

American Recovery and Reinvestment Act of 2009

Discussion Topics

- Goals and Objectives for HIT Provisions
- National HIT Strategy and Leadership
- Incentives for Hospitals
- Incentives for Physicians
- Grants and Loans
- Privacy and Security
- Staying Informed
- Questions and Answers



Major Goals and Objectives for Healthcare IT

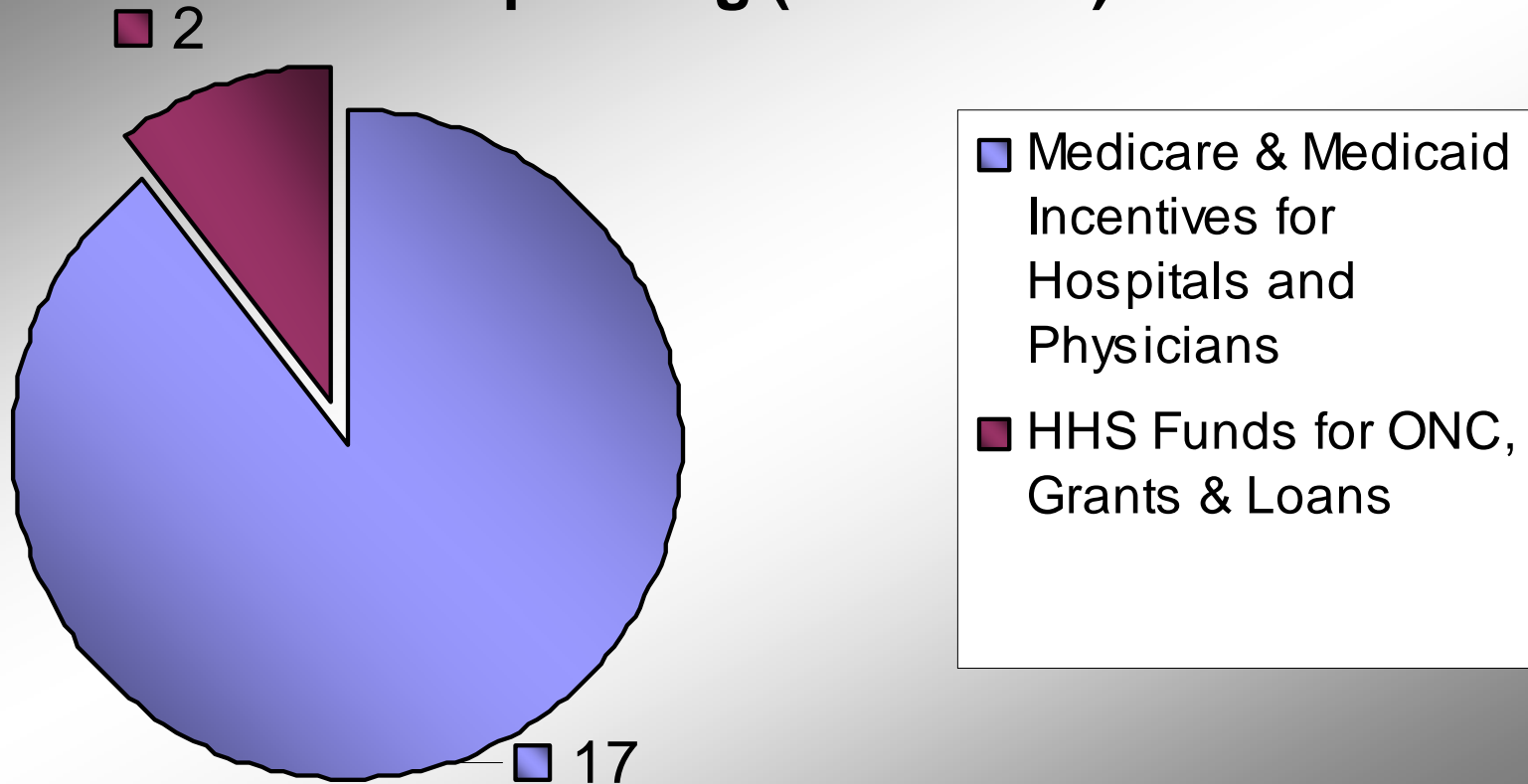


- Goals:
 - Increase adoption of Health IT (HIT)
 - Ensure systems are interoperable to improve quality and improve care coordination
- Tactics:
 - Government to lead standards development for nationwide exchange and use of health information to improve quality and coordination of care
 - Over \$19B (net) for HIT infrastructure, especially Health Information Exchange (HIE), and Medicare/Medicaid incentives to doctors and hospitals for “meaningful” use of *certified* HIT
 - Saves Federal funds and generates additional savings throughout the health sector through improved quality and care coordination, reductions in medical errors and duplicative care
 - Strengthens HIPAA to further protect identifiable health information from misuse as use of HIT increases

- As a result of this legislation, CBO estimates that approximately 90% of doctors and 70% of hospitals will be using comprehensive EHRs in the next decade

HIT Stimulus Funds – Focus Areas

HIT Spending (in Billions)



New National HIT Leadership to Drive Interoperability



- Office of the National Coordinator
 - Establishes the Office to be headed by the National Coordinator appointed by the Secretary of Health and Human Services (HHS)
 - Primary purpose is to develop a nationwide health information technology infrastructure that allows for the electronic use and exchange of information
- HIT Policy Committee
 - Make recommendations on national HIT infrastructure and the implementation of the Office of the National Coordinator (ONC) Strategic Plan
 - Prioritize focus for interoperability and certification
 - Federal Advisory Committee Act (FACA) committee
 - National eHealth Collaborative could become the HIT Policy or HIT Standards Committee
- HIT Standards Committee
 - Recommend standards, implementation specs, and certification criteria in accordance with the policies developed by the HIT Policy Committee

Medicare Hospital Incentives - Adoption and Use

- To qualify for incentives:
 - Need to be using a Certified Electronic Health Record
 - Need to be a “meaningful user” of the EHR – “meaningful use defined as:
 - Using a Certified EHR in a meaningful manner (*Note – Criteria to be set by 12/31/09*)
 - Demonstrates EHR can provide electronic exchange of health information to improve quality and care coordination
 - Able to report on clinical quality measures as specified by the Secretary
- (Note – Secretary of HHS to provide additional information and clarification on the final definition of “meaningful use”)*
- No upfront money to fund purchase - need to have or buy a certified system and be a “meaningful user” to qualify for the incentives
- Hospitals do not need to “apply” for these incentives – eventually will need to attest to meeting the requirements
- Incentives begin in FY 2011 (Oct 2010)

Hospital Incentive Calculations with Example

**\$2M Base Amt
+ Discharge Amt*
x Medicare Share**
Year 1 Payout Amount**



Hospital with 16,000 discharges, 40% Medicare Inpatient Bed Days and 6% Charity Care Charges:

	\$2,000,000	(Base Amt)
+	\$2,970,200	(Discharge Amt*)
	\$4,970,200	
x	.4255	(Medicare Share**)
	\$2,114,820	(Year 1 Payout Amt)

***Discharge Amount:
For the 1150th – 23,000th discharge -
\$200 per discharge
(regardless of payer)**



***Discharge Amount:
16,000 – 1149 = 14851
14851 X 200 = \$2,970,200**

****Medicare Share calculated as:**

Medicare Inpatient bed days + Medicare Advantage inpatient bed days

(Number of inpatient bed days * (Total charges – Charity care Charges)) / Total Charges



****Medicare Share:**

40,000	
100,000 * (987,000,000 – 59,220,000) /	
987,000,000	
= .4255	

Medicare Hospital Payout Timeline

Performance Year -> Starting Year ↓	FY11	FY12	FY13	FY14	FY15	FY16	Total	Market Basket Penalties
FY11	\$2,114K	\$1,586K	\$1,057K	\$528K	0	0	\$5,287K	No Penalty
FY12		\$2,114K	\$1,586K	\$1,057K	\$528K	0	\$5,287K	No Penalty
FY13			\$2,114K	\$1,586K	\$1,057K	\$528K	\$5,287K	No Penalty
FY14				\$1,586K	\$1,057K	\$528K	\$3,172K	No Penalty
FY15					\$1,057K	\$528K	\$1,586K	$\frac{3}{4}$ of increase reduced by 33.33%
FY16						\$0	\$0	$\frac{3}{4}$ of increase reduced by 66.66%
FY17							\$0	$\frac{3}{4}$ of increase reduced by 100%

Factor for Year 1 – Year 5 Payouts:

Year 1 – 100%, Year 2 – 75%, Year 3 – 50% , Year 4 – 25%, Year 5 - 0%

Critical Access Hospitals*



- Payment formula is the same, with the exception of how the Medicare Share is calculated. After the Medicare Share is derived, 20 percentage points is added to that amount. In addition, the Medicare Share cannot be larger than 100%.
- Penalties - Payment is reduced to a percentage of cost as follows:
 - FY15 – 100.66 percent
 - FY16 – 100.33 percent
 - FY17 and each subsequent year -100 percent

* ***A Critical Access Hospital (CAH) is a hospital that is certified to receive cost-based reimbursement from Medicare.***

Medicare Physician Incentives – Adoption and Use



- To qualify for incentives:
 - Need to be using a Certified Electronic Health Record
 - Need to be a “meaningful user” of the EHR – “meaningful use defined as:
 - Using a Certified EHR, which includes e-prescribing
(Note – Criteria to be set by 12/31/09)
 - Demonstrates EHR can provide electronic exchange of health information to improve quality and care coordination
 - Able to report on clinical quality measures as specified by the Secretary
(Note – Secretary of HHS to provide additional information and clarification on the final definition of “meaningful use”)
- No upfront money to fund purchase - need to have or buy a certified system and be a “meaningful user” to qualify for the incentives
- Physicians do not need to “apply” for these incentives – eventually will need to attest to meeting the requirements
- Incentives begin in CY 2011 (Jan 2011)

Medicare Physician Payout Timeline

Performance Year -> Starting Year v	2011	2012	2013	2014	2015	2016	Total	Fee Schedule Penalties
2011	\$18K	\$12K	\$8K	\$4K	\$2K	0	\$44K	No Reduction
2012		\$18K	\$12K	\$8K	\$4K	\$2K	\$44K	No Reduction
2013			\$15K	\$12K	\$8K	\$4K	\$39K	No Reduction
2014				\$12K	\$8K	\$4K	\$24K	No Reduction
2015					\$0	\$0	\$0	99% (1% Reduction)
2016						\$0	\$0	98% (2% Reduction)
2017							\$0	97%* (3% Reduction)

* Secretary may continue annual decrease to 95% if less than 75% of professionals have adopted
 Physicians who provide services designated by the Secretary as health professional shortage areas will receive a 10% increase over payment amounts defined above.

Medicaid Incentives for Hospitals and Physicians – Adoption and Use



- Eligible Providers:
 - Children’s hospitals and acute-care hospitals with at least 10% Medicaid
 - Non-hospital-based professionals with at least 30% Medicaid
 - Non-hospital-based pediatrician with at least 20% Medicaid
 - Eligible professional who practices predominately in a Federally Qualified Health Center (FQHC) or rural health clinic and has at least 30% patient volume attributable to “needy individuals”
- Incentives:
 - Payments are calculated like Medicare payments but bed days are calculated using Medicaid patient data.
 - No penalties
 - Secretary to ensure the coordination of incentive payments through Medicare and Medicaid

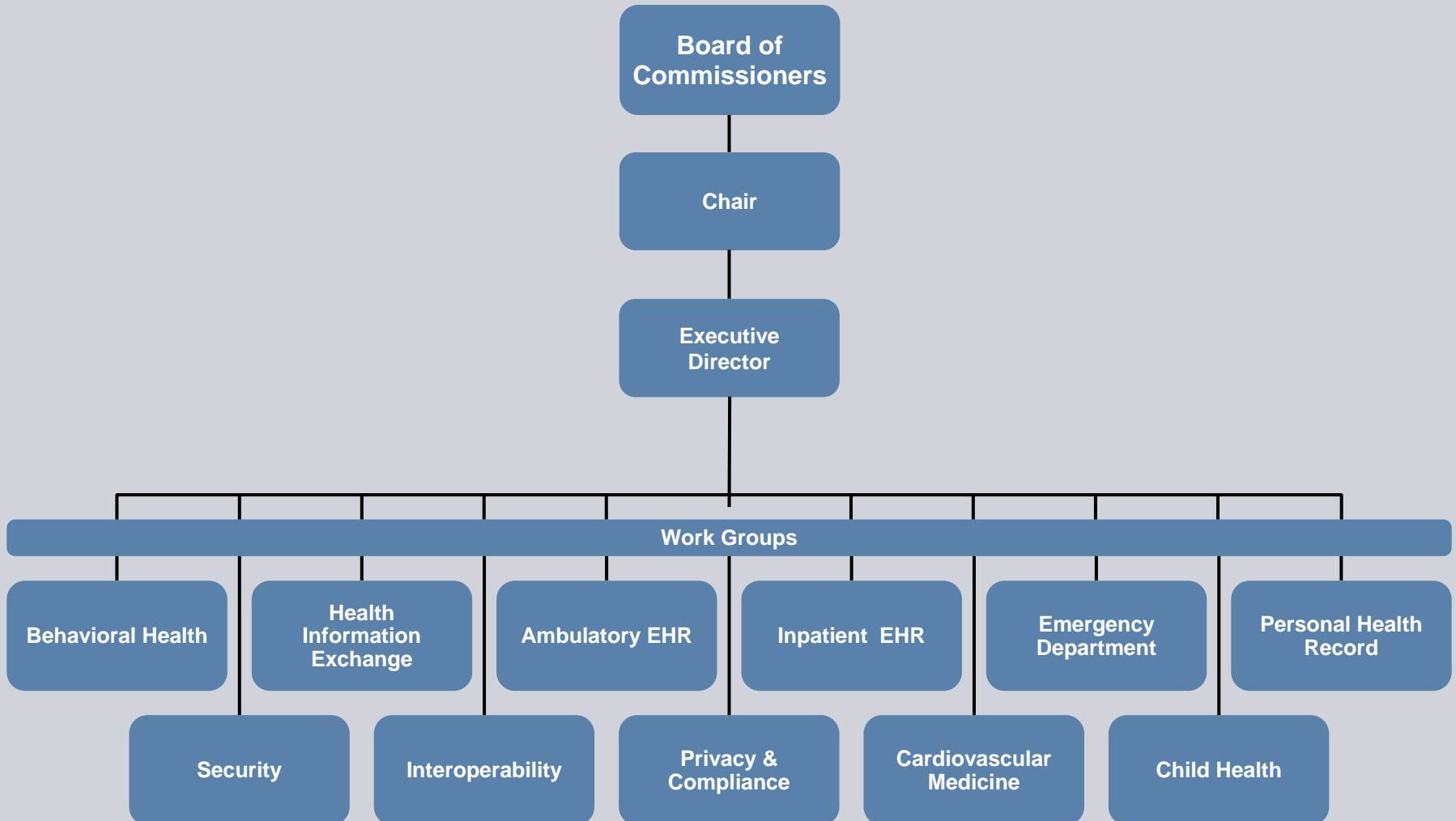
Siemens Certification Status

Soarian® Clinicals V2.0C5 and INVISION® Clinicals V27.0, both with Siemens Pharmacy and Med Administration Check™ V24.0, achieved full CCHIT Certified status and meet CCHIT inpatient electronic health record criteria for 2007.

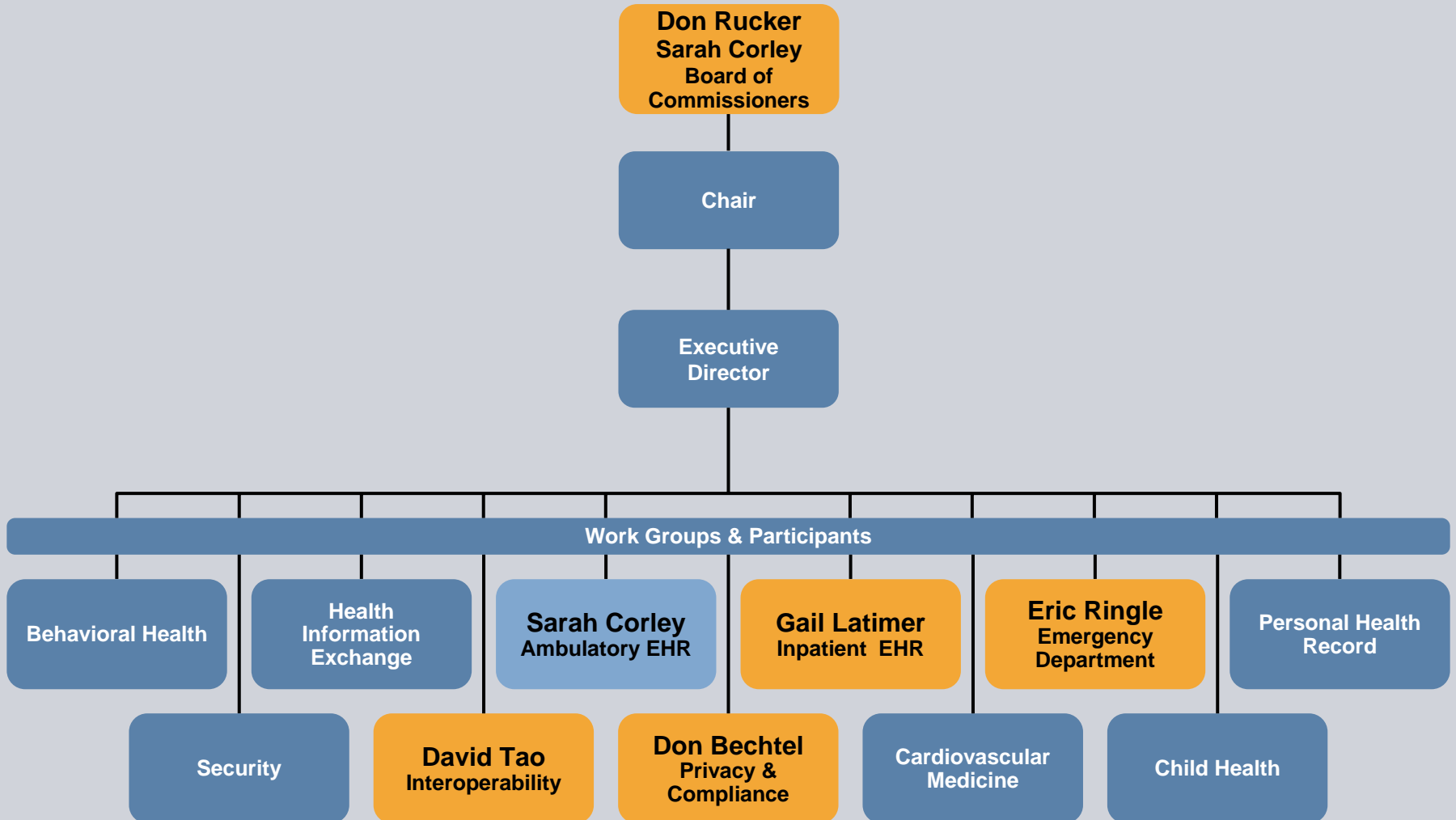
MedSeries4 WebConnect Clinical Suite with Siemens Pharmacy and Med Administration Check, Version 28.10 and V24 respectively, is a CCHIT Certified Inpatient EHR (eMAR ONLY) product for 2007.



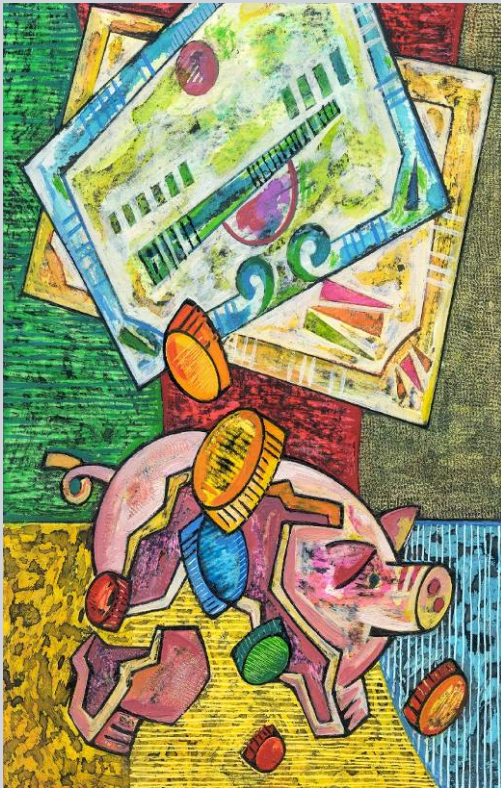
CCHIT Organizational Structure



CCHIT Organizational Structure



Grants and Loans



- Health Information Technology Implementation Assistance
 - Establish Health IT Research Center
 - Provide technical assistance and develop best practices to accelerate efforts to implement and utilize HIT that allows for electronic exchange and use of information
 - Provide assistance for the creation of HIT Regional Extension Centers (details to be published in Federal Register within 90 days of enactment)
 - Provide technical assistance and disseminate best practices and other information learned from the Center
 - Regional Centers can be affiliated with any US-based nonprofit organization
- State Grants to Promote HIT
 - Grants issued to States or qualified State designated entities to facilitate and expand electronic movement and use of health information among organizations
 - States required to match funds increasing over time

Note: The majority of these programs do not apply directly to physicians or hospitals.

Grants and Loans (cont'd)



- Competitive Grants to States and Indian Tribes for Loan Programs *(Note: Providers can apply for these loans, once the grants have been allocated to the states and Indian tribes)*
 - Development of loan programs to providers to facilitate the widespread adoption of certified EHRs:
 - Awards can begin in 2010
 - Matching funds required
- Demonstration Programs to Integrate Certified HIT into Clinical Education
 - Develop academic curricula integrating certified EHRs into clinical education
 - Matching funds required
 - Funds cannot be used to purchase hardware, software or services
- Information Technology Professionals in Health Care
 - Assist institutions to establish or expand medical health informatics education programs for health care and information technology
 - Preference to short-term existing programs

Privacy & Security Provisions

- Notification of breach
 - Defines Breach
 - Individuals must be notified if there is an unauthorized disclosure of their health information
- Accounting for disclosures:
 - Gives patients the right to request an accounting of disclosures of their health information made through an electronic record. Requires the Secretary to promulgate regulations regarding information to be included.
- Restrictions on Certain Disclosures:
 - Permits individuals to request that their PHI regarding a specific item or service not be disclosed by a covered entity to a health plan for purposes of payment or healthcare operations if the individual has paid out-of-pocket for the item or service.

Privacy & Security Provisions (cont'd)



- Business Associates (BAs) subject to same HIPAA privacy and security provisions and penalties that apply to Covered Entities (CEs).
- Sale/Marketing of Protected Health Information:
 - Provides new restrictions on marketing using PHI and on the circumstances under which any entity can receive remuneration for PHI.
- New HIPAA Business Associate Categories
 - Ensures new entities not contemplated when HIPAA was written (eg., PHR vendors, RHIOs, HIEs) are subject to the same privacy and security rules as providers and health insurers, by requiring Business Associate contracts and treating these entities as Business Associates under HIPAA.
- Enforcement allowed through State attorneys general.

Siemens Legislative & Regulatory Participation Processes

SIEMENS

Influencers

Siemens

- **Siemens Washington Office**
- **Voice of the Business**
 - G&IA
 - SMEs

Partners

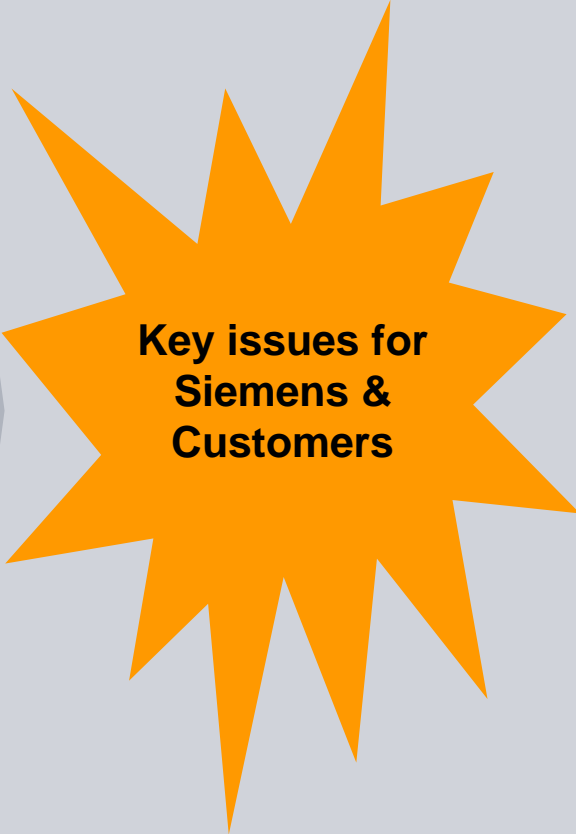
- CHT – N. Gingrich
- HIMSS
- eHealth Initiative
- EHRA
- Business Roundtable
- AHA & other associations
- Other Companies

Advocacy tools

- Presence (constituency)
 - Hill Visits
 - Letters
 - Hill Meetings
- Expertise
- Reputation
- Special Events
 - HIT Week
 - Advocacy Day
 - Telehealth Series
- PAC

Decision makers

- US Congress
- HHS (incl. ONC)
- Standards & development organizations
- CCHIT
- HITSP
- Health Information Technology Expert Panel (HITEP)
- HIT Policy Committee
- HIT Standards Committee



**Key issues for
Siemens &
Customers**

Staying Informed

March 13, 2009 – Webcast Featuring Honorable House Representative Alyson Schwartz & Meredith Taylor, HIMSS

March 17, 2009 - Webcast: Washington Update: Policies, Politics and News Community Hospitals Can Use

April 20-22, 2009 - MS4 Vision Users Conference

May 3-5, 2009 - Siemens Healthcare Leadership Forum

August 8-12, 2009 - Siemens CPOE Symposium & Innovations Conference

Visit our Executive Gateway (www.siemens.com/executivegateway) often for the latest ARRA information and updates from Siemens.

