



Executive Briefing

Health Information Technology for Economic and Clinical Health (HITECH) Act – Part of the 2009 American Recovery and Reinvestment Act (ARRA) signed into law on February, 17th 2009

Objective – Brief Overview of the ARRA sometimes referred to as the HITECH Act

- ✚ **What does the ARRA/Stimulus Plan mean to the Physician? What is at stake?**
 - ❖ There is a great opportunity for any non-hospital employed physician under this new legislation to take advantage of financial incentives that come with an Electronic Health Records (EHR) purchase, while simultaneously putting in place the infrastructure that will allow them to enhance their patient care capabilities with all that electronic health automation offers

- ✚ **What is the extent of the financing available through this HITECH legislation?**
 - ❖ The Bill currently provides approximately \$17 billion in funds slated for Physician Incentives
 - ❖ Eligible physicians can receive up to \$44,000 over a five-year period
 - Each individual non-hospital employed physician is eligible to receive this incentive regardless of the size of the practice or group
 - ❖ Incentives will start in October 1st, 2011

❖ **Medicare Incentive Schedule Per Year**

Year	2011	2012	2013	2014	2015	2016	Total
1-4	\$18,000	\$12,000	\$8,000	\$4,000	\$2,000		\$44,000
1-4		\$18,000	\$12,000	\$8,000	\$4,000	\$2,000	\$44,000
1-4			\$15,000	\$12,000	\$8,000	\$4,000	\$39,000
2-4				\$12,000	\$8,000	\$4,000	\$24,000
No Pay							\$0
No Pay							\$0

- ✚ **Who is Eligible?**
 - ❖ **Available to all non-hospital employed physicians who see Medicare patients**
 - Minimum for Medicare participation
 - Each eligible Physician must bill Medicare 125% of the total incentive received over the five-year period of incentive distribution or \$55,000 over a 5 year period of time to qualify
 - Must prove “**Meaningful Use**” of a “**Certified**” Electronic Health Record (EHR)

- ✚ **What is the definition of a “Certified” Electronic Health Record (EHR)?**
 - ❖ Per wording within the HITECH legislation, in order for a physician to qualify for Medicare Incentives the physician must be using a “**Certified EHR**”
 - ❖ The Bill requires that the Secretary of Health and Human Services (HHS) publish a set of HIT Product Certification Standards by 12/31/09 that will definitively define “**Certification**”
 - ❖ The Bill also allows HHS to endorse a current, private voluntary body as the standards organization

- CCHIT (Certification Commission on Health Information Technology) is that group and it is widely believed that the “**Certification Standards**” outlined by this organization will at a minimum be the starting point
- To date, software manufactures have had to apply for CCHIT certification on an annual basis
 - 2008 Certification is already completed and applications have been closed
 - 2009/2010 criteria is currently being developed by the Office of the National Coordinator (ONC) and is due for submission to the US Department of Health and Human Services (HHS) by August 26th, 2009
- It is also widely believed that the annual certification standards published by the HHS will continue to evolve over time and become more stringent year after year

✚ What is the definition of a “**Meaningful Use**”?

- ❖ Three Key Components to qualify
 - A physician must perform e-prescribing using a “**Certified**” EHR solution
 - The “**Certified**” EHR solution must be able to connect/interface in a manner that provides for the exchange of electronic health information with outside entities (Hospitals, Laboratories, Health Information Exchanges)
 - A physician must use the EHR to report back quality measures
 - These quality measures are pending finalization but are expected to be more advanced than current Physician Quality Reporting Initiatives (PQRI)

✚ What will happen to a physician practice that is not using a “**Certified**” Electronic Health Record to e-prescribe and report clinical quality measures by January 1st, 2015?

- ❖ Physician practices will begin to be penalized starting January 2015, by reductions in their Medicare fee schedule
 - **Reduction Fee Schedule**
 - **1% in 2015**
 - **2% in 2016**
 - **3% in 2017**
 - **4% in 2018**
 - **5% in 2019 (if fewer than 75% of eligible providers utilize EHR’s in 2018 the HHS secretary can reduce the fee schedule further to a maximum of 5%)**

✚ Timing is Very Important

- ❖ In order to maximize the potential for incentive reimbursement a physician must be able to demonstrate “**Meaningful Use**” of a “**Certified**” EHR by 2011
 - An average Evaluation of an Electronic Medical Record solution can take anywhere from 3 to 12 months depending on the type and size of a physician practice or group
 - An average full Implementation Process of an Electronic Medical Record solution can take anywhere from 6 to 12 months
 - When combining the Evaluation Process with the Implementation Process it is not unreasonable to expect to take 12 to 18 months to complete the full process to the point of being able to comply with Meaningful Use criteria and apply for Medicare Incentives
 - A physician practice or group intending to take full advantage of Medicare Incentives should strongly consider beginning the process of budgeting for a solution and setting a start date for evaluation within the 2009 calendar year
 - It is also important to note that industry wide implementation resources are scarce. Therefore, making an EHR decision sooner rather than later will ensure that a practice will be placed into the implementation queue in a timely manner and thus avoid a delayed implementation that could adversely affect a practices ability to take full advantage of Medicare Incentives

✚ Additional financial benefits available beginning in 2009

- ❖ The Medicare Improvement for Patients and Providers Act provides immediate incentives for the **utilization of e-Prescribing**
 - **2% increase** in Medicare reimbursements for e-prescribers in 2009 and 2010
 - **1% increase** in Medicare reimbursements for e-prescribers in 2011 and 2012
 - **.5% increase** in Medicare reimbursements for e-prescribers in 2013
- ❖ **Physician Quality Reporting Initiative (PQRI)**
 - On December 20, 2006, the President signed the Tax Relief and Health Care Act of 2006 (TRHCA). This Act authorizes the establishment of a physician quality reporting system by the Centers for Medicare and Medicaid Services (CMS).

- PQRI establishes a financial incentive program for eligible physicians to participate in a voluntary quality reporting program. Eligible physicians who successfully report a designated set of quality measures on claims may earn a **bonus payment of 1.5%**

- ❖ **Tax Write Off**

- Currently through the section 179 tax write off, practices are able to write off up to \$250,000 of software and related equipment purchased. For practices that can use this tax benefit, this clause functions as a 35% discount off of your purchase price. For example, if a practice purchased and installed \$50,000 of EMR software and hardware in 2009, the practice would be able to depreciate, or write off the full \$50,000 this year which translates to total cash savings of \$17,500

- ❖ **Malpractice Insurance Reduction** – Depending on the specialty significant reductions may be available in conjunction with an EHR implementation

- ✚ **Basic Return on Investment Opportunities**

- ❖ Improved Visit Level Coding
- ❖ Better Charge Capture
- ❖ Transcription Savings
- ❖ Reduction in Labor Costs and Chart Materials

- ✚ **What if a Physician Practice or Group has already purchased an EHR solution?**

- ❖ As long as the EHR solution that is installed is “**Certified**” and the practice can prove “**Meaningful Use**” they will be eligible to receive the incentive payments outlined above beginning in October, 2011
- ❖ The Bill does not distinguish between currently installed and yet-to-be-installed systems

- ✚ **Recommended Next Steps**

- ❖ Evaluate your practices HIT Strategy
- ❖ Create a Budget for the Project
- ❖ Determine a Selection and Evaluation Process
- ❖ Evaluate “**Certified**” Systems
- ❖ Determine Implementation Timeframe

- ✚ **Should a Physician Practice or Group wait until all the details are worked out and announced before initiating a selection process?**

- ❖ The practice is of course the best judge of their current status, but a clear provision of the stimulus package and the HIT funds to be made available, is that the practice needs to be a “**Meaningful**” user on a “**Certified**” EHR solution. This would imply the EHR solution is fully implemented and ready to meet the reporting provision required to access the incentive funds. Because the actual system selection process, implementation, training and system fine tuning requires a time commitment that is best not rushed, most experts believe that a delay in beginning the process increases the risk that the practice may not be eligible to receive incentive funds at the earliest availability

Conclusion

- ✚ **There is a great deal of financial opportunity in the market today for a physician practice or group**

- ❖ Medicare Incentive Schedule
- ❖ E-Prescribing Utilization Incentive
- ❖ PQRI Reporting Incentive
- ❖ Malpractice Insurance Reduction
- ❖ Tax Write Off
- ❖ System Return on Investment

- ✚ **In order to be eligible for Medicare Incentives a Physician Practice must implement a “**Certified**” EMR**

- ❖ NextGen has been among the first group of EHR systems certified every year that CCHIT certification standards have been in existence and NextGen is committed to certification under the evolving standards of the stimulus bill

For More Information about how NextGen and KIG Healthcare can meet you Electronic Health Records and Practice Management System needs please contact:

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