



Strategic Solutions for Health Care Reform

Navigating America's New Health Care System



Health Care Reform and ARRA

::: Health Care Reform after Massachusetts

New Political Realities, New Hurdles to Policy Making

::: Where do we go from here?

Policy negotiations

Legislative compromise

Procedural strategies

Political hardball – Midterm elections

Wild Cards



Health Care Reform – What Might Have Been (and still may)

::: **Impact of Health Care Reform on the Health Care System**

Approximately \$900 billion in new spending over next 10 years

Approximately 15 million newly insured people

Significant increase in demand will stress supply of services in many communities

Changes in financing (insurance, public programs) will impact payor mix

All aspects of the health care delivery and financing system will be impacted

::: **Sectors Impacted: Providers/Clinicians/Suppliers/Plans**

Major reductions in Medicare reimbursement for hospitals, nursing homes, home health care, hospice, labs, IRFs, LTACs,

Physician Medicare fee issue out of HCR bills, but extended two months.

Economic incentives for primary care physicians

Medicare Advantage health plans cut between \$120 and \$170 billion over 10 years



Health Care Reform – What Might Have Been (and still may)

::: Expanded Coverage: Individual & Employer Mandates, Subsidies, Exchange, Medicaid

Play or Pay for individuals to be covered

Pay or play for employers (not small) to provide health benefits

Subsidies for low-income individuals and small businesses

Exchange/public program (like FEHB) new distribution challenges for insurance

Medicaid expanded to 133/150% of federal poverty level

::: Increased Transparency

Comparative Effectiveness Research strengthened

Development, implementation and reporting of provider quality measures

Nursing home ownership disclosures

Drug company payments to physicians must be reported



Health Care Reform – What Might Have Been (and still may)

::: New Focus on Value: Efficiency/Coordination/Quality

- Accountable Care Organizations
- Medical Home
- Bundled Payments
- CMS Center for Innovation



ARRA - American Recovery and Revitalization Act of 2009

::: ARRA – The Stimulus Bill – Includes HITECH

Provides \$30 billion in Medicare and Medicaid financial incentives for physicians and hospitals for for “meaningful use” of certified EHRs.

- Definition of “meaningful use”
- Certification of EHRs
- What is “information exchange?”

Expands HIPAA Privacy and Security Rules

Provides for HHS and FTC Health Breach Notification Rules



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::: Meaningful Use Regulations

ARRA provides incentives for those providers deemed to be “meaningful users of EHR technology”

- Three requirements to qualify as a “meaningful user of EHR technology” under the statute:
 - Meaningful use of certified EHR technology;
 - Information exchange; and
 - Reporting on measures using EHR.

Meaningful use incentives will be administered by CMS

- CMS issued Interim Final Rule defining requirements for “meaningful use” on January 13, 2010
 - 60-day comment period
 - Final Rule expected sometime in summer 2010.



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::: Meaningful Use Regulations – Conceptual Approach

- 2011 – Stage 1 - Data Capture and Sharing
- 2013 – Stage 2 - Advanced Clinical Processes
- 2015 – Stage 3 - Improved Outcomes



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::: Meaningful Use Regulations – Stage 1 – Health Outcome Priorities

- Improving quality, safety, efficiency, and reducing health disparities
- Engage patients and families in health care
- Improve care coordination
- Improve population and public health
- Ensure adequate privacy and security protections for personal health information



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::: Meaningful Use Regulations – Summary

- Eligible Professionals – EPs
 - 25 Objectives and Measures
 - 8 require “yes” or “no” as structured data
 - 17 Require numerator and denominator
- Eligible Hospitals and CAHs
 - 23 Objectives and Measures
 - 10 require “yes” or “no” as structured data
 - 13 Require numerator and denominator
- Reporting Period – 90 days for first year; one year thereafter

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TABLE 2: Stage 1 Criteria for Meaningful Use

Health Outcomes Policy Priority	Care Goals	Stage 1 Objectives		Stage 1 Measures
		Eligible Professionals	Hospitals	
Improving quality, safety, efficiency, and reducing health disparities	Provide access to comprehensive patient health data for patient's health care team	Use CPOE	Use of CPOE for orders (any type) directly entered by authorizing provider (for example, MD, DO, RN, PA, NP)	For EPs, CPOE is used for at least 80% of all orders For eligible hospitals, CPOE is used for 10% of all orders
	Use evidence-based order sets and CPOE	Implement drug-drug, drug-allergy, drug-formulary checks	Implement drug-drug, drug-allergy, drug-formulary checks	The EP/eligible hospital has enabled this functionality
	Apply clinical decision support at the point of care	Maintain an up-to-date problem list of current and active diagnoses based on ICD-9-CM or SNOMED CT ®	Maintain an up-to-date problem list of current and active diagnoses based on ICD-9-CM or SNOMED CT ®	At least 80% of all unique patients seen by the EP or admitted to the eligible hospital have at least one entry or an indication of none recorded as structured data
	Generate lists of patients who need care and use them to reach out to patients			



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::: Other ARRA Requirements for EHR Incentive Payments

- **Certified EHR**

- ONC considering a new EHR certification process
- Currently, EHRs certified by CCHIT

- **Data Exchange**

- Standards for data exchange subject to separate rule making

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TABLE 22: Maximum Total Amount of EHR Incentive Payments for a Medicare EP who does not Predominantly Furnish Services in a HPSA

Calendar Year	First CY in which the EP Receives an Incentive Payment				
	2011	2012	2013	2014	2015 - subsequent years
2011	\$18,000	-----	-----	-----	-----
2012	\$12,000	\$18,000	-----	-----	-----
2013	\$8,000	\$12,000	\$15,000	-----	-----
2014	\$4,000	\$8,000	\$12,000	\$12,000	-----
2015	\$2,000	\$4,000	\$8,000	\$8,000	\$0
2016	-----	\$2,000	\$4,000	\$4,000	\$0
TOTAL	\$44,000	\$44,000	\$39,000	\$24,000	\$0



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::: Incentive Payment Calculation for Subsection D Hospitals

- Incentive Amount = [Initial Amount] x [Medicare Share] x [Transition Factor]
- Initial Amount = \$2,000,000 + [\$200 per discharge for the 1,150th – 23,000th discharge]
- Medicare Share = $Medicare / (Total * Charity\ Care) = [M / (T * C)]$
 - $M = [\# \text{ of Inpatient Part A Bed Days}] + [\# \text{ of Inpatient Part C Bed Days}]$
 - $T = [\# \text{ of Total Inpatient Bed Days}]$
 - $C = [Total\ Charges - Charges\ for\ Charity\ Care^*] / [Total\ Charges]$

Transition Factor

Consecutive Payment Year	Transition Factor
1	1
2	$\frac{3}{4}$
3	$\frac{1}{2}$
4	$\frac{1}{4}$



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::: Timing

- Incentives funds available beginning FY 2011
 - For Hospitals: October 2010
 - For EPs: January 2011



Health Care Reform and ARRA

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