



Allocation of Funds for HIT

- ~\$34 billion for Medicare and Medicaid incentive payments to providers
- \$2 billion for the Office of the National Coordinator for HIT (ONC)
- \$85 million for HIT, including telehealth services within Indian Health Services
- \$1.5 billion for health center construction, renovation, and HIT through the Health Resources and Services Administration
- \$2.5 billion for USDA's Distance Learning, Telemedicine, and Broadband Programs
- \$4.7 billion for National Telecommunications and Information Administration's Broadband Technology Opportunities Program
- \$1.1 billion for comparative effectiveness research within AHRQ, NIH, and HHS
- \$500 million for the Social Security Administration
- \$50 million for HIT within the Veterans Benefits Administration

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Protecting and promoting the health and safety of the people of Wisconsin

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The \$34 billion is the gross outlay for incentive payments. Based on a CBO report, the net outlay after realization of anticipated savings is about \$17.2 billion for the Medicare and Medicaid incentives.

\$40 million of the \$500 million for the Social Security Administration may be used for HIT research and activities to facilitate using HIT to provide medical evidence to the SSA electronically for disability claims adjudication



HITECH Funding Appropriated for the ONC

- **\$2 billion allocated to support strategic planning, infrastructure development, and technical assistance with some specific earmarks**
 - \$300 million for regional and sub-national health information exchange efforts
 - \$20 million for the National Institute of Technology and Standard's continued work on advancing health care information enterprise integration through activities such as technical standards analysis and establishment of conformance testing infrastructure. The Act requires NIST to coordinate this work with the ONC
 - \$5 million for the ONC to administer the funds
- **Has wide discretion on how to allocate remaining ~\$1.7 billion for grants, loans, and other programs**

The funding is intended to provide a near-immediate infusion of federal money for HIT adoption before Medicare and Medicaid incentive payments start in 2011

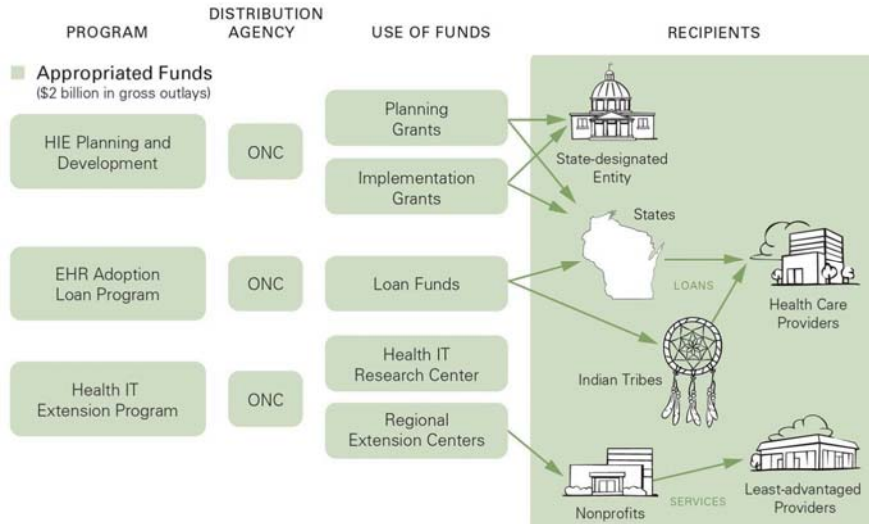
Funds appropriated and allocated to the ONC are not available for obligation until the HHS Secretary submits an annual operating plan to the House and Senate Appropriations Committees. The plan is due 90 days after enactment of the ARRA which is about May 17. The operating plan has to describe how expenditures are aligned with the specific objectives, milestones, and metrics of the Federal HIT Strategic Plan and how resources are allocated within the Department of Health and Human Services and other Federal agencies; and must identify programs and activities supported by the plan.



Office of the National Coordinator

- **Authorized areas of investment**
 - **EHR provider loan programs (funds flow through States and Indian Tribes)**
 - **HIT technical and implementation assistance for providers (i.e., Regional Extension Centers)**
 - **HIE grants to States or qualified State-designated entities**
 - **HIT training and research**

HIT Grants, Loans, and Technical Assistance



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Adapted from, An Unprecedented Opportunity, California Healthcare Foundation, 2009
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EHR Loan Fund

Funding Mechanism	Federal appropriations
Funding Entity	HHS through ONC
Allocation Process	Competitive grant process
Matching Funds Requirement	States or Indian tribes must provide a cash match equal to \$1 in state funds for every \$5 in federal funds. States may couple their grants with private sector contributions in an attempt to increase the amount of loan funding they can offer providers
Timing	ONC may not award grants prior to January 1, 2010
Funds Flow Through	ONC to states or Indian tribes, which are to use the grants to provide loans to health care providers for EHR adoption
Eligible Recipients	States or Indian tribes
Level of Federal Funding	To be determined
Requirements for Funding	Loan funds may be used by providers to: (1) facilitate the purchase of certified EHR technology; (2) enhance the utilization of certified EHR technology (which may include costs associated with upgrading HIT so that it meets criteria necessary to be a certified EHR technology; (3) train personnel in the use of such technology; or (4) improve the secure electronic exchange of health information. The state must create an annual strategic plan that: identifies the projects to be assisted through the loan fund; describes the criteria and methods established for the distribution of funds from the loan fund; describes the financial status of the loan; and specifies the short-term and long-term goals of the fund

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There is a provision for competitive grants to states and Indian tribes for the development of loan programs. The loans could be used by a health care provider to facilitate the purchase certified EHR technology or upgrade existing EHR technology so it meets the certification criteria; to train personnel in the use of such technology, and/or to improve the secure electronic exchange of health information. At this time, we don't know if or when this funding would available and what the application process will be. This grant is just one of the many items that the \$2B provided to the Office of the National Coordinator (ONC) for Health IT would have to fund. One thing that is different about this particular grant provision in the ARRA is that the National Coordinator "may award" competitive grants to eligible entities (states and Indian tribes). Since the Act doesn't say "shall award," the National Coordinator is not required to provide these grants. If the HHS Secretary decides to include this in the annual operating plan that is due 90 days after enactment of the ARRA, the resulting program as described in the ARRA would be a competitive grant program. For WI to be competitive for this grant program, WI will need to establish a source of matching funds for the Loan Fund. We will have to wait and see what transpires at the Federal level on this one. In the meantime, we are trying to determine how we might source matching funds and position ourselves to be competitive for the grant. This is the only ONC provision that would help providers buy certified EHR technology."

HIT Regional Extension Centers

Funding Mechanism	Federal appropriations
Funding Entity	HHS through ONC
Allocation Process	To be determined
Matching Funds Requirement	ONC may not provide more than 50 percent of the capital and annual operating and maintenance funds required to create and operate a Regional Extension Center. ONC may provide such funding for no longer than four years
Timing	2009 to 2011
Funds Flow Through	ONC
Eligible Recipients	Nonprofits, likely to be broad array of competing applicants
Level of Federal Funding	To be determined
Requirements for Funding	To be determined

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The HITECH provisions recognize that effective adoption and use of EHRs represents a significant challenge. As a result, the ARRA directs the Secretary through the ONC to establish a new national entity within HHS, the Health Information Technology Research Center and to establish HIT Regional Extension Centers to provide technical assistance, disseminate best practices, and assist with implementations at the local level. The Extension Centers are specifically charged with providing technical and change-management assistance to health care providers in adopting and using EHRs. They are to provide services to all providers, but prioritize assistance to public, nonprofit, and critical access hospitals, federally qualified health centers; rural providers that serve uninsured, underinsured, or medically underserved patients and individuals or small group practices.

The Secretary may provide financial support to any regional center created for a period not to exceed 4 years and can not provide more than 50 percent of the capital and annual operating and maintenance funds required to create and maintain a center.

By about May 17, the HHS is supposed to publish in the Federal Register a detailed explanation of the program and the programs goals; procedures to be followed by the applicants; and criteria for determining qualified applicants.

HIE Planning and Implementation Grants

Funding Mechanism	Federal appropriations
Funding Entity	HHS through ONC
Allocation Process	Competitive grant process
Matching Funds Requirement	State matching funds may be required in federal fiscal years 2009 and 2010 (and will be required in 2011). The statute notes that matching funds may be in-kind, but does not provide further detail
Timing	Funds are available upon the delivery of ONC's strategic plan to Congress, due within 90 days of passage of the bill
Funds Flow Through	ONC
Eligible Recipients	States or qualified state-designated entities. To be considered a state-designated entity, an organization must be formally designated by the state, be nonprofit, and be committed to improving health care quality and efficiency through HIE
Level of Federal Funding	To be determined
Requirements for Funding	Grants must be used to support HIE planning or implementation. Minimal criteria to receive the larger implementation grants are likely to include operational governance, a technical plan, well defined clinical use cases, and statewide privacy and security policy guidance

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Grants to facilitate and expand the electronic movement and use of health information among organizations according to nationally recognized standards will be available to states or qualified State-designated entity for planning and implementation. Activities eligible for planning or implementation grants include:

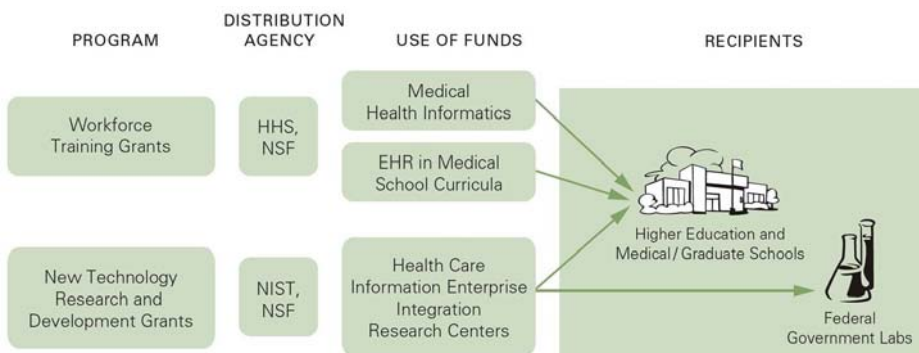
- (1) enhancing broad and varied participation in the authorized and secure nationwide electronic use and exchange of health information;
- (2) identifying State or local resources available towards a nationwide effort to promote health information technology;
- (3) complementing other Federal grants, programs, and efforts towards the promotion of health information technology;
- (4) providing technical assistance for the development and dissemination of solutions to barriers to the exchange of electronic health information;
- (5) promoting effective strategies to adopt and utilize health information technology in medically underserved communities;
- (6) assisting patients in utilizing health information technology;
- (7) encouraging clinicians to work with Health Information Technology Regional Extension Centers to the extent they are available and valuable;
- (8) supporting public health agencies' authorized use of and access to electronic health information;
- (9) promoting the use of electronic health records for quality improvement including through quality measures reporting

Qualified State Designated Entities must

- (1) be designated by the State as eligible to receive awards;
- (2) be a not-for-profit entity with broad stakeholder representation on its governing board;
- (3) demonstrate that one of its principal goals is to use information technology to improve health care quality and efficiency through the authorized and secure electronic exchange and use of health information; and
- (4) adopt nondiscrimination and conflict of interest policies that demonstrate a commitment to open, fair, and nondiscriminatory participation by stakeholders.

In carrying out either planning or implementation grant activities, the State or the qualified State-designated entity must consult with and consider the recommendations of health care providers (including providers that provide services to low income and underserved populations); health plans; patient or consumer organizations that represent the population to be served; health information technology vendors; health care purchasers and employers; public health agencies; health professions schools, universities and colleges; clinical researchers; other users of health information technology such as the support and clerical staff of providers and others involved in the care and care coordination of patients.

HIT Training and Research



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The effective use of HIT requires a team and while physicians may provide clinical oversight for patient care, its delivery depends on nurses, medical assistants, front office staff, and other clinical providers. For electronic health record systems to fully support this team, its members must all have basic IT literacy, an understanding of state privacy laws and HIPAA requirements, and the ability to make effective use of the EHR as part of their workflow. There is a national shortage of health workers with IT literacy; therefore, the HITECH provisions include workforce training grants.

There are also provisions to advance research through new technology research and development grants.