



## Reaping the Benefits of the Stimulus Package

*Understanding the American Recovery and Reinvestment Act of 2009*

### How does the American Recovery and Reinvestment Act of 2009 (the “stimulus” bill) apply to medical practices?

The Federal stimulus package contains \$19 billion to accelerate the adoption and meaningful use of electronic health records (EHR) and health information technology in doctors’ offices. This is part of the new administration’s plan to use health information technology to help reduce medical costs and improve the quality of care provided to patients.

### What payment incentives are available to physicians?

Incentive funds are available through two programs—Medicare and Medicaid. Each has its own set of eligibility criteria, requirements, and incentive amounts. Eligible professionals must choose to accept payments under either the Medicare **or** Medicaid programs and cannot receive payments from both.

### How does the Medicare program work?

For the Medicare incentives, eligible physicians in ambulatory practices that use a qualified electronic health record system are eligible for up to \$44K or more per physician over a five year period. These are cash incentives that will be paid directly to care providers or to their employers. It is by far the most significant direct incentive package for using electronic health records ever offered by the U.S. government.

In principal, the program is straightforward. CMS will initiate EHR “bonus” payments to physicians who can demonstrate they are “meaningful users” of a certified electronic health record application. The bonuses will be offered through 2015 via the following schedule:

### Current ARRA 2009 Incentive Timeline

Potential reimbursements per year

Year of Filing	2011	2012	2013	2014	2015	2016	Total
2011*	\$18,000	\$12,000	\$8,000	\$4,000	\$2,000	\$0	\$44,000
2012*	\$0	\$18,000	\$12,000	\$8,000	\$4,000	\$2,000	\$44,000
2013*	\$0	\$0	\$15,000	\$12,000	\$8,000	\$4,000	\$39,000
2014*	\$0	\$0	\$0	\$12,000	\$8,000	\$4,000	\$24,000
2015 or Later	\$0	\$0	\$0	\$0	\$0	\$0	\$0

*\*Providers must have implemented and compiled reports on clinical quality measures prior to filing.*

### How does the Medicaid program work?

Under the Medicaid incentive plan, eligible physicians can receive up to \$63,750 to purchase and use qualified EHRs. For practices that have not deployed an EHR, the Medicaid program offers up to \$21,250 per physician to help purchase and implement a system (the physician must purchase before 2016 to be eligible). Thereafter, the Medicaid incentives offer up to \$8,500 per physician for “meaningful use” of the EHR. The “meaningful use” payments will be available for up to 5 years (with no payments being made after 2021). Medicaid-eligible professionals must pay at least 15% of the cost to purchase and maintain their EHR technology. The start date of this program was not defined in the stimulus bill but it is anticipated to begin on or before October 1, 2010.

An eligible physician in the Medicaid incentive program is:

- A non-hospital based physician who has at least 30% patient volume identified as Medicaid insured
- A non-hospital based pediatrician who has at least 20% patient volume in Medicaid insured
- A physician who practices primarily in a FQHC with at least 30% patient volume identified as “needy individuals”<sup>1</sup>



### **How is “meaningful use” defined?**

While this definition is evolving it will include the following basic criteria:

- Use of a certified EHR for patient care documentation and for e-prescribing
- Connectivity to a health information exchange to help coordinate care with other providers
- The ability to submit information on quality measures (e.g. similar to current PQRI and/or Medical Home measures)

The “meaningful use” clause is the government’s requirement to insure that providers are selecting and using EHRs in a manner that help improve quality of care and lower costs.

### **Is e-MDs Chart certified and does it have the features needed to meet the meaningful use criteria?**

e-MDs Chart currently more than meets the meaningful use criteria specified in the American Recovery and Reinvestment Act of 2009. As per the Act, meaningful use includes:

- Use of a certified EHR including the use of electronic prescribing.
- The EHR is “connected” in a manner that provides for the electronic exchange of health information to improve the quality of care, such as promoting care coordination.
- Submission of clinical quality measures (and such other measures as selected by the Secretary (of the HHS).

e-MDs Chart is CCHIT 2006, 2007, and 2008 certified and is committed to supporting all future certification requirements. e-MDs Chart includes integrated e-prescribing and supports current interoperability standards to exchange data across care settings<sup>2</sup>. e-MDs has been a leader in supporting quality reporting initiatives including DOQ-IT and PQRI data submission. e-MDs is fully committed to meeting all emerging standards, privacy requirements, interoperability specifications and certification criteria referenced in the American Recovery and Reinvestment Act of 2009.

### **The payment incentives do not start until October 1st, 2010. Shouldn’t I just wait until then before getting an EHR?**

The program accounts for the fact that selecting, purchasing, implementing and engaging in meaningful use of an EHR takes time. The incentives are designed to reward practices that have made an investment in a certified EHR and who have made the effort to become meaningful users. Given the amount of time it takes to select, implement and optimize an EHR in a physician practice, practices that wait could forgo up to 45% of the initial bonus pool available.

Stephen Lieber, CAE, President and CEO of HIMSS (Health Information and Management Systems Society) stated “The time for Physicians to purchase is now. The idea behind the package is to strongly encourage physicians to buy, then to reward them for doing so. Now is the time for providers and organizations to align themselves with vendors and products that meet the current standards of service and functionality, verify that they are committed to maintaining any future standards as well – and get that in writing – and look at implementing.”

We believe that an EHR is the one of the best business, customer service, and quality of care investments that a practice can make, with many financial and operational benefits above and beyond the bonus package noted above. Improved visit level coding, better charge capture, transcription savings, reduction in labor costs and chart materials can result in a return of over \$50,000 per physician per year. Contact us and we will walk you through a complete return on investment of EHR for your practice.

### **Are there financial benefits available now, even before incentive money becomes available?**

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 you purchased and installed \$50,000 of EMR software and hardware in 2009, you would be able to depreciate, or write off the full \$50,000 this year which translates to total cash savings on your purchase of \$17,500. It is important to note that the section 179 deduction is re-evaluated annually and may or may not be in effect in future years.

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In addition, the Medicare Improvement for Patients and Providers Act (which provides incentives for the use of e-prescribing) offer providers a 2% increase in Medicare reimbursement for e-prescribers in 2009 and 2010, a 1% bonus in 2011 and 2012, and .5% bonus in 2013. As you can see the bonus structure favors providers that act now.

## **If the EHR bonus incentives are a “carrot” to encourage adoption, is there also a “stick”?**

Beginning in 2015, practices that are not “meaningful users” of EHRs will be subject to the following penalties:

- 1% reduction in Medicare fee schedule for 2015
- 2% reduction in Medicare fee schedule for 2016
- 3% reduction in Medicare fee schedule for 2017

For 2018 if less than 75% of all physicians are meaningful EHR users, then the penalties may be reduced an additional percentage point up to a maximum 5% reduction.

## **What if I have already purchased an EHR and am a “meaningful user”? Do I qualify?**

If you are currently using e-MDs Chart in a manner that is deemed “meaningful” by the HHS, you will be eligible to receive the incentive payments.

**Contact Tangible Solutions at 800-393-9886 or [info@tangible.com](mailto:info@tangible.com) for more information.**

<sup>1</sup> “Needy individual” includes patients covered through Medicaid, SCHIP or receiving uncompensated or reduced fee care.

<sup>2</sup> e-MDs supports the electronic exchange of data through the export and import of the Continuity of Care Record (CCR) and the Continuity of Care Document (CCD) standards. e-MDs directly participates in national efforts to develop criteria by which clinical data can be exchanged across care settings, including the Integrating the Healthcare Enterprise (IHE) and Health Information Technology Standards Panel (HITSP)

To view the HIMSS summary of the American Recovery and Reinvestment Act of 2009, [click here](#).  
For more information on Section 179 Deduction Incentives, [click here](#) or contact your CPA.  
For more information on CCHIT Certification, [click here](#)