Federal Stimulus Assessment for IDPH
Presented to HHS Subcommittee 2/24/09

Health Information Technology (HIT) (Title XIII)
In brief, ARRA lays the foundation to adopt national HIT standards, provide incentives for adoption and use of HIT, and addresses privacy and security issues. The proposal includes approximately $2 billion to invest in health information technology infrastructure and $17 billion in incentives for Medicare and Medicaid providers.

State grants to promote HIT (Title XIII, Sec. 13301). The proposal would establish a program whereby states or a state-designated entity could receive grants for planning or implementation to assist with and expand adoption of HIT. For grants awarded prior to FY 2011, the Secretary may determine if a state match is appropriate. Beginning in fiscal year 2011, there is a state match requirement that is equal to or greater than a defined percent of the federal contribution for grants awarded in FY 2011 as follows:

- FY 2011, not less than $1 for every $10 of federal grant funding;
- FY 2012, not less than $1 for every $7 of federal grant funding; and
- FY 2013 and thereafter, not less than $1 for each $3 of federal grant funding.

The proposal directs assistance for implementation of health information technology, with the goal that funding could be used for the following

- HIT architecture that will support the nationwide electronic exchange;
- Integration of HIT into training of health professionals and others in the healthcare industry;
- Training on and dissemination of information on best practices to integrate HIT into a provider's delivery of care. Such efforts must be coordinated between HHS and state agencies administering Medicaid and the State Children's Health Insurance Program (SCHIP);
- Regional or sub-national efforts towards health information exchange;
- Infrastructure and tools to promote telemedicine; and
- Promotion of the interoperability of clinical data repositories or registries.

Grants to states to create loan programs. The proposal would create a competitive grant program to allow eligible states or Indian tribes to establish a certified electronic health record (EHR) technology loan fund. Grants to states/tribes could be awarded no earlier than January 1, 2010. The loan fund would allow states/tribes to distribute a loan to a provider or other eligible entity if the provider/entity agrees to certain requirements, for example providers must agree to report on quality measures. Private sector contributions to the loan fund are permissible. Loan funds could only be used for specified EHR-related technology purposes.

States would be required to match federal contributions of at least $1 for every $5 in federal grant funding. Public funds and private sector contributions are permissible sources for the non-federal match.

The purposes of the loans would be similar to those noted in the previous section regarding grants to states.

Medicaid HIT-related funding (Title IV, Sec. 4201). States may reimburse eligible Medicaid providers for the cost of qualified HIT purchases. The federal financial participation (FFP) rate for such payments is:

- 100 percent for Medicaid providers' purchase of certified EHR, including training and maintenance.
- 90 percent for certain administrative expenses.

The reimbursement payment for non-hospital based Medicaid providers (with a specified Medicaid caseload) is:

- 85 percent of the net allowable costs incurred for the purchase, implementation, and use of certified EHR technology.
- A separate reimbursement is applied for children's and acute care hospitals.
- Other hospitals are to be reimbursed according to the Medicare incentive policy.

Incentive payments to providers for HIT adoption and operation are capped – annually and in the aggregate for implementation related expenses.

- Maximum net allowable costs in the first year is $25,000
- Maximum net allowable costs for a subsequent year is $10,000.
- Reimbursement is limited to five years and cannot be provided after 2021.
- Providers would be responsible for any technology related expense not referenced in the proposal.

The higher FFP is contingent upon states meeting several requirements, including:

- Determine providers are demonstrating "meaningful use" of the EHR technology, as determined by the state and HHS Secretary.
- Reimburse providers directly, without a deduction or rebate.
- Track the use of EHRs, conduct oversight, encourage adoption of certified EHRs and exchange of health care information.

The proposal seeks to minimize duplication and harmonize requirements for providers participating in both Medicaid and Medicare.

Prevention and Wellness Fund

$1 billion is designated for the Department of Health and Human Services to administer a "Prevention and Wellness Fund." HHS must provide Congress with operating plans prior to obligating any monies from the Fund in fiscal years 2009 and 2010. These funds are to be distributed according to the public health priorities of the Secretary of Health and Human Services and the Director of the Centers for Disease Control and Prevention. Specific funding allocations include:

- $300 million for the CDC 317 immunization program;
- $650 million for evidence-based clinical and community-based prevention and wellness strategies, authorized under the Public Health Services Act and determined

by the Secretary, that deliver measurable health outcomes that address chronic disease rates; and

- $50 million to states to implement healthcare-associated infection prevention strategies.

Training Primary Care Providers

The ARRA makes additional investments in health care workforce development programs, including:

- $300 million for the Nation Health Service Corps recruitment and field activities.
- $200 million for primary care medicine, dentistry, public health and preventive medicine program, scholarship and loan repayment programs under PHSA Titles VII and VIII, and cross-state licensing for health specialists.