

Health IT Provisions in the Stimulus Package are Stepping Stones to Greater Health Care Reform

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Over the next few weeks the President will provide further direction on the health IT provisions as part of the bigger picture. The President plans to hold a health care summit next week. However, many of the health IT funding decisions will be hashed out by the unnamed Secretary of HHS. The Secretary will be an instrumental decision maker and so stakeholders have been left to speculate.

The American Recovery and Reinvestment Act of 2009 is a dress rehearsal for President Obama's health care reform agenda. The package allocates a net of \$19 billion for several health information technology (IT) provisions, laying the ground work for reform and mobilizing stakeholders.

The lion's share of the sum is \$17.2 billion in Medicare and Medicaid electronic health record (EHR) incentive payments over a five-year period for hospitals and physicians demonstrating the meaningful use of an EHR. Technicalities of how the money will flow and be spent have not yet been answered. The remaining \$2 billion has been set aside for the Office of the National Coordinator (ONC) to be used as grants and loans to support health IT initiatives. \$20 million of the ONC funds is already earmarked to the National Institute of Standards and Technology (NIST) for developing technical standards and \$300 million to support regional health information exchanges. One stipulation is that funds will only be made available after the Secretary for the Department of Health and Human Services (HHS) submits a federal health IT plan due 90 days after the enactment of the law. Grants to states to create loan programs for EHRs are not to be awarded prior to January 1, 2010. Grants for planning and expanding the adoption of health IT require a state match rate beginning in 2011. The Congressional Budget Office (CBO) estimates that only 2.3% of health IT funds allocated in the stimulus package would be distributed in fiscal years 2009 and 2010. 2009 will primarily be utilized as a planning year, establishing standards and requirements.

The amount of funding dedicated to health IT in the Act is significant. The financial support will ramp-up adoption and implementation efforts nationwide and lead to the long-awaited "tipping point". The stimulus will create a slew of business opportunities for contractors, including, system integrators, IT equipment providers, software and service providers. However, health care professionals will face substantial upfront costs, for which contractors may want to consider leasing options and/or alternative financing structures. The federal government may dictate procurement regulations which contractors should stay abreast of and closely adhere to if and when they come down the pipeline. In addition to potential procurement directives, vendor systems must meet government standards and should seek certification from the Certification Commission for Healthcare Information Technology (CCHIT) to work towards compliance. The government, at all levels, continues to wrestle with privacy and security issues, however, states were given some flexibility in regards to these challenges. Vendors should continue to engage in stakeholder discussions about how to tackle these concerns. Further, greater health care reform is anticipated to follow the health measures in the stimulus, for which contractors may be sought for consulting and administrative services.