



## Grants and Incentives Available in the Transition to Electronic Health Records

Vice President Biden and Health & Human Services Secretary Sebelius have recently announced the availability of \$1.2B in grants to foster the implementation of electronic health records (“EHR”). These grants are pursuant to Title XIII of the American Recovery and Reinvestment Act of 2009 (the “Stimulus Bill”). Along with Title IV, these provisions of the Stimulus Bill are referred to as the Health Information Technology for Economic and Clinical Health Act or HITECH Act and provide \$19.2B in funding to speed the transition to EHRs.

Title XIII authorizes the Office of the National Coordinator for Health Information Technology (“ONC”), among other things, to establish two programs to foster the exchange of electronic health-care information and provides \$2.0B in funding for this purpose.

The first program, entitled The Health Information Technology Extension Program, seeks to establish Regional Extension Centers for the purpose of offering technical assistance, guidance and information of best practices to support and accelerate the efforts of primary healthcare providers to become meaningful users of EHRs before the start of the Medicare and

Medicaid incentive payments, while at the same time taking steps to protect the integrity, privacy and security of a patient’s health information. The ONC has recognized this program as a high priority to provide robust local technical assistance, which they believe will speed effective implementation.

The program calls for at least 70 centers to be established with each serving certain geographic regions of the country and approximately 100,000 primary care providers. Each Regional Center will take the form of a nonprofit corporation. Of the \$1.2B in grants announced by the Vice President and the HHS Secretary, \$600m is designated as grants to establish Regional Centers. The grants will be awarded continually over the next 12 months, with the first 20 grants anticipated in the first quarter of fiscal year 2010. The process for determining grant awards includes a preliminary application and a full application. There will be three grant cycles, with the first round being set at \$189 million. The first preliminary applications are to be submitted to the government by September 8, 2009, with awards expected by the middle of December.

The second program provided for under Title XIII is the State Health Information Exchange Cooperative Agreement Program (“SHIECAP”). The purpose of this program is to increase the electronic exchange of health information among providers. As part of this program, grants will be awarded to states, or state designated entities, to develop the necessary governance, policies, technical services, business operations, and financing mechanisms to rapidly build connectivity among healthcare providers.

States participating in SHIECAP also will be expected to address privacy and security requirements attendant to health information exchanges. Performance will be evaluated to determine improved capability for electronic healthcare information exchanges including ordering and receiving lab and test results and e-prescribing. States or their designated agencies receiving grants under SHIECAP will be expected to match their grant awards. Of the \$1.2B in grants announced by the Vice President and the HHS Secretary, \$564m will be awarded under this program directed at the states.

Aside from these grant opportunities, the other major funding piece under the HITECH Act is Title IV of the Stimulus, in which \$17.2B has been appropriated in the form of Medicare and Medicaid incentives for “meaningful use” of healthcare IT. While this term has not yet been defined by regulation, the Meaningful Use Work Group of the Federal HIT

Policy Committee has established a framework for meaningful use that includes increasingly more complex goals for 2011, 2013 and 2015. The goals include criteria for data sharing and capture starting by 2011, establishing advanced care processes and decision support aimed at achieving desirable health outcomes by 2013, and measuring and achieving those improved outcomes by 2015. The recommendations of the Meaningful Use Work Group for a 2011 Meaningful Use definition have been accepted by the full Federal HIT Policy Committee and ONC has forwarded these recommendations to the Centers for Medicare and Medicaid Services (“CMS”). The Meaningful Use Workgroup will be collecting feedback from physicians, hospitals and other providers on the timing and substance of the proposed framework.

Under Title IV of the Stimulus, Physicians participating in the Medicare program and determined to meet the requirement of meaningful use of EHRs will be eligible to receive up to \$44,000 in increased Medicare reimbursement payable between 2011 and 2015. Hospitals likewise may qualify for financial incentive payments under Medicare payable between 2011 and 2015. In addition to Medicare incentive payments, physicians and hospitals that meet minimum Medicaid patient volumes are also eligible to receive incentive payments of up to \$25,000 for “meaningful use” of EHRs. ■

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