

Federal Stimulus Opportunities for Washington State

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Slide Overview

- American Recovery and Reinvestment Act of 2009 (ARRA) Overview and Funding Opportunities
- Share what we know **AND DON'T KNOW**
 - ARRA/HITECH Funding – and Eligibility
 - Describe role of HCA as lead coordinating entity
 - Development of state-wide HITECH Plan



Slide Overview - Continued

- Why a state-wide coordinated plan?
 - Ensure transparency and accountability
 - Take “inventory” of private sector activity
 - Provide next steps and communication plan going forward
 - Facilitate collaboration, where it makes sense



ARRA Overview

- **The American Recovery and Reinvestment Act entrusted to HHS \$167 billion over 10 years**
- **The purposes of this historic law include:**
 - Helping to jumpstart the nation's economy
 - Creating or saving > 3.5 million jobs in 2 years
 - Expanding access to affordable health care while laying a solid foundation for Health Care Reform
 - Taking a big step toward computerizing health records, reducing medical errors, and saving billions in health care costs



HITECH Act

- **Health Information Technology for Economic and Clinical Health Act**
 - \$2 billion to “facilitate and expand the electronic movement and use of health information”
 - Invests billions in health information technology infrastructure and Medicare and Medicaid incentives to encourage doctors and hospitals to use HIT to electronically exchange patient’s health information

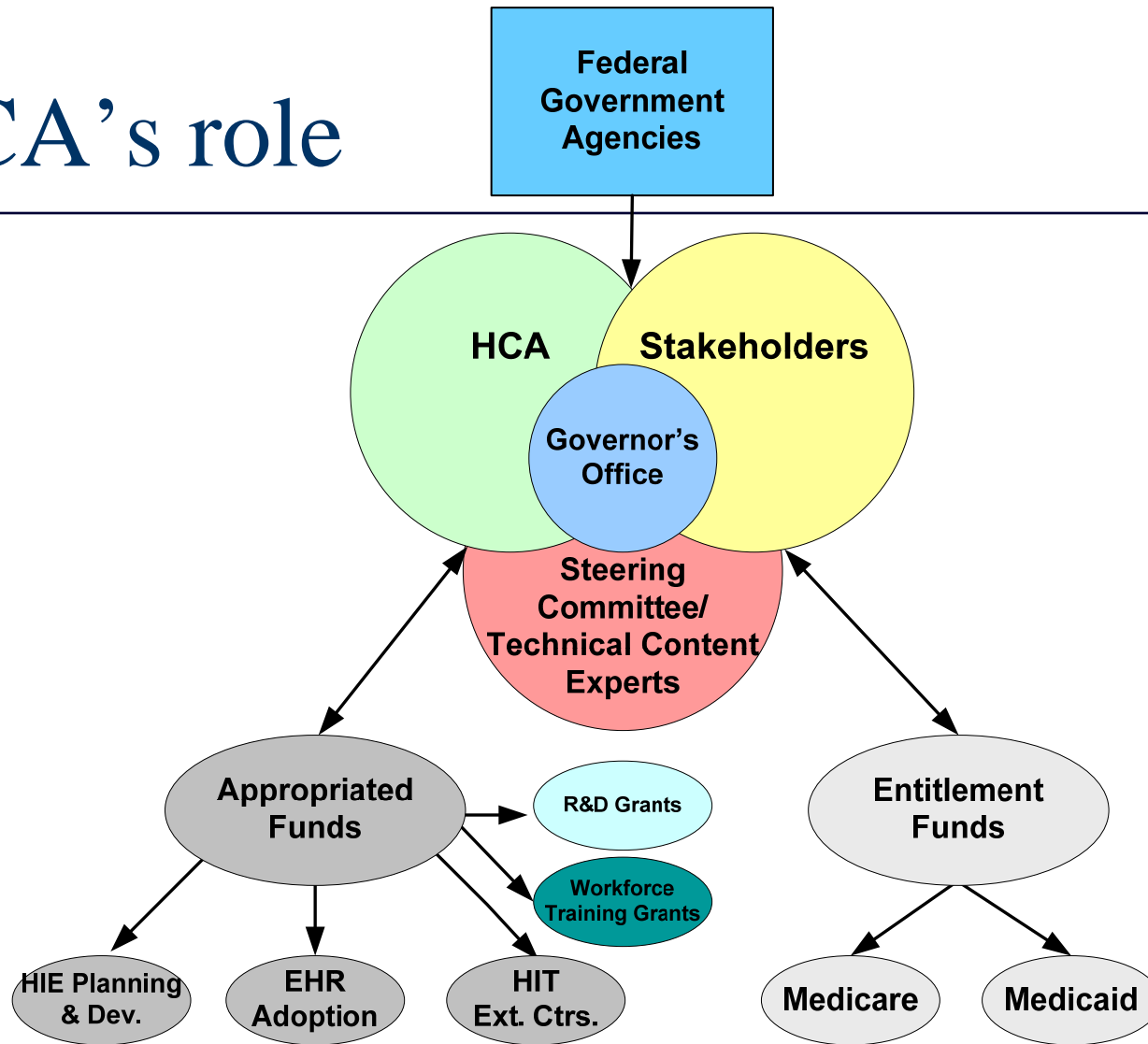
Multiple Funding Opportunities

HITECH Appropriations	HITECH Entitlement
\$2 billion for loans, grants, and technical assistance for:	New Medicare and Medicaid payment incentives for HIT adoption
<ul style="list-style-type: none"> National Resource Center and Regional Extension Centers 	<ul style="list-style-type: none"> \$20 billion in expected payments through Medicare to hospitals & physicians
<ul style="list-style-type: none"> EHR State Loan Fund 	<ul style="list-style-type: none"> \$14 billion in expected payments through Medicaid
<ul style="list-style-type: none"> Workforce Training 	<ul style="list-style-type: none"> ~\$34 billion expected outlays, 2011-2016
<ul style="list-style-type: none"> Research and Demonstrations 	<p style="text-align: center;">ARRA Provisions</p>
At least \$300 million of the total, at HHS Secretary's discretion for HIE Development	<p style="text-align: center;">Community Health Centers</p>
<ul style="list-style-type: none"> Funneled through States or qualified State-designated entities 	<ul style="list-style-type: none"> \$1.5 billion in grants through HRSA for construction, renovation and equipment, including acquisition of HIT systems.
<ul style="list-style-type: none"> For planning and/or implementation 	<p style="text-align: center;">Broadband and Telehealth</p>
	<ul style="list-style-type: none"> \$4.3 billion for broadband & \$2.5 billion for distance learning/telehealth grants

HCA's role

- ❑ Designated by Governor's Office as lead coordinating entity for HITECH state-wide plan
- ❑ Continue Health Record Banks and HIIAB
- ❑ Implement SSB 5501
- ❑ Take inventory of all activity and align with ONC strategic plan and requirements for HITECH funding
- ❑ Contract with subject matter expert - Manatt Health Solutions
- ❑ Encourage collaboration on state-wide HITECH plan
- ❑ Roll-up state-wide plan in Aug-Sept 2009?
- ❑ Ensure transparency and accountability

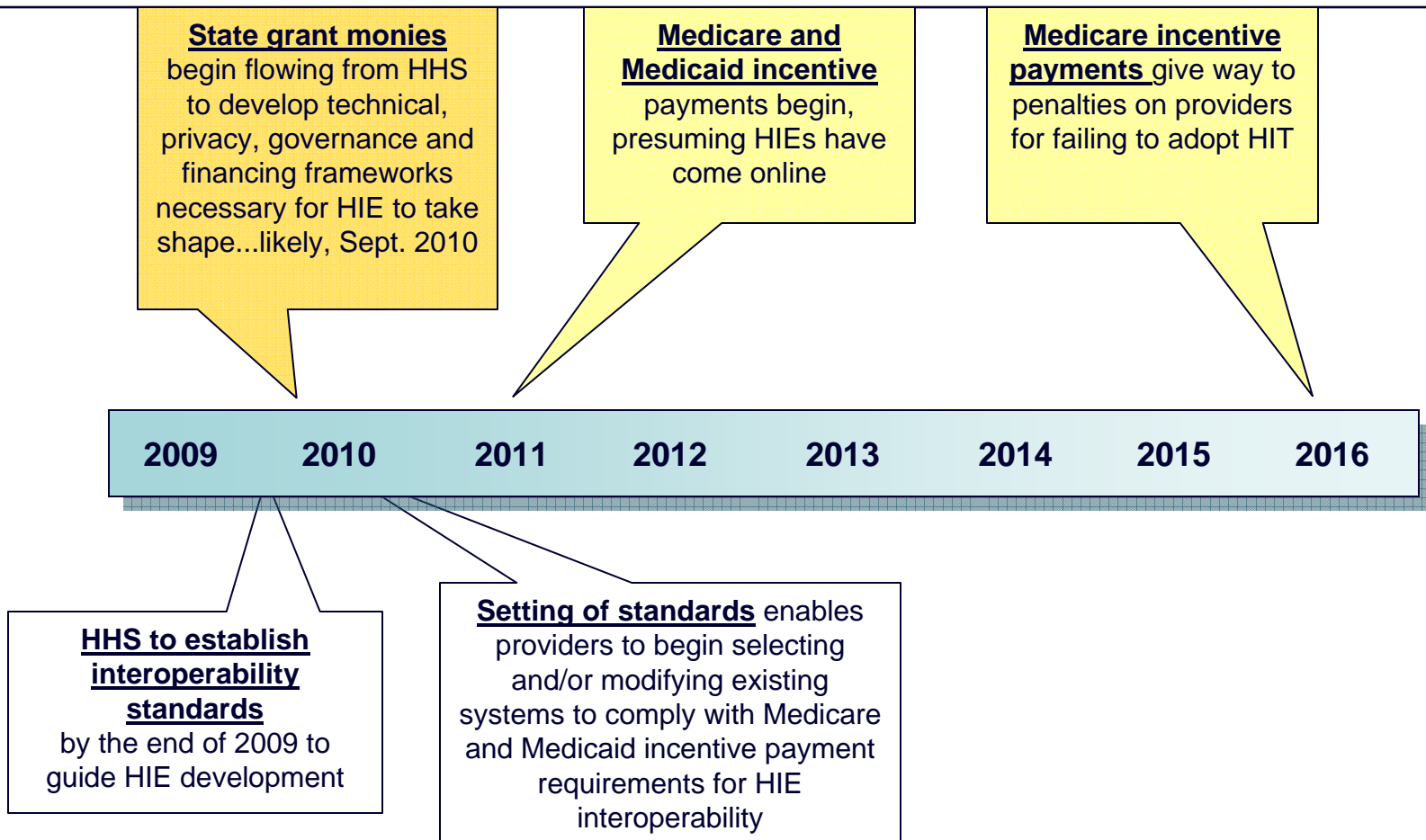
HCA's role



Why a state-wide plan?

- ❑ Ensure that the plan develops beyond narrowly-defined interests to serve state-wide public interests
- ❑ Identify the boundaries for cooperation and competition
- ❑ Mobilize public and private resources for effective collaboration
- ❑ Create opportunities for cost-effective, shared investments across stakeholders
- ❑ Field public policy interest and consumer protection concerns

Funding and Policy Timing



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Source: Manatt Health Solutions





Work groups

- HIE Planning/Implementation & EHR loan program
- Health IT Extension & Workforce Training
- R&D / Technology Research / Telemed / Telehealth

Next Steps

- Next Steps
 - HCA to post meeting summaries and contact info on HCA website
 - Work group volunteer coordinator(s) facilitating collaboration meetings
- East/West collaboration deliverables due – July 20
- HCA engaged Manatt Health Solutions – assist with strategy development
- Future meetings with HCA – as needed
- Communications
 - Email – get on the distribution list for your work group
 - See website - www.hca.wa.gov/hitech.html
 - Contact info re: work group coordinators
 - Scheduled meetings



Contact Info

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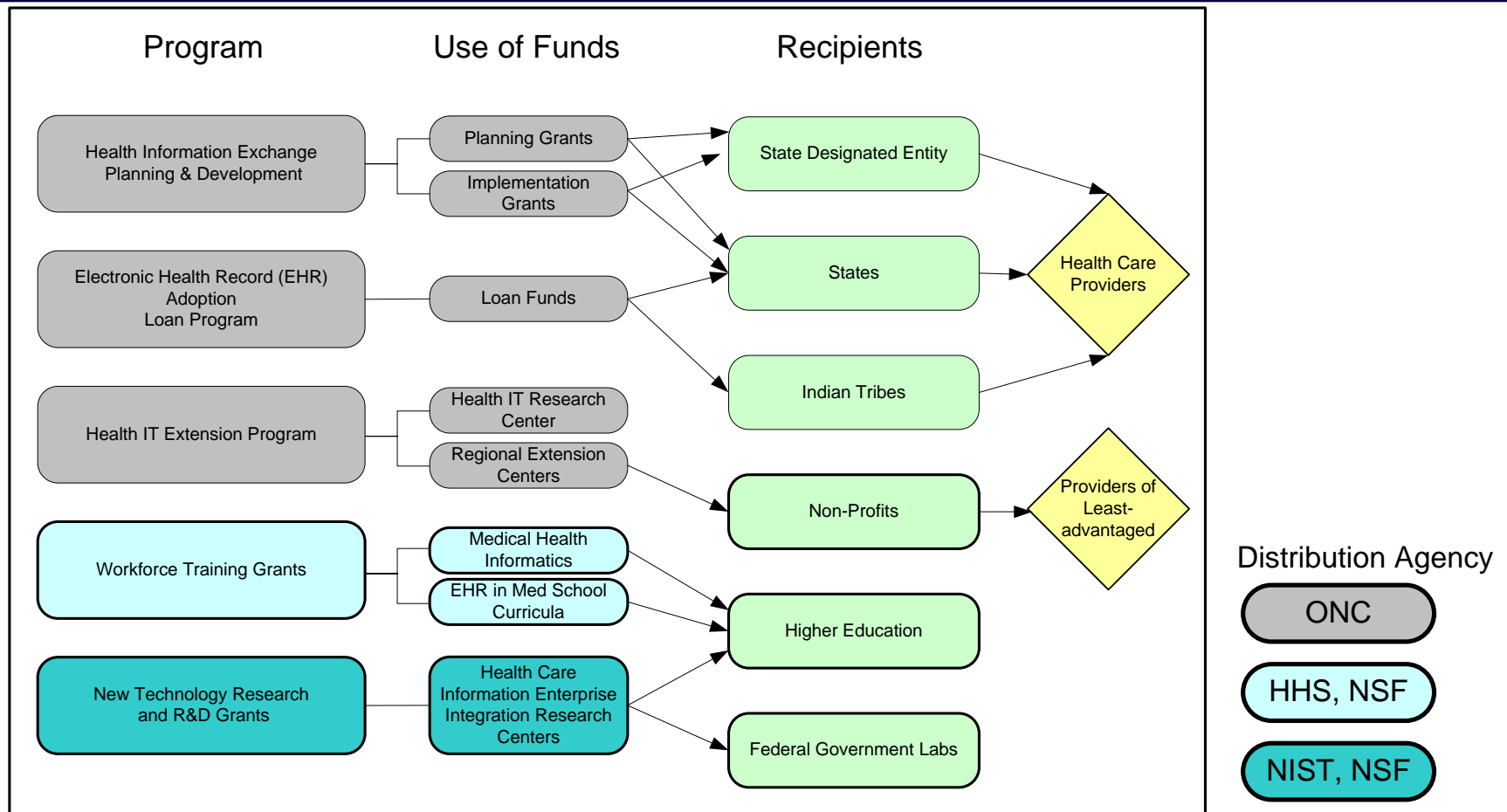
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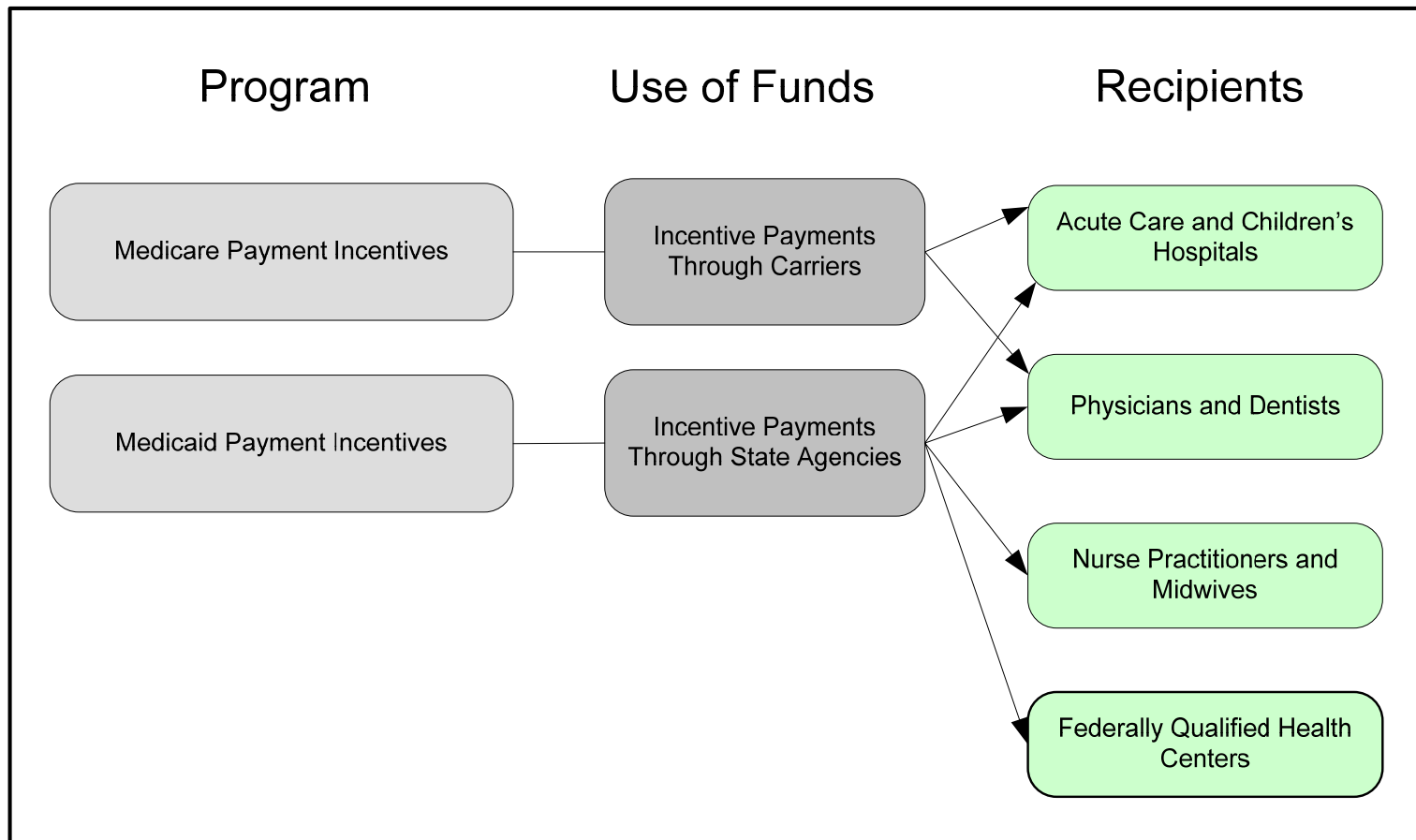
Reference Slides

HITECH Appropriated Funds - ONC



HITECH Act Funding Flows

Entitlement Funds - CMS



Funding recipients/beneficiaries

HITECH Appropriation Fund Recipients	HITECH Entitlement Fund Recipients
\$2 billion for loans, grants, and technical assistance for:	*New Medicare and Medicaid payment incentives for HIT adoption
•Non profits / least advantaged providers	•Acute care and children’s hospitals/Physicians, Dentists / Nurse Practitioners, Midwives / Federally Qualified health centers
•Higher education	*requires “meaningful use...”
At least \$300 million of the total, at HHS Secretary’s discretion for HIE Development	ARRA Funds - Recipients
•State designated entity	Community Health Centers
•States	Broadband and Telehealth

Why a state-wide plan?

- **To Create:**
 - **A Coordinated Approach**
 - **A governance framework with accountability and defined roles**
 - **Policy guidance for privacy and security**
 - **Defined, well structured use cases**
 - **A technical plan that considers shared services for stakeholders**
 - **Plans for health IT adoption and expansion of network connectivity**

- **Build Working Collaboration with Key Stakeholders**
 - **State Departments of Health and Medicaid**
 - **State-level HIE entities**
 - **State quality and safety initiatives**
 - **State Medical Societies and Hospital Associations**
 - **FCC broadband grantees**

Medicaid Incentive Details

Eligible Provider	Percent Match/ Limit	Medicaid Patient Volumes	Limit Amount
Independent physician	85% net average allowable costs	>30%	\$25,000 for purchase, \$10,000 for operations/maintenance
Pediatrician	85% net average allowable costs	>20%	\$16,667 for purchase, \$6,667 for operations/maintenance
Dentist	85% net average allowable costs	>30%	\$25,000 for purchase, \$10,000 for operations/maintenance
Nurse mid-wife	85% net average allowable costs	>30%	\$25,000 for purchase, \$10,000 for operations/maintenance
Nurse practitioner	85% net average allowable costs	>30%	\$25,000 for purchase, \$10,000 for operations/maintenance
Acute care hospital		>10%	Limited to amount calculated under Medicare, by Medicaid share
Children's hospital	85%	N/A	Limited to amount calculated under Medicare, by Medicaid share
FQHC-based practicing physician	85% net average allowable costs	> 30% of patient population are "needy individuals"	\$25,000 for purchase, \$10,000 for operations/maintenance

Medicare HIT Incentives

The Medicare HIT incentives primarily reward use of EHRs, as opposed to the actual purchase, but much ambiguity remains that requires resolution in the rulemaking process.

Eligible Provider	Calculation	Description/Analysis
<i>Medicare IPPS Hospitals</i>	<ul style="list-style-type: none"> □ \$2 million based payment □ \$200/discharge for discharges 1,150 through 23,000 □ “Medicare share” adjustment, using Medicare inpatient days as a percent of total inpatient days, with an adjustment for charity care 	<ul style="list-style-type: none"> □ Incentives reward use, not purchase □ “Charity care” calculation is inconsistently done across hospitals and will have to be refined in rulemaking process □ Penalties begin in 2016 with reductions in market-basket adjustment □ Key issues for hospitals: “meaningful use” definition, charity care calculation, EHR certification, and definition of allowable health data exchange
<i>Independent Physicians</i>	<ul style="list-style-type: none"> □ \$18,000 in 2011/12 □ \$15,000 if first year of meaningful use is 2013 □ Second through fourth year payments: \$12,000, \$8,000, \$4,000, and \$2,000 	<ul style="list-style-type: none"> □ Incentives reward use, not purchase, including an inducement for early adoption □ Some “hospital-based” physicians are excluded from reimbursement, but exclusion is not blanket across all hospital-employed physicians; rulemaking process will be critical

Medicare and Medicaid Incentives

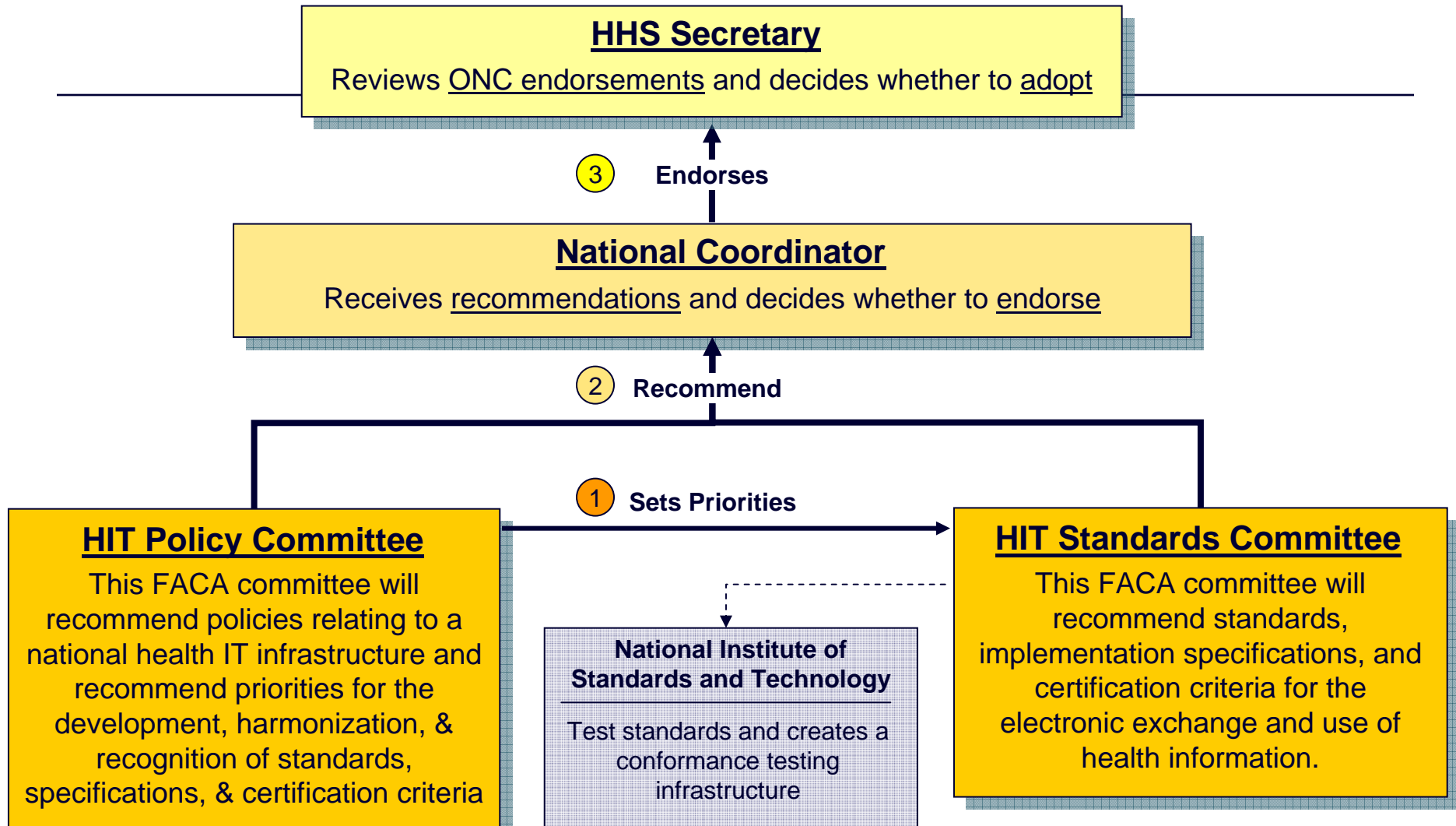
	Medicare	Medicaid
Funding mechanism(s)	Federal Incentive Payments	Federal Incentive Payments State matching payments (for admin costs)
Payment Agent	Medicare carriers and contractors	State Medicaid agencies
Payment Recipients	Hospitals and physicians	Hospitals, physicians, NPs, dentists, etc. 3 rd party entities driving EHR adoption State Medicaid agencies for program admin
Amounts for Hospitals	<i>\$2 million base amount</i> Plus increases for annual discharges, number of inpatient days attributable to Medicare, and charges attributable to Medicare	<i>\$2 million base amount</i> Plus increases calculated using similar methodology as Medicare incentive <i>(eligible entities include Acute Care and Children's Hospitals)</i>
Amounts for physicians & other health professionals	<i>Up to \$44,000 in Medicare reimbursements</i> Over 5 year period	<i>Up to \$64,000</i> Over a 5 year period covering up to 85% of eligible implementation costs

Providers must demonstrate "Meaningful Use of Certified EHR Technology" to receive payments

State-wide HIE major considerations

- **HIE provision distinguishes between planning and implementation grants, and it is likely that much larger grants will go toward implementation.**
- **Key characteristics for implementation funding TBD, but will likely involve:**
 - **An operating governance structure**
 - **A defined technical plan**
 - **Defined clinical use cases**
 - **Statewide policy guidance as to privacy and security**
- **There is an implicit onus on States to develop HIE infrastructure in the near-term to enable otherwise-eligible providers to earn their Medicare/Medicaid incentive payments.**

National Coordination Process



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Source: Manatt Health Solutions



ARRA and Privacy & Security

- Extends HIPAA directly to Business Associates
- Establishes first national data security breach notification law
- Creates new restrictions on use & disclosure of PHI
- Expands individuals' rights over flow of information
- Grants State AGs authority to bring civil actions
- Toughens HIPAA's civil penalties
 - No knowledge of violation: max penalty \$100 per violation up to \$25,000 per year - "Reasonable cause": \$1,000/\$100,000
 - "Willful neglect": \$500,000/\$1.5 million

HIE Planning & Implementation Grants

<p><u>Funding Mechanism</u> Appropriations, subject to annual review & authorization</p>	<p><u>Payment Agent</u> ONC</p>
<p><u>Timeline and Status</u> <input type="checkbox"/> TBD through procurement expected in Summer 09</p>	<p><u>Payment Recipients</u> <input type="checkbox"/> State or state-designated entity</p>
<p><u>Level of Funding</u> <input type="checkbox"/> TBD, but majority of funds expected to go to implementation <input type="checkbox"/> State matching funds <i>may</i> be required in FY 09 & 10 (and <i>will</i> be required in FY 11).</p>	
<p><u>Requirements for Funding</u> <input type="checkbox"/> Submission of a plan, approved by HHS, that describes the activities to facilitate and expand the electronic movement and use of HIE according to nationally recognized standards and implementation specifications</p>	
<p><u>Use of Funds</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Enhancing broad and varied participation in nationwide HIE <input type="checkbox"/> Identifying State or local resources available towards a nationwide effort to promote health IT <input type="checkbox"/> Complementing other federal programs and efforts towards the promotion of health IT <input type="checkbox"/> Providing technical assistance to develop & disseminate solutions to advance HIE <input type="checkbox"/> Promoting effective strategies to adopt and utilize health IT in medically underserved communities <input type="checkbox"/> Assisting patients in utilizing health IT <input type="checkbox"/> Encouraging clinicians to work with Health IT Regional Extension Centers <input type="checkbox"/> Supporting public health agencies' access to electronic health information <input type="checkbox"/> Promoting the use of EHRs for quality improvement 	

Health IT Regional Extension Centers

<p><u>Funding Mechanism</u> Appropriations, subject to annual review & authorization</p>	<p><u>Payment Agent</u> ONC</p>
<p><u>Timeline and Status</u> <input type="checkbox"/> ONC to publish notice of program description and availability of funds by May 18</p>	<p><u>Payment Recipients</u> <input type="checkbox"/> Centers should be “affiliated with” non-profit institutions</p>
<p><u>Level of Funding</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Up to 50 percent of capital and annual operating budget for two years, Secretary has discretion to waive matching requirement if economic conditions warrant <input type="checkbox"/> Continuing support possible <input type="checkbox"/> Funds available upon enactment 	
<p><u>Requirements for Funding</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Centers must prioritize assistance to public or not-for-profit and critical access hospitals, FQHCs, rural or other providers that serve uninsured, underinsured or medically underserved patients, and individual or small group practices 	
<p><u>Use of Funds</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Centers are designed to promote provider adoption of HIT through <ul style="list-style-type: none"> ■ Assistance with implementation, effective use, upgrading, and ongoing maintenance of HIT, including EHRs ■ Dissemination of best practices and research on HIT implementation ■ Participation in HIE ■ Integration of HIT into the training of health professional ■ Other 	

State EHR Loan Program

<p><u>Funding Mechanism</u> Appropriations, subject to annual review & authorization</p>	<p><u>Payment Agent</u> ONC</p>
<p><u>Timeline and Status</u> <input type="checkbox"/> Funds available as of Jan 1, 2010</p>	<p><u>Payment Recipients</u> <input type="checkbox"/> States <input type="checkbox"/> Indian Tribes</p>
<p><u>Level of Funding</u> <input type="checkbox"/> TBD, at the discretion of HHS/ONC <input type="checkbox"/> States may accept contributions from private sector <input type="checkbox"/> States are on the hook for \$1 in matching funds for every \$5 in federal funding</p>	
<p><u>Requirements for Funding</u> <input type="checkbox"/> States and Indian tribes must submit strategic plans that include <ul style="list-style-type: none"> ■ A list of the projects to be assisted through the loan fund ■ A description of the criteria and methods established for the distributions of funds ■ A description of the financial status of the loan fund ■ Short and long-term goals for the fund </p>	
<p><u>Use of Funds</u> <input type="checkbox"/> States may grant loans to providers for <ul style="list-style-type: none"> ■ Purchases of certified EHRs ■ EHR upgrades ■ Personnel training ■ Improvements in HIE </p>	

Grants to Expand Medical Health Informatics Programs

<p><u>Funding Mechanism</u> Appropriations, subject to annual review & authorization</p>	<p><u>Payment Agent</u> HHS & NSF</p>
<p><u>Timeline and Status</u> TBD</p>	<p><u>Payment Recipient/Applicants</u> <input type="checkbox"/> Institutions of higher education may qualify for funding under this program, though the stimulus package does not reference specific types</p>
<p><u>Level of Funding/Timing</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Matching grants may fund up to 50 percent of a recipient institution’s total costs <input type="checkbox"/> Grantees may request a higher federal proportion of funding on the grounds that national economic conditions are such that they “would render the cost-share requirement detrimental to the program.” 	
<p><u>Requirements for Funding</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> TBD <input type="checkbox"/> HHS to give priority to existing education and training programs and to programs designed to be completed in less than six months 	
<p><u>Use of Funds</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Certification, undergraduate, or master’s degree programs for both health care and information technology students may be developed with funding under this program <input type="checkbox"/> Grant funding may be used to develop and revise curricula in medical health informatics and related disciplines; recruit and retain students; acquire equipment necessary for student instruction in these programs; and establish or enhance bridge programs in the health informatics fields between community colleges and universities 	

Health Care Information Enterprise Integration Research Centers

<p><u>Funding Mechanism</u> Appropriations, subject to annual review & authorization</p>	<p><u>Payment Agent</u> NIST, NSF, Others TBD</p>
<p><u>Timeline and Status</u> TBD</p>	<p><u>Payment Recipients/Potential Applicants</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Institutions of higher education (or consortia thereof which may include nonprofit entities and Federal Government laboratories).
<p><u>Level of Funding/Timing</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> The stimulus package sets aside \$20 million to NIST for continued work on advancing health care information enterprise integration through activities such as technical standards analysis and establishment of conformance testing infrastructure <input type="checkbox"/> No mention of a match requirement <input type="checkbox"/> Timing TBD 	
<p><u>Requirements for Funding</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Applicants must submit an application to NIST detailing the following: <ul style="list-style-type: none"> ■ The research projects that will be undertaken by the Center and the respective contributions of the participating entities; ■ How the Center will promote active collaboration among scientists and engineers from different disciplines, such as information technology, biologic sciences, management, social sciences, and other appropriate disciplines; ■ Technology transfer activities to demonstrate and distribute the research results, technologies, and knowledge; and ■ How the Center will contribute to the education and training of researchers and other professionals in fields relevant to health information enterprise integration. 	
<p><u>Use of Funds</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Establishment of Centers for Health Care Information Enterprise Integration, which are tasked with generating innovative approaches to health care information enterprise integration by conducting “cutting-edge” research on the systems challenges to health care delivery and with developing health information technologies. <input type="checkbox"/> Areas of research may include: interfaces between human information and communications technology systems, voice-recognition systems, software that improves interoperability and connectivity among health information systems, software dependability in systems critical to care delivery, health information enterprise management, health information technology security and integrity, and measurement of the impact of information technologies on the quality and productivity of health care. 	

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Source: Manatt Health Solutions

Grants to Integrate EHRs into Medical School Curricula

<p><u>Funding Mechanism</u> Appropriations, subject to annual review & authorization</p>	<p><u>Payment Agent</u> HHS</p>
<p><u>Payment Recipients/Potential Applicants</u></p> <ul style="list-style-type: none"> □ Eligible institutions include: <ul style="list-style-type: none"> ■ Schools of medicine, osteopathic medicine, dentistry, or pharmacy, a graduate program in behavioral or mental health, or any other graduate health professions school; ■ Graduate schools of nursing or physician assistant studies; ■ A consortium of two or more schools; or ■ Institutions with a graduate medical education program in medicine, osteopathic medicine, dentistry, pharmacy, nursing, or physician assistance studies 	<p><u>Level of Funding/Timing</u></p> <ul style="list-style-type: none"> □ Matching grants may fund up to 50 percent of a recipient institution’s total costs □ Grantees may request a higher federal proportion of funding on the grounds that national economic conditions are such that they “would render the cost-share requirement detrimental to the program” □ Timing TBD
<p><u>Requirements for Funding</u></p> <ul style="list-style-type: none"> □ Applicants must submit a strategic plan for integrating certified EHR technology in clinical education as a means by which to reduce medical errors and enhance health care quality □ Applicants must also have the capacity to collect data on the effectiveness of the demonstration project in improving patient safety, increasing the efficiency of care delivery, and in increasing the likelihood that graduates will adopt and incorporate EHRs in their clinical practice 	
<p><u>Use of Funds</u></p> <ul style="list-style-type: none"> □ Integration of EHRs into the recipient’s clinical education program(s). Grant funds may not be used to purchase hardware, software, or technology services 	

Resources

- www.hhs.gov/recovery
- www.healthIT.hhs.gov
- To track all Federal Recovery Act activities, see www.recovery.gov
- To track Washington State ARRA activities go to www.recovery.wa.gov and www.hca.wa.gov/arra