



AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

Buckets of Funds for HIE and HIT

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AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)

- Health Information Technology for Economic and Clinical Health Act (HITECH Act)
- Office of National Coordinator (ONC) for HIT Codified
- Expanded HIPAA Privacy and Security



Buckets of Funds

- ARRA/HITECH provided several buckets of funds, including:
 - \$2 billion for HIT and HIE
 - Estimated \$34-36 billion in incentive payments to health care providers for EHR adoption



\$2 Billion for HIT/HIE

- \$20 million earmarked for National Institute of Standards and Technology
- \$564 million for HIE Planning and Implementation Grants
- Remaining \$1.4 billion spread over several programs at unspecified amounts



HIE Planning & Implementaion Grants

- On Aug. 20, 2009, ONC published a Funding Opportunity Announcement re the State Health Information Exchange Cooperative Agreement Program
- \$564 million for HIE grants
- Grants will go to states or state-designated entities
- Each grant at least \$4 million with equity adjustments by state (\$40M cap)



HIE Planning & Implementaion Grants

- Grants start January 10, 2010, but application process has already started
- Grants will last over 4-year performance period
- Grant funds subject to non-federal matching beginning October 1, 2010:
 - 2011, \$1 State for each \$10 fed
 - 2012, \$1 State for each \$7 fed
 - 2013 and beyond, \$1 State for each \$3 fed

Remainder of \$2B for HIT/HIE

- HIT Extension Program:
 - National HIT Research
 - Center will provide assistance and develop best practices for adopting, implementing and effectively using HIT
 - Will also provide forum for exchange of knowledge and experience and provide technical assistance for the establishment and evaluation of health information networks
 - Regional Extensions Centers
 - Broad participation of individuals from industry, universities and State governments
 - Financial assistance up to 4 years, 50% operating and capital
 - To provide technical assistance and disseminate best practices

Remainder of \$2B for HIT/HIE

- Competitive Grants to States and Indian Tribes
 - Funds to States and Indian Tribes to create Loan Fund
 - Loans to be used to adopt/enhance EHR or train personnel on EHR
 - Grant funds subject to non-federal matching of \$1 to \$5
- Higher Ed Workforce Training Grants
 - Grants to colleges and higher ed. institutions to expand medical informatics programs and to medical schools to incorporate EHRs into curricula

INCENTIVES FOR HEALTH CARE PROVIDERS

Eligible Professionals (Medicare)

Physicians and Physician Groups (non-hospital based)

- Must be a meaningful user of EHR
- Beginning in 2011, no payments after 2016, but no payments if first payment year after 2014
- Payment Years – Up to \$44,000
 - Year 1 = \$15,000 (\$18,000 if first payment year is 2011 or 2012)
 - Year 2 = \$12,000
 - Year 3 = \$8,000
 - Year 4 = \$4,000
 - Year 5 = \$2,000 Payment – through Medicare Part B payments (single or installments per HHS)
- Not meaningful user of EHR during 2015, Medicare fees reduced (1% in 2015; 2% in 2016; 3% in 2017 and beyond)

INCENTIVES FOR HEALTH CARE PROVIDERS

Hospitals (Medicare)

- Beginning with fiscal year 2011, no payments after 2015
- Acute care hospitals payments based upon formula
 - Sum of the “base amount” (\$2 million)
 - plus an additional \$200 per discharge for the 1,150th through 23,000th discharge
 - all multiplied by the hospital’s “Medicare share” (proportion of charity case)
- Formula amount phased out over four years
 - Year 1 = 100%
 - Year 2 = 75%
 - Year 3 = 50%
 - Year 4 = 25%



INCENTIVES FOR HEALTH CARE PROVIDERS

Medicaid

- States may receive a 100% Federal Financial Participation match
- Eligible professionals may receive up to 85% of the cost of EHR over six years
- Hospitals may receive a formula amount over three to six years
- Providers must decide whether to receive incentives under Medicare or Medicaid (not both)



THANK YOU

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