

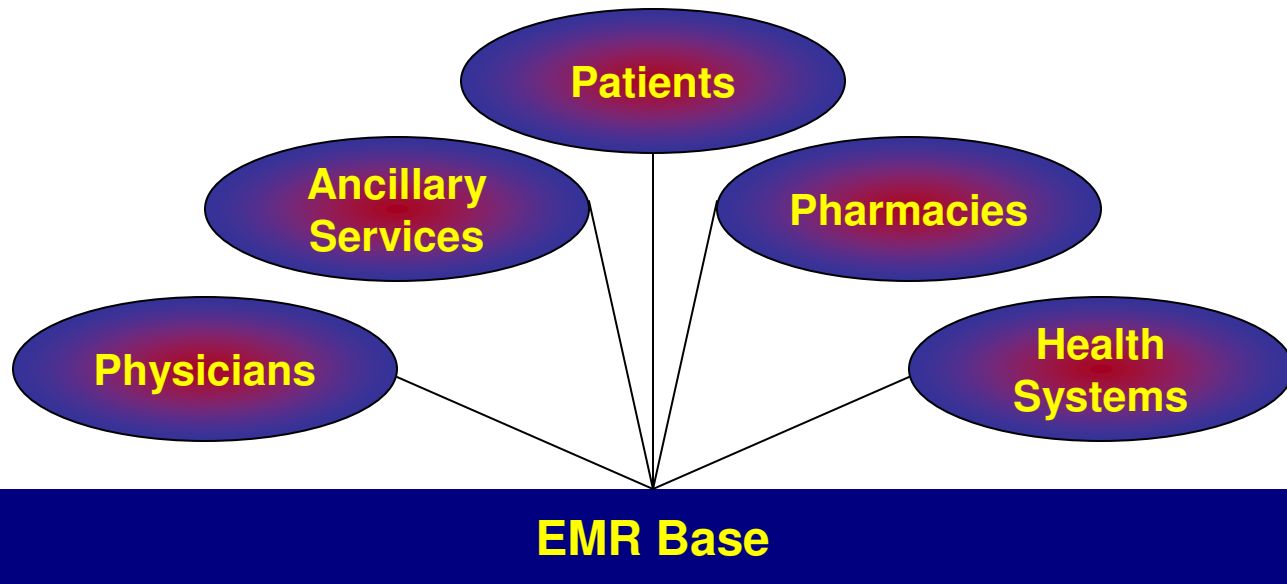


## The 2009 HITECH Act

*Making the “Optimum Decision” for Your Health System*



# National Vision for a More Efficient and Effective Technology Enabled Healthcare Delivery System



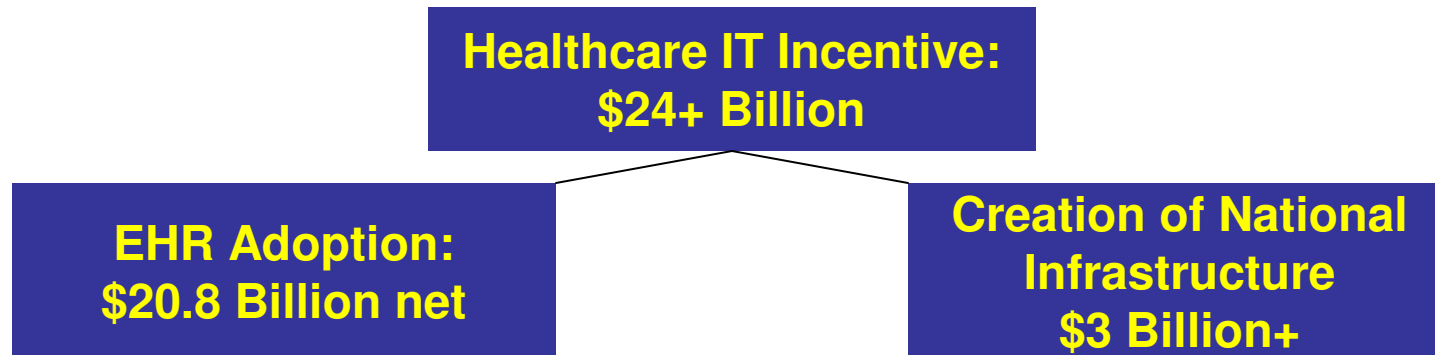
## Technology-Enabled Capabilities

- Evidence Based / Best Practice Medicine
- Clinical Decision Support
- e Prescribing
- Telemedicine
- Medication Management
- Disease Management
- Quality Management and Improvement
- Remote Health Monitoring and Treatment
- Wellness and Prevention
- Medical Record Transportability
- Patient Self-care Responsibility
- Health 2.0 and Beyond

# ARRA Financial Stimulus Package for Health Care IT

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- ❑ Demonstration of “meaningful use”
  - Usage of certified clinical system(s)--definition will get tougher over time
  - Clinical decision support capability
  - Report quality information to CMS
  - Exchange / integrate info with other providers
- ❑ Early Adopters (2011/12) maximize receipts
  - Physicians: Up to \$44k per MD
  - Hospitals: Up to \$11 million
- ❑ Penalties for Non – Adoption--after 2014
  - Physicians: 1% to 5% of reimbursement
  - Hospitals: 25% reduction in annual market basket update
- Gross Medicare payment is \$36 billion 09-15, reduced in aggregate by \$15 billion savings
- ❑ Creation of National Coordinator Office (\$2B)
- ❑ Comparative Effectiveness Research (\$1B)
- ❑ Comprehensive standards development
- ❑ HIPAA enforcement teeth, new regs on disclosure
- ❑ Regional Centers to provide technical assistance and disseminate best practices
- ❑ State Grants and loans to providers, leveraging federal funds

## To Accelerate the Rate of Physician Adoption, Significant Incentives and Penalties will Occur...

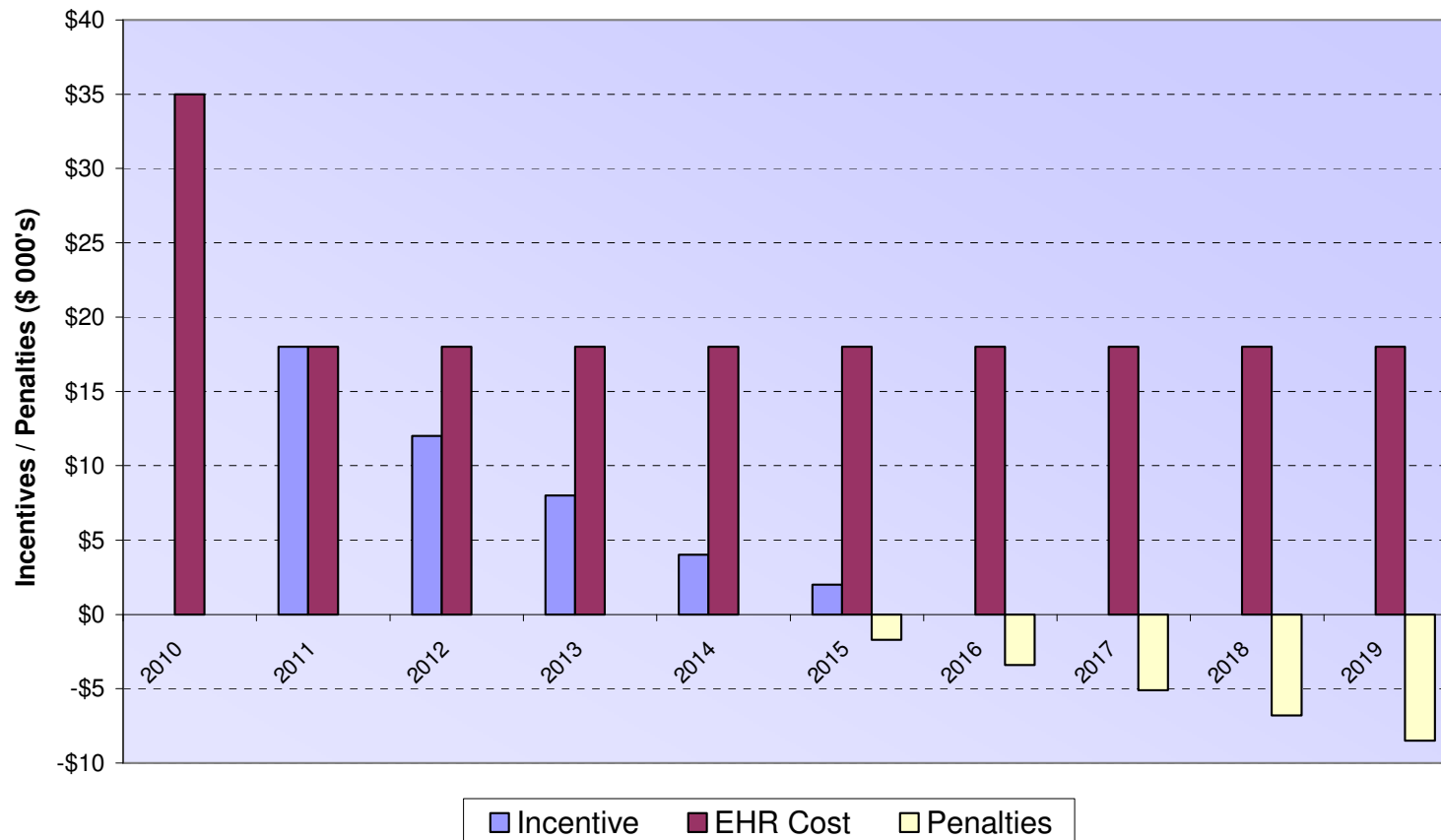
Adoption Year	Year 1 Incentive	Year 2 Incentive	Year 3 Incentive	Year 4 Incentive	Year 5 Incentive	Payment Reduction
2011 or 2012	\$18,000	\$12,000	\$8,000	\$4,000	\$2,000	-
2013	\$15,000	\$12,000	\$8,000	\$4,000	-	-
2014*	\$15,000	\$12,000	\$8,000	-	-	-
2015	-	-	-	-	-	1%
2016	-	-	-	-	-	2%
2017	-	-	-	-	-	3%
2018	-	-	-	-	-	3% - 4% **
2019 and beyond	-	-	-	-	-	3% - 5% **

\* First Payment year must be before 2015; no payments will be made after 2016

\*\* If <75% of professionals are using EHR by 2017, fee schedule adjustment may be increased by 1% per year to a maximum of 5%

# ...But, Alone the Incentives and Penalties will not Offset Anticipated Required Investment and Operating Cost

**Physician EHR Incentives and Penalties**  
*Compared to Estimated Cost of Implementation and Maintenance*



Assumptions:

\$35k for initial physician EHR implementation, \$1.5k monthly maintenance and support (Based on AHRQ estimates <http://www.ahrq.gov/research/sep05/0905RA28.htm> )

Penalties based on 8 Medicare patients per day, \$170k annual Medicare receipts.

Ultimately, EMR development drives to the foundation on which Hospital – Physician Integration should be based: *the care of the patient and the information required to do so*

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- ❑ Provides opportunity for hospitals and physicians to work together to improve cost efficiency and effectiveness of care delivery
- ❑ Allows improved quality and outcomes tracking and reporting, which will drive
  - Improved quality of care and outcomes
  - Enhanced reimbursement
- ❑ Supports quick and seamless information sharing, thereby improving continuity of care and reducing the risk of medical errors
- ❑ Enables patient – level, rather than encounter – level cost management, thereby reducing overall expenditures
- ❑ Enables community – level disease management, thereby improving overall health status

# Health Systems May Have a Unique Opportunity to Leverage ARRA to Enhance its Physician Integration Strategy

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## Barriers to Physician EMR Adoption

- ❑ Significant up-front investment (\$40 - \$50k per Physician; ARRA funds don't start flowing until 2011)
- ❑ Implementation and training complexity
- ❑ Many systems to choose from; risk of poor choice
- ❑ Lack of maintenance staff/expertise
- ❑ Lack of system interoperability

## Mitigation Opportunities

- ❑ Relaxed Starke provisions allow Health Systems to subsidize up to 85% - could be treated as a "loan" against future ARRA reimbursement
- ❑ Leverage Health System technology and clinical process design expertise; develop "best practice" approach for rapid cycle implementation
- ❑ Leverage Health System technology expertise; existing track record of success
- ❑ Leverage Health System technology infrastructure
- ❑ Leverage Health System technology infrastructure

## However, To Generate Appropriate ROI on Required Investments, Significant Quality and Efficiency Improvement Must Occur

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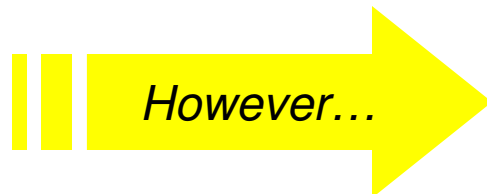
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### Revenue Enhancement

- Increased physician productivity
- Increased ancillary volume
- Improved patient flow, increased volume
- Improved “P4P” revenues
- Improved charge capture and billing
- Revenue Cycle acceleration

### Cost Reduction

- Reduced clerical expense
- Reduced records storage and supply expense
- Reduced transcription expense
- Improved clinical resource utilization
- Reduced hospital-acquired conditions



Industry reports indicate significant variation in the degree to which health systems have successfully achieved anticipated benefits

# Lessons Learned from the Last Decade of Healthcare IT Implementations

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## IT “alone” does nothing -- must understand benefits up front

- ❑ Huge IT efforts without clear understanding of benefits always fail
- ❑ Must ensure focus on benefits throughout cycle
- ❑ Outcomes are not dependent on what software system is chosen-- they are dependent on leadership driving change
- ❑ Quality improvement is a goal all can rally around

## Process and change efforts needed from the beginning

- ❑ Change management begins well before projects kick off
- ❑ Projects that start with the capabilities of the technology fail to produce real value – those that start with process and workflow achieve greatest value

## Must have buy-in of doctors and nurses

- ❑ Nurses are the critical link in any clinical system implementation
- ❑ Doctors need to support workflow changes and understand why changes are needed
- ❑ Efforts to get individuals to understand are essential

# Health Systems Have Important Choices to Make Now

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## Act now

- Implementation of changes to clinical systems require process changes-- begin the planning now
- Capitalize on relative visibility the issue has now and begin awareness program
- Leverage the “imperative for change” to improve physician strategy
- Critical resources are going to be scarce after the regulations are finalized
- Can establish important baselines now

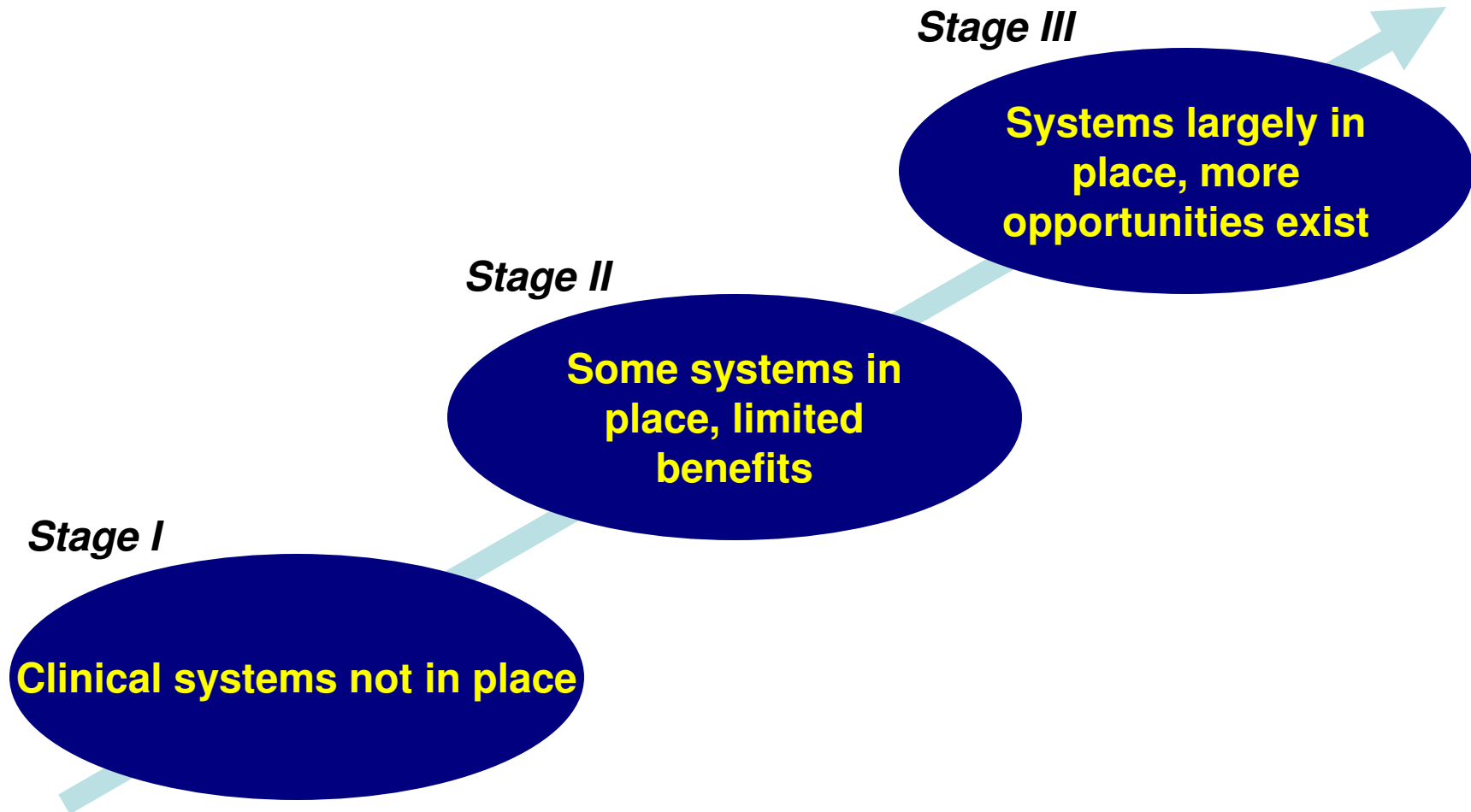
## Wait to do anything

- “Meaningful Use” not defined until end of 2009
- Will we have to change anything to get to meaningful use?
- Approaches will change --don’t jump the gun
- Incredible pressures from recession leave no time to do anything extra
- Can’t hire consultants/others to do this work as recent layoffs or other restrictions make it non-tenable

# Where is Your System in the Decision Process?

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# Critical Decisions by Stage

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## Stage of Development

- ❑ **Stage I: Clinical systems not in place**
  
- ❑ **Stage II: Some systems in place, limited benefits**
  
- ❑ **Stage III: Systems largely in place, more opportunities exist**

## Key decisions

- ❑ Overall approach to implementation, financing approaches, etc.
- ❑ Required magnitude of required process / workflow change
- ❑ Minimal approach to get incentives
  
- ❑ How augment what exists to optimize benefits?
- ❑ How use moment to create greater change?
  
- ❑ How drive to world class standards of quality and value
- ❑ How create distinctive value proposition to doctors?

# Is Accelerated Action the Right Approach for Your System?

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## Benefits

- Establish base technology for breakthrough improvement in Quality of Care
- Improve operating efficiency and reduce cost structure
- Improve Physician billing
- Enhance physician alignment
- Increase competitive advantage / market share
- Offset significant portion of investment in technology

## Drawbacks

- Significant capital investment
- Ongoing maintenance expense
- Physician / Clinician time requirements
- Implementation risk

# The Maverick Point of View: “No Action” Is Not a Viable Alternative

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## Legislative Forces

- Breach notification requirements moved to federal level
- Individuals have right to understand any disclosure of their health information
- Individuals have a right to get an electronic copy of their health information
- Tougher penalties for HIPAA violations are established, civil and criminal
- HIPAA enforcement under ARRA now open to state Attorneys General and to local law enforcement

## Strategic Forces

- Increasing economic imperative to reduce National healthcare expenditures
- Rising Consumerism
- Increasing cost and quality outcomes transparency
- Growing prevalence of Social Networking
- Rapidly evolving technologies
- Actions of Competitors – both local and outside of traditional competitive geography

# Suggested HITECH Strategy: *Technology Stimulus Plan*

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## Assess Future Financial Requirements and “Gap”

- ❑ Forecast competitive / environmental forces
- ❑ Assess Physician readiness, forces driving / impeding technology adoption
- ❑ Develop comprehensive 10-year “Technology FutureVision”
- ❑ Define organizational structural requirements
- ❑ Conduct environmental “Force Field” analysis
- ❑ Estimate magnitude and timing of financial requirements
- ❑ Define existing sources of financing and financing “gap”

## Define Technology Financing Goals

- ❑ Grow Revenue
  - New services
  - New markets
  - Strategic partnerships
  - Improved patient throughput
  - Market share growth
  - Improved physician billing
- ❑ Improve Quality and Efficiency
  - Define Delivery System of the Future
  - Unreimbursed nosocomial complications
  - Reduced waste / rework
  - Improved workflow / staffing efficiency
  - Reduced physician practice losses
  - Reduced support expenses

## Develop Strategic Horizon Map

- ❑ Define major short/medium/long term work initiatives
- ❑ Define Horizon Goals for each initiative
- ❑ Develop milestones for each initiative
- ❑ Create Horizon I Tactical Implementation Plan
  - Participants
  - Activities
  - Timing

# Recommended Accelerated Process

