THE GOVERNMENT TO THE RESCUE!

American Recovery and Reinvestment Act (ARRA)  
(aka “the Economic Stimulus”)

One Hundred Eleventh Congress  
of the  
United States of America  
AT THE FIRST SESSION  
Begun and held at the City of Washington on Tuesday,  
the sixth day of January, two thousand and nine  

An Act  
Making supplemental appropriations for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization, for the fiscal year ending September 30, 2009, and for other purposes.
HEALTH IT SPENDING IN ARRA

$47B

Various studies and reports
Health information exchanges
Regional health IT resource center
Regional health IT extension centers
State implementation and planning grants
EHR loan funds
NIST certification infrastructure

$45B

Direct payments to individual providers

$2B
MEANINGFUL USE DOESN’T HAPPEN, IT GETS DONE

Current approach funds the pieces, but doesn’t connect them

RHITECs and HIEs will be the key to getting to a higher level of meaningful use at a lower cost, but only if they are tied to the incentives
US GOV’T EXPECTING TO GET 50% PAYBACK ON ARRA HEALTH IT INVESTMENTS

- Financial benefit: $16B
- Net cost: $20B

Incentives & ONC funding: $33B
Cost of administration: +$1B
Savings to government: -$13B
Increased tax revenues: -$3B

Net cost: $20B
Financial benefit: $16B
MEANINGFUL USE
EFFECTIVE TECHNOLOGY ADOPTION

EHR Implementation Value Chain

Significant gaps at any point along this chain undermine HIT adoption
THE INCENTIVES THEMSELVES ARE SPREAD OUT OVER A NUMBER OF YEARS...

<table>
<thead>
<tr>
<th>First Payment Year</th>
<th>First Payment Year Amount, and Subsequent Payment Amounts in Following Years</th>
<th>Reduction in Fee Schedule for Non-Adoption/Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$18k, $12k, $8k, $4k, and $2k</td>
<td>$0</td>
</tr>
<tr>
<td>2012</td>
<td>$18k, $12k, $8k, $4k, and $2k</td>
<td>$0</td>
</tr>
<tr>
<td>2013</td>
<td>$15k, $12k, $8k, and $4k</td>
<td>$0</td>
</tr>
<tr>
<td>2014</td>
<td>$12k, $8k, and $4k</td>
<td>$0</td>
</tr>
<tr>
<td>2015</td>
<td>$0</td>
<td>-1% of Medicare fee schedule</td>
</tr>
<tr>
<td>2016</td>
<td>$0</td>
<td>-2% of Medicare fee schedule</td>
</tr>
<tr>
<td>2017 and thereafter</td>
<td>$0</td>
<td>-3% of Medicare fee schedule</td>
</tr>
</tbody>
</table>

- Represents maximum allowable payments
- Actual incentive equals LOWER of 75% of annual Medicare Part B professional services charges or $44K
...AND THE PAYMENTS DON’T COVER THE OUTLAYS AT AN INDIVIDUAL PHYSICIAN-LEVEL

Who’s going to help physicians fill the gap?
POSSIBLE REGIONAL HEALTH IT EXTENSION CENTER ACTIVITIES

- Clinical entity coverage
- Geographic coverage
- Stakeholders
- Analysis and reporting
- Implementation activities
- Health information exchange
- HIT financing
- Hosting services
SOME NECESSARY INGREDIENTS TO PREVENT THIS FROM BEING A TOTAL DISASTER

Reallocation of funds away from direct incentives to providers and toward support for adoption service and health information exchange activities

Statewide coordination and resource sharing coupled with local delivery

Alignment of health information exchange and EHR adoption activities
SOME PATHS WE DON’T WANT TO FOLLOW....

Headline Story

House Rejects Obama's Request for More TARP Funds

Thursday, January 22, 2009 10:42 PM

WASHINGTON — The House expressed its bipartisan anger over a massive financial bailout package Thursday as the Obama administration undertook to assure lawmakers that it would spend the remaining money prudently and with greater oversight than the Bush administration.