

New Incentives for Health Information Technology

At least \$150 billion of the economic stimulus plan recently signed by President Obama involves health-related spending.

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Electronic Health Records (EHR)

Out of the total stimulus plan, \$17 billion will be used to incentivize physicians and others in the medical field to implement an electronic health records system by 2011. These incentive payments through Medicare and Medicaid are expected to add up to \$44,000 for single practice physicians over the five year period from 2011 to 2015. And for physicians that do not upgrade by 2015, penalties will start at \$5,100 per year.

The cost for a single physician to upgrade his or her practice to an electronic health records system, according to government estimates, is expected to be about \$124,000. For physicians in small practices, this cost may outweigh the incentives being offered and the penalties for failing to comply.

The ultimate goal with EHR is to share patient records in the medical community in an effort to reduce healthcare costs and create jobs right now. Among the benefits will be the reduction of errors due to the elimination of poorly written and illegible paper records. The benefits of EHR, however, are extremely limited unless the systems can be linked together.

Who Qualifies for Incentive Payments

In order for physicians to qualify for incentive payments they must show what is called a “meaningful use” of electronic health records. They must satisfy the following criteria:

- The physician must use “certified EHR technology” in a meaningful manner, including electronic prescribing. The law calls for the creation of a Health Information Technology (HIT) Policy Committee, and an HIT Standards Committee. The HIT Policy Committee will focus on the development of a nationwide health information infrastructure, while the HIT Standards Committee will recommend standards, implementation specifications, and certification criteria. The Office of the National Coordinator for Health Information Technology (ONC) will adopt an initial set of standards, implementation specifications, and certification criteria before December 31, 2009.
- The physician must demonstrate that the certified EHR technology is connected in a manner that provides for the electronic exchange of health information to improve the quality of health care, such as promoting care coordination.
- The physician must submit information on clinical quality measures specified by the Department of Health and Human Services (HHS).

The Secretary of the Department of Health and Human Services has the discretion to determine whether incentive payments will be made in single payments or in installment payments and how to allocate

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payments to physicians that operate more than one practice.

Health Information Technology (HIT)

Currently, only a fraction of physicians use digital recordkeeping technology and networked computers. This is good news for companies in the health information technology industry.

Investments in HIT will encourage the development of new products and services. The potential impact comes from the limitless possibilities of using digital health information to advance medical research, drug discovery and evaluation, and personal health. Advancements may come by way of Web 2.0 technologies including portals and social networking sites geared toward health related objectives. Current e-commerce web companies will be able to launch new services for consumers that provide personalized medical information based on a patient's health information. Access to patient health data may be

handled by way of subscription fees being paid to the data provider or by other avenues such as "partnering."

Other health related applications could be developed or improved due to the increase in HIT investments such as tele-health applications for home medical devices and web cameras for internet based video consultations with health care providers. Increasing HIT expenditures in hospitals, pharmacies, and outpatient facilities could increase the use of such devices as smart cards, radio-frequency identification (RFID), and similar devices.

It's clear that investing in HIT can secure jobs in the current and act as a catalyst for companies to develop new products and services. However, the expected benefits may not materialize until 2010 as it may take a year or two for government grant applications to be processed and physicians to select an HIT service provider.

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