with an additional \$45 million available for years 3 and 4 of the program. Federal support continues for four years, after which the program is expected to be self-sustaining. Of the total federal investment in this program, about \$50 million is dedicated to establishing the national HITRC, and \$643 million is devoted to the Regional Centers.

Another \$564 million will go directly to states for integration with regional health information exchanges (HIEs) as part of the State Health Information Exchange Cooperative Agreement Program.

Key excerpts from the program "[Facts-At-A-Glance](#)":

- Over the next several months, cooperative agreements will be awarded through the State Health Information Exchange Cooperative Agreement Program ([GovWin S&L Grant Opportunities profile](#)) to states and qualified State Designated Entities (SDEs) to develop and advance mechanisms for information sharing across the health care system. States may choose to enter into multi-state arrangements. A cooperative agreement is a partnership between the grant recipient and the Federal government. States and SDEs will be required to match grant awards beginning in 2011.
- Under these State cooperative agreements \$564 million will be awarded to support efforts to achieve widespread and sustainable health information exchange (HIE) within and among states through the meaningful use of certified Electronic Health Records (EHRs). The goal of meaningful use of EHRs is for health care providers to use this technology to improve the quality and efficiency of care. State programs to promote HIE will help to realize the full potential of EHRs to improve the coordination, efficiency and quality of care.
- The Centers for Medicare & Medicaid Services (CMS) will issue [proposed criteria for meaningful use](#) by the end of 2009. This [process](#) began in June.

GovWin's Take:

- Vendors should be enthusiastic about these developments as they will certainly accelerate interest and adoption of health IT. Remember, in past years the entire ONC effort has only been funded at slightly more than \$100 million annually.

- First, be mindful of the fact that the *non-governmental* extension offices will have a limited need for programmatic technology, but they should not be overlooked by vendors with experience with non-profit health care entities. These extension offices are likely to be adjunct to regional HIEs, which are often adjunct to consortia of major regional health care providers and insurers.
- Second, the HIE program will significantly boost state HIE involvement where it has been very limited in the past. It is not clear how this engagement will play out. The criteria for meaningful use to be issued later this year will be critical to shaping that engagement. CMS's involvement in defining the criteria confirms GovWin's long-standing contention that state Medicaid systems are the nation's oldest HIEs and will be integral to--if not the foundation for--a system of national exchanges. Vendors with experience in Medicaid Management Information Systems (MMIS) will be well positioned in this area.