

# **SRJ 35: Study of Health Care**

## ***The ABCs of HIT: Health Information Technology***

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### *Background*

The technological revolution that transformed the way many businesses operate has been slow in working change in the U.S. health care industry. While individual hospitals or physicians typically use computers as part of their daily operations, only a small percentage of health care providers use technology to talk to each other about the patients they serve.

However, the federal government has been laying the groundwork to change that in recent years. Momentum also has been building in the states to encourage the use of health information technology, or HIT, as a way to improve the quality of care and curb costs.

The efforts were given a shot in the arm with passage of the American Recovery and Reinvestment Act in February 2009. The federal stimulus package set aside \$2 billion for state or regional efforts to boost the use of health information technology.<sup>1</sup> It also contained about \$17.2 billion for incentive payments to health care providers who use the technology.<sup>2</sup>

Montana is applying for nearly \$6 million in grant funds through a nonprofit group designated to act on the state's behalf. Meanwhile, the 2009 Legislature appropriated more than \$700,000 to help launch a state pilot project, which also received federal funds.

### *HIT Benefits and Barriers*

HIT advocates believe the creation and sharing of electronic health records (EHRs) could improve health care in a number of ways. The benefits could be as small as reducing the need to physically pull a chart for a patient at a doctor's office or as significant as identifying harmful drug interactions as a doctor writes a prescription. Other potential benefits cited by advocates include:

- reducing duplication of medical tests;
- encouraging the use of lower-cost generic drugs;
- reminding doctors about a patient's preventive care needs;
- helping doctors manage care for patients with chronic conditions;
- eliminating the need for medical transcription; and
- providing information to compare the effectiveness of different medical treatments.

Several studies have estimated that the widespread use of EHRs among health care providers could save billions of dollars in medical costs.

Recognizing the potential benefits, the Bush Administration set a goal of having EHRs available for most Americans by 2014. It also created the Office of the National Coordinator for Health Information Technology in 2004.

However, health care providers have been generally slow to put HIT into place. As of 2006, about 12 percent of physicians and 11 percent of hospitals had adopted HIT.<sup>3</sup>

Studies generally point to several barriers to a more widespread use of the technology. Costs are a key barrier, including:

- the initial cost of buying the necessary hardware, software, and technical assistance for putting a system in place;
- licensing fees;
- ongoing maintenance costs; and
- the cost in time that it takes providers to learn to use the system, when they'll be working with the system rather than seeing patients.

Studies also note that the savings that HIT may generate won't always go to the doctors and hospitals that buy the equipment. For example, if HIT prevents a doctor from ordering a duplicate medical test, the patient and the patient's insurer will benefit. The doctor most likely would not have benefited from ordering another test, anyway, because most diagnostic tests are done at laboratories or imaging centers.<sup>4</sup>

Other concerns that may have contributed to a delay in the widespread use of HIT include:

- whether a system bought today may become outdated in the near future or may not be able to "talk" with systems used by other health care providers;
- which information, if any, a patient should be able to keep confidential and whether providers can make informed treatment decisions if some information isn't available;
- how state and federal privacy laws may affect the sharing of information; and
- whether the computer systems used to share information will be secure enough for the sensitive information that will be transmitted through the systems.

Most studies recognize that some incentives may be needed to encourage more providers to use health information technology. The Congressional Budget Office notes that the incentives could take the form of either payments to providers who use the technology or penalties for those who don't, such as lower payments by the Medicare program.

### Encouraging HIT Planning and Implementation

With the numerous issues affecting the development and use of HIT, the federal government has stepped up its efforts to encourage wider use of technology in the health care world. The federal stimulus bill included nearly \$20 billion for three initiatives:

- grants to the states to promote the use of HIT;
- grants to nonprofit institutions or organizations to establish regional centers that will offer technical assistance to health care providers as they start using HIT; and
- payment incentives for providers who use certified EHRs and show a "meaningful use" of health information technology, with penalties for those who fail to do so.

Medicare will start making incentive payments to hospitals in 2010 and to doctors in 2011. The incentive for doctors could be as high as \$48,400 over a five-year period. Health care professionals would be eligible for the Medicaid incentives if at least 30 percent of the patients they serve are Medicaid patients (20 percent for pediatricians). Most hospitals also are eligible. Physicians must choose whether to receive either the Medicare or Medicaid incentive payments, while hospitals may receive payments under both programs.<sup>5</sup>

The incentives will end after five years and will be followed by penalties for Medicare providers who have failed to demonstrate a meaningful use of electronic records.

The grants to each state – or a state-designated entity – will be used to plan for and put into effect widespread sharing of electronic health information. State efforts must focus on removing the barriers to HIT, convening stakeholders, developing privacy and security requirements, and coordinating the use of HIT in the state Medicaid program.

HealthShare Montana, a nonprofit group composed of numerous state stakeholders, has applied for a \$5.77 million grant as Montana's state-designated entity. If it receives the grant, it will need to provide matching funds, beginning in 2011. The percentage of the required match increases from 10% in federal fiscal year 2011 to 33% in 2013.<sup>6</sup>

DPHHS is developing a plan for the way in which Medicaid will use HIT and how that use will be incorporated into the statewide plan that HealthShare Montana will create. The plan for the Medicaid program will include the Medicaid incentive payment program for providers who use electronic records in a meaningful way.

### About HealthShare Montana

HealthShare Montana is a nonprofit group made up more than 50 organizations that represent health care facilities, individual physicians, insurers, consumer groups, and state government. The group began meeting in January 2006 to discuss how to put health information technology into place in Montana.

It asked the 2007 Legislature to appropriate \$3.1 million to plan for, manage, and implement HIT recommendations. While the request failed, the Legislature did pass Senate Joint

Resolution 19, which expressed support for health information technology and the development of a secure system for exchanging information.

Lawmakers also included health information technology as an item for study in SJR 15, which authorized a review of the state's health care delivery system. The Children, Families, Health, and Human Services Interim Committee undertook that study during the 2007-08 interim and heard regular reports on HealthShare Montana's work. At the conclusion of the study, the Committee requested House Bill 86, appropriating up to \$1.5 million to DPHHS. The money was to be granted to a state-based nonprofit group to conduct a health information exchange pilot project.

Although HB 86 died, the Legislature did allocate \$714,000 for the same purposes through HB 645, which related to the use of federal stimulus funds. The appropriation went to DPHHS, and DPHHS granted the funds to HealthShare Montana in September 2009.

Under the contract with DPHHS, HealthShare Montana will work on the design, development, and implementation of a comprehensive system for exchanging electronic health information.

To date, HealthShare Montana has evaluated different HIT models to determine which types of electronic records might work best in Montana. The legislative and federal grant funds will allow it to continue this work and to examine ways to ensure that the computer systems used by different health care providers are able to connect to each other and exchange patient records.

## **ENDNOTES**

1. "HITECH Priority Grant Programs," *U.S. Department of Health and Human Services*, August 2009.
2. James Arvantes, "Health IT, Primary Care Come Out Ahead in Massive Stimulus Bill," *American Academy of Family Physicians* [online]; available at <http://www.aafp.org/online/en/home/publications/news/news-now/government-medicine/20090213stimulus-passes.html>; accessed Oct. 29, 2006.
3. "Evidence on the Costs and Benefits of Health Information Technology," *Congressional Budget Office*, May 2008, P. 3.
4. *Ibid*, P. 4.
5. "HIT Incentives and State Grant Opportunities, American Recovery and Reinvestment Act of 2009," *Rural Health Resource Center*.
6. "American Recovery and Reinvestment Act of 2009: State Health Information Exchange Cooperative Agreement Program, Funding Opportunity Announcement," *Office of the National Coordinator for Health Information Technology*, 2009, P. 25.

## Commonly Used Health Information Technology Terms

**Electronic Health Record (EHR):\*** An electronic record of health-related information on an individual that conforms to nationally recognized interoperability standards and that can be created, managed, and consulted by authorized clinicians and staff across more than one health care organization.

**Electronic Medical Record (EMR):\*** An electronic record of health-related information on an individual that can be created, gathered, managed, and consulted by authorized clinicians and staff within one health care organization.

**HITECH Act:** The provisions within the American Reinvestment and Recovery Act that, taken together, provide funding for HIT grants to the states and regional centers and the incentives to providers who demonstrate a meaningful use of electronic health records.

**Health Information Exchange (HIE):\*** The electronic movement of health-related information among organizations according to nationally recognized standards.

**Office of the National Coordinator (ONC):** A short-hand term for the Office of the National Coordinator of Health Information Technology, which was created in 2004 to manage the federal government's activities in developing standards for computer systems involved in health information technology and to encourage the exchange of information.

**Health Information Organization (HIO):\*** An organization that oversees and governs the exchange of health-related information among organizations according to nationally recognized standards.

**Health Information Technology Standards Panel (HITSP):** The panel created by the ONC to establish standards that will allow computer systems and applications to communicate with each other.

**National Health Information Network (NHIN):** A national network designed to link state and regional health information exchanges to each other in a secure manner.

**Personal Health Record (PHR):\*** An electronic record of health-related information on an individual that conforms to nationally recognized interoperability standards and can be drawn from multiple sources while being managed, shared, and controlled by the individual.

**Regional Health Information Organization (RHIO):\*** A health information organization that brings together health care stakeholders within a defined geographic area and governs health information exchanges among those stakeholders to improve health care in that community.

\* Denotes definitions developed by the National Alliance for Health Information Technology  
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