

What is ARRA?

In February 2009, the United States Congress enacted ARRA, or The American Recovery and Reinvestment Act. The act ensures that investments are made in healthcare, with the goals of reducing health coverage disparity, improving care coordination, promoting prevention programs, and lowering health care spending within the United States.

A major component of the act is incentives that promote the adoption of “meaningful use” computerized health records, which will not only reduce medical errors but will also reduce healthcare costs.

What is HITECH?

The Health Information Technology for Economic and Clinical Health (HITECH) Act is part of the ARRA legislation and it focuses on the advancement of use of health information technology (Health IT). There are four major goals:

- Development of standards to electronically exchange health information thereby improving the quality of healthcare.
- Investment of \$20 billion in healthcare information technology and in Medicare and Medicaid incentive programs to encourage doctors and health care providers to electronically exchange health information.
- Improvement in the quality of healthcare and reduction in the number of medical errors which will result in substantial savings for the government.
- Preventing the misuse of patient health information by strengthening the privacy and security laws.

Who/What is the ONC? What is their role?

The ONC is the Office of the National Coordinator and is located within the Office of the Secretary for the U.S. Department of Health and Human Services. The ONC is involved in the coordination and support of the adoption and implementation of health information technology and the electronic exchange of health information. The mission of ONC includes:

- Development of a nationwide HIT program
- Development of standards and certifications for HIT products
- Strategic planning for HIT adoption
- Governance for the National Health Information Network

The National Coordinator position is mandated within the Health Information Technology for Economic and Clinical Health Act (HITECH) of 2009.

What is “meaningful use”? How does it apply specifically to hospitals?

The HITECH Act specifically outlines that hospitals must achieve “meaningful use” in order to qualify for the proposed financial incentives. Specifically to hospitals, twenty three “Stage 1” meaningful use requirements were outlined. Among them are:

- Use of certified electronic health record (EHR) technology
- Following the laws and standards applicable for the electronic exchange of health information
- Reporting clinical quality and other public health measures in a manner specified by the Secretary

Additional requirements are expected to be outlined in 2011 (Stage 2) and by the end of 2013 (Stage 3).

What are the specific incentives for hospitals?

Hospitals are eligible for both Medicare and Medicaid incentives. Eligible hospitals will receive enhanced reimbursements based on a formula that considers a “discharge amount”, “Medicare share”, and a “transition factor” that steps down over time. The formula is:

(Base amount of \$2M + discharge rate) x Medicare share x Transition factor

Where:

- “Discharge rate” = \$200 per discharge between 1150 and 23000 within a twelve month period.
- “Medicare share” = Medicare bed days divided by Total bed days, multiplied by a “Charity factor”
 - Charity factor = the hospital’s total charges minus the estimated value of charity care, all divided by the hospital’s total charges
- “Transition factor” is a set number:
 - 1.0 for first year
 - 0.75 for year 2
 - 0.50 for year 3
 - 0.25 for year 4

Medicaid amounts are determined using a similar formula.

Why should health care providers act now?

The incentives begin on October 1, 2010. However, **disincentives** begin in 2015 for hospitals that do not adopt meaningful use. Non-adoption penalties begin as a 1% decrease in Medicare reimbursements per year, up to a maximum of 5% reduction.

Is there a certification standard? Who will certify EHR technologies? What does “certified EHR technology” mean?

The standards are still very much in flux. “Certified EHR technology” is a term created in the ARRA. Industry leaders believe that CCHIT (Certified Commission for Health Information Technology) will be certification body, however the ONC has not named the certifying entities yet.

For more information, including the latest updates from ONC please use the ONC website as a resource. Click on “ONC Initiatives” from link below.

<http://healthit.hhs.gov/portal/server.pt>