



California's eHealth Strategic Plan: Implications for Physicians and Plans

December 7, 2009
Industry Collaboration Effort



Parallels - The New Deal, The Interstate and ARRA/HITECH

The New Deal (1933 – 36):

- Three 'Rs':
 - **Relief** for unemployed
 - **Reform** of business and financial practices
 - **Recovery** of the economy
- Created institutions: SSA, FDIC, SEC, Fannie Mae

1956 Defense Highways Act:

- Allocated \$25 Billion over 20 years, cost \$144B (\$425 B in 2006 dollars)
- Created standards: speed limits, controlled access, etc

HITECH Overview

(HITECH = Health IT for Economic and Clinical Health Act)

Electronic Health Record Spending

- Approximate size of EHR market today:
\$1,200,000,000
- Total expected gross outlays through HITECH (up to):
\$45,000,000,000
- On an annual basis → Represents ~ 600% increase in the EMR market, essentially overnight

Funding Flows – Entitlements

Entitlement Funds (Up to \$45 billion in gross outlays)

Program

Medicare
Payment
Incentives

Medicaid
Payment
Incentives

Distribution Agency*

CMS

CMS
and states

Use of Funds

Incentive Payments
through Carriers

Incentive Payments
through State Agencies



Acute Care and
Children's Hospitals



Physicians and
Dentists



Nurse Practitioners
and Midwives



FQHC

“Meaningful Use”

Source: California HealthCare Foundation, 2009
CMS is Center for Medicare and Medicaid Services,

Medicare Incentives

Medicare may provide up to \$44,000 per provider for meaningful use, broken down in yearly payments as shown below.

	Current User	Adopt in 2011	Adopt in 2012	Adopt in 2013	Adopt in 2014
2011	\$18,000	\$18,000	-	-	-
2012	\$12,000	\$12,000	\$18,000	-	-
2013	\$8,000	\$8,000	\$12,000	\$15,000	-
2014	\$4,000	\$4,000	\$8,000	\$12,000	\$15,000
2015	\$2,000	\$2,000	\$4,000	\$8,000	\$12,000
2016	-	-	\$2,000	\$4,000	\$8,000
TOTAL	\$44,000	\$44,000	\$44,000	\$39,000	\$35,000
HPSA	\$48,400	\$48,400	\$48,400	\$42,900	\$38,500

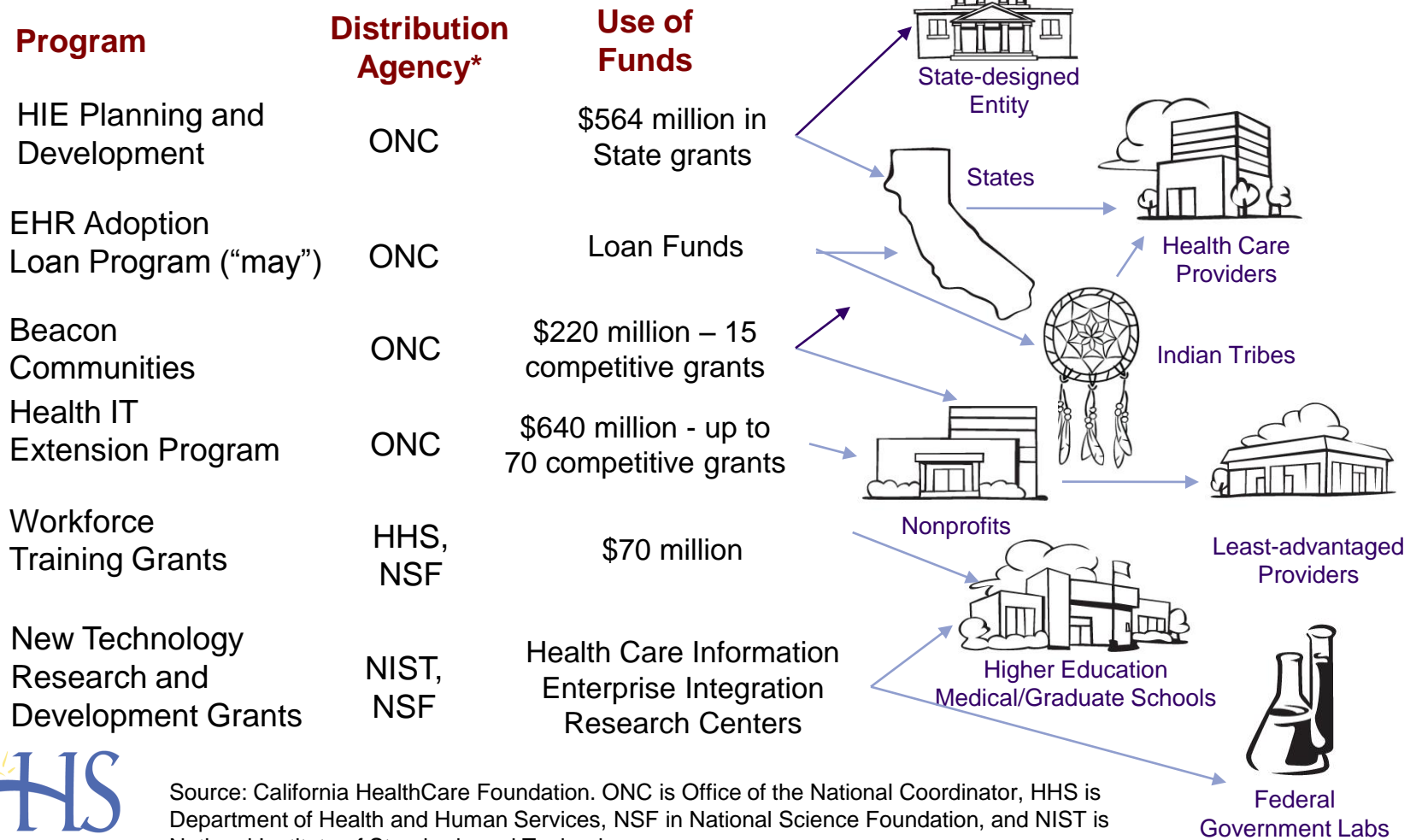
Medi-Cal Incentives

Medicaid may provide up to \$63,750 per provider for meaningful use, broken down in yearly payments as shown below:

	Adopt by 2011	Adopt by 2012	Adopt by 2013	Adopt by 2014	Adopt by 2015	Adopt by 2016	Adopt by 2017
2011	\$ 21,250						\$ -
2012	\$ 8,500	\$ 21,250					\$ -
2013	\$ 8,500	\$ 8,500	\$ 21,250				\$ -
2014	\$ 8,500	\$ 8,500	\$ 8,500	\$ 21,250			\$ -
2015	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 21,250		\$ -
2016	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 21,250	\$ -
2017		\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ -
2018			\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ -
2019				\$ 8,500	\$ 8,500	\$ 8,500	\$ -
2020					\$ 8,500	\$ 8,500	\$ -
2021						\$ 8,500	\$ -
	\$ 63,750	\$ 63,750	\$ 63,750	\$ 63,750	\$ 63,750	\$ 63,750	\$ -

Funding Flows – Appropriations

Appropriated Funds (\$2 billion in gross outlays)



Source: California HealthCare Foundation. ONC is Office of the National Coordinator, HHS is Department of Health and Human Services, NSF in National Science Foundation, and NIST is National Institute of Standards and Technology.

December 7, 2010



A Plan for California

Regional Extension Center Program

- Establish multiple coordinated RECs with shared services (e.g., EHR procurement)
- Assist primary care providers → help them reach meaningful use
- Deliver technical assistance to facilitate certified EHR adoption and exchange
- Redesign Practice → achieve clinical and operational efficiencies and better health outcomes

Regional Extension Center Program

- Three CA organizations submitted four proposals by Nov. 3:
 - Cal-REC (CPCA, CMA, CAPH) – two applications
 - LA Care
 - CalOptima
- MOUs and coordinating committee
- Final round preliminary applications due December 22

Health Information Exchange (HIE) Cooperative Agreement Program

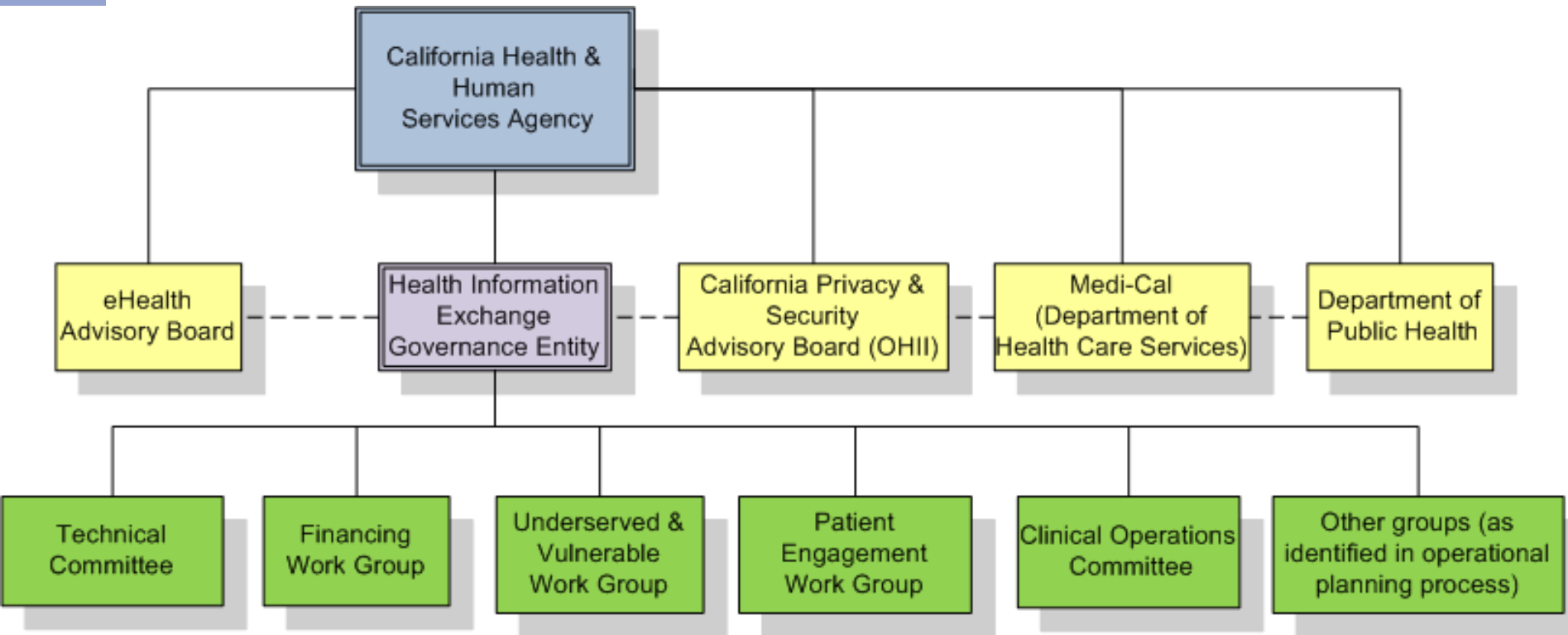
- \$38.8 million California grant (notice in Dec)
- To develop HIE services across California
- Coordination with Medi-Cal, RECs, and other programs
- Governance entity

**Priority: Support Meaningful Use for
California providers**

HIE Supported Meaningful Use Functions

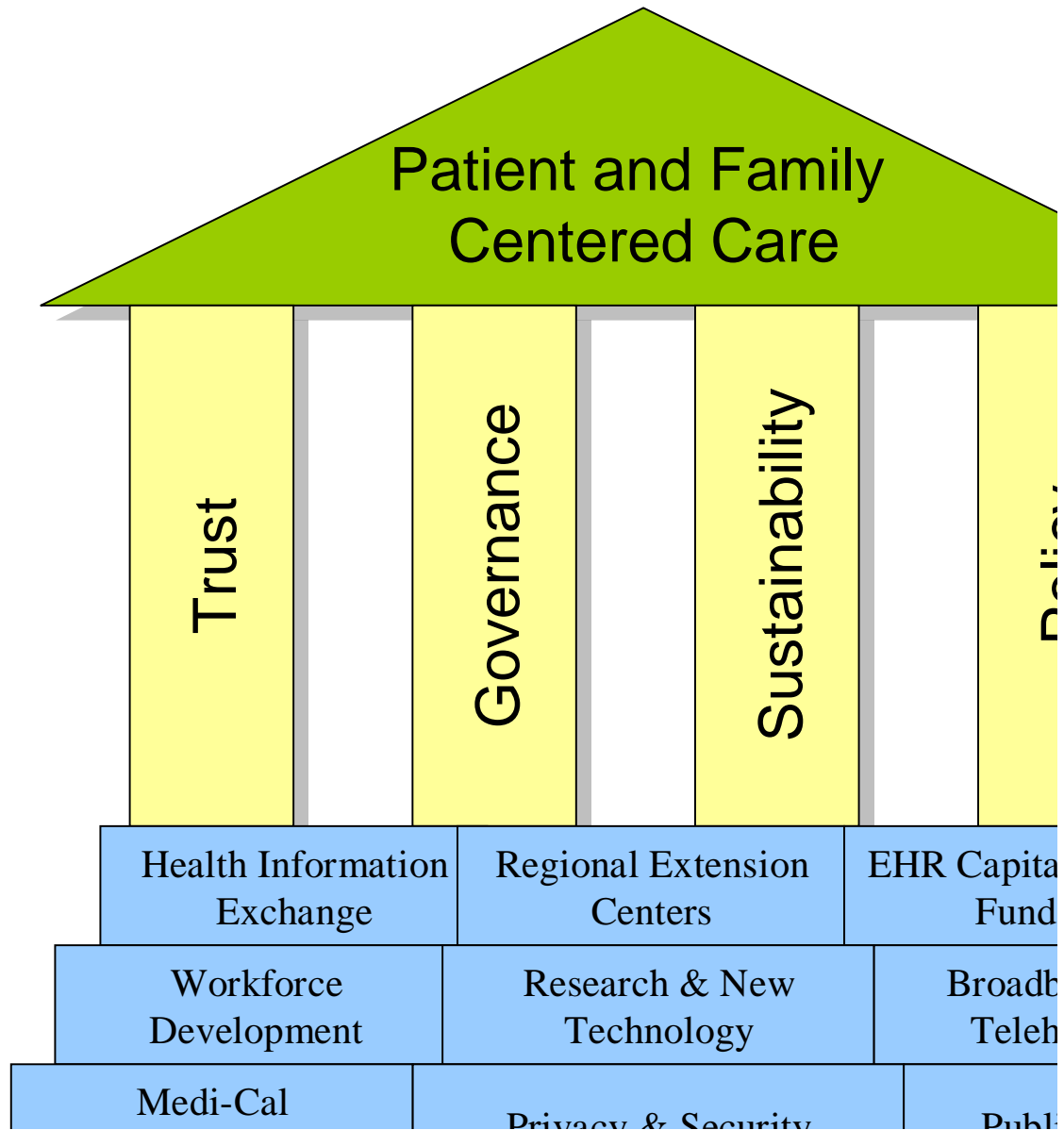
- E-prescribing and medication reconciliation
- Electronic lab ordering and results reporting
- Continuity of care
- Public health reporting
- **Administrative transactions (claims and eligibility)**
- **Quality reporting**

HIE Organization Structure



Privacy & Security Advisory Board

- Scope of Guidelines:
 - HIE Services developed under Federal Cooperative Agreement
- Process:
 - Board with public workgroup and comment periods
- Consent considerations: opt-out, opt-in, no opt
- Access control, use disclosure and other issues
- California privacy law is very complex!



HITECH and Health Reform are Inextricably Linked

...A Foundation for Health Reform

“...investments in electronic records and preventive care are just preliminary steps. They will only make a dent in the epidemic of rising costs in this country...

But what accounts for the bulk of our costs is the nature of our health care system itself – a system where we spend vast amounts of money on things that aren't making our people any healthier; A system that automatically equates more expensive care with better care...

Health care reform is the single most important thing we can do for America's long-term fiscal health..”

- Barack Obama, Speaking to the American Medical Association, June 15, 2009

“I just found out that I.T. wasn't *'it'*!

- Gary Shannon, M.D., solo practice physician, Dinuba, California

How to get involved

- Sign up for listserv, submit comments and questions, get involved: hie@chhs.ca.gov
- Website: www.hie.ca.gov
- Wiki: <https://chhsahitworkgroups.basecamphq.com/clients>
- Bi-weekly Bulletins
- Monthly webinars:
 - Thursday December 10, 2009, 1pm – 2pm Pacific
 - <https://www1.gotomeeting.com/register/522974001>
- NEW – Twitter: <http://Twitter.com/CAeHealth>