

**Subject: President Obama Signs Economic Stimulus Package**

It's official. President Obama has signed the \$787 billion [American Recovery and Reinvestment Act of 2009](#), which includes approximately \$20 billion for Healthcare IT. The government will subsidize the purchase of a "government" EMR through a conditional "IOU."

Considerable hype has surrounded the passage of this bill, but what does it really mean for the nation's physicians and medical practices?

To clarify the details of the legislation and its potential impact, we offer below a summary of the key items relating to the healthcare IT incentives. We also invite you to visit Evan Steele's blog, [Straight Talk](#), to find more information or to post comments and questions.

**Stimulus Package Facts:**

**Participation in this program is voluntary, i.e., the government is not requiring you to purchase an EMR.**

The law specifically states: "...nothing in such Act or in the amendments made by such Act shall be construed to require a private entity to adopt or comply with a standard or implementation specification adopted under section 3004." [Sec.3006 (a) (1)]

*This means that you are free to select the digital solution that best meets the needs of your practice, rather than letting the government make this important choice for you.*

**The potential incentive is a *maximum* of \$44,000 per physician, depending on when you implement the "government" EMR, and is paid out over 5 years. [Sec. 4101]**

- The earliest payment year is 2011.
- Payment schedule: Year 1: \$15,000 or \$18,000, Year 2: \$12,000, Year 3: \$8,000, Year 4: \$4,000, Year 5: \$2,000 (an average of \$8,800 per year).
- To receive the full amount, the EMR must be implemented by 2012; to receive any incentive payments, the EMR must be implemented by 2014; no payments are made after 2016.
- In 2015, a 1% reduction in Medicare reimbursement will affect non-participants, 2% in 2016, and 3% in 2017.

*The value of these **potential** payments must be weighed against the costs of purchasing an EMR you might otherwise not select due to capital costs, implementation challenges, and negative impact on physician productivity and practice efficiency.*

**Incentive payments require both "adoption and meaningful use of certified EHR technology." [Sec. 4101] To qualify, you must:**

- Purchase an EMR that meets the **government's criteria**.
  - The standards will be developed by the government through the Department of Health and Human Services by year end. [Sec. 3004]
  - The standards will likely be in line with the current CCHIT criteria.

- Demonstrate “**meaningful use**” of the certified EMR each year. [Sec. 4101]
  - “Meaningful use” requires that you demonstrate “to the satisfaction of the Secretary (of HHS)” the following capabilities:
    - ePrescribing
    - Exchange of information (interoperability)
    - Reporting capabilities
  - The law states that “meaningful use” can become more stringent each year but does not make clear how these measures will be defined, evaluated and enforced.

*The incentive carries a significant risk, which is borne entirely by physicians and medical practices. Purchase of a “certified” EMR does not guarantee any incentive payment. If you cannot prove that you are actually using the EMR in the way, and to the full extent, that the government requires, you will not qualify for the government payment(s). It is also possible that you could prove meaningful use initially, but fail to keep up with the more stringent requirements over time, thus forfeiting any future payments.*

*Historically, only 50% of the implementations of traditional EMRs (the type likely to meet the government’s certification criteria) have resulted in successful adoption. The reasons have been documented in studies by well-respected institutions.*

- A U.S. government-funded study by the [MGMA](#) reported a decrease in physician productivity of up to 15%.
- According to [The National Research Council](#), existing EMRs cause inefficient workflows, clinicians spend more time entering data than using it, meaningful interoperability is almost non-existent, and benefits are significantly less than anticipated.
- In the [New England Journal of Medicine](#), renowned physicians and Harvard professors maintain that EMR technology diverts the physician’s attention from the patient and creates chart notes in a way that is seriously flawed.
- In 2008, the [Congressional Budget Office](#) released a study, which claimed that “office-based physicians may see no benefits [from traditional EMRs] and may even suffer financial harm.”

For more information about this legislation, visit the [SRS “Straight Talk” blog](#).