


Provider Post

News and analysis of current issues affecting health care providers

Finding the way forward

Becoming a meaningful user of electronic health records



Progress toward modernizing health care information technology systems has been hindered by several roadblocks.

Technology is integral to the health care industry, yet - incongruously - most patient records are still paper-based. A recent survey finds only 1.5% of US hospitals have implemented a comprehensive set of electronic records across all major clinical units, while just over 7% have a basic system that includes functionalities for all physicians' notes and nursing assessments in at least one clinical unit.¹ Progress toward modernizing health care information technology (HIT) systems has been hindered by several roadblocks, from the cost and complexity of implementing and managing these systems to achieving clinician acceptance and adoption. Addressing these issues while ensuring the security and privacy of patient information can be a daunting challenge.

With the signing into law of the American Recovery and Reinvestment Act of 2009 (ARRA, or stimulus bill), including the Health Information Technology for Economic and Clinical Health Act (HITECH), providers now have financial incentives to adopt "certified" electronic health record technology and use it in a "meaningful" way. HITECH's ultimate goal is to promote more effective and efficient health care delivery through the use of technology - reducing the total cost of health care for all Americans and using the savings to expand access to the health care system. The Congressional Budget Office (CBO) estimates that stimulus package funding will enable about 70% of hospitals and 90% of doctors to adopt and "meaningfully use" certified electronic health records within the next decade. The CBO estimates savings of more than \$12 billion through improvements in quality of care and care coordination as well as reductions in medical errors and duplicative care.

"Electronic health record (EHR)" and "electronic medical record (EMR)" are often used interchangeably, but the two terms are distinctly different (see box on page 2). This *Provider Post* discusses implementation of EHRs, which is the focus of the stimulus funds. For an overview of applying for stimulus funds, see Ernst & Young's companion *Provider Post, Pursuing ARRA funds: opportunities, implications and considerations*.

¹"US hospitals slow to adopt e-records," *New England Journal of Medicine*, March 25, 2009.

“There’s no way to transform the health-care system without information technology. Today we use the same technology for recording health care information that Hippocrates used. It defies logic that we will be able to get the best out of health information with sheaths of paper flying around by snail mail.”

Dr. David Blumenthal, National Coordinator for Health Information Technology
Wall Street Journal interview, 2009

Defining terms: EHR versus EMR

According to the Healthcare Information and Management Systems Society (HIMSS), an **electronic medical record** is an electronic record of a patient’s health information, generated by encounters at a physician practice, clinic or hospital. An **electronic health record** is a record of a patient’s long-term and aggregate health information, generated by one or more encounters in any care delivery setting. The EMR is used solely by the provider that creates the record. It becomes an EHR when:

1. Reports and histories (labs, pharmacy, radiology, consults, etc.) are electronically added
2. Items in the record are electronically exchanged with other providers
3. It includes a personal health record component, enabling patients to participate in documenting and creating their medical histories and communicating with their providers

While the EMR software system directly supports caregivers treating patients, the EHR stems from the interoperability of multiple providers and connects physicians and other caregivers. The EHR includes patient demographics, medical history, medications, immunizations, laboratory data, radiology reports and notes on problems and progress.

The EHR is best envisioned as an electronic filing cabinet, while the EMR is one file within the cabinet.

Penalties to hospitals for failing to meet meaningful use criteria

| Fiscal year | Percent decrease in market basket update |
|-----------------|--|
| 2015 | 33.3% |
| 2016 | 66.6% |
| 2017 and beyond | 100% |

Source: CMS, 2009

ARRA, signed into law by President Obama in February 2009, sets aside \$19 billion for incentive payments to hospitals and physicians who implement and use HIT, such as EHRs and e-prescribing, by 2014. Incentive payments will be paid out over four years on a transitional schedule. For 2011 adoption, hospitals are eligible for a base payment of \$2 million plus additional per-Medicare-discharge amounts. Hospitals can also access additional stimulus funds through the Medicaid program. For physician practices, 45,000 physicians with high Medicaid practice payment volume are eligible for \$63,500 grants to purchase a certified EHR beginning March 2010, with others eligible for \$44,000 in Medicare funding starting January 2011. Physician practices that have an EHR system in place by 2011 can achieve a maximum payment of \$44,000 per



doctor over a three- to five-year period. Penalties for not adopting EHRs begin in 2015, through reduced fee schedules for physicians and escalating annual reductions in Medicare payments for hospitals (see chart on page 2).

While ARRA incentive payments can contribute significantly to the cost of a hospital becoming a meaningful user of certified EHR technology, for most hospitals, these payments are not likely to cover the entire cost of EHR technology. Yet the significant annual reductions in Medicare payments may well justify the commitment of funds needed for EHR conversion.

Meaningful use: following a phased approach

To qualify for incentives under ARRA, hospitals and physicians must pass the meaningful use test for EHRs. On December 30, 2009, the Centers for Medicare and Medicaid Services (CMS) issued a proposed rule that would implement ARRA's incentive payment provisions and define meaningful use. CMS chose to take a phased approach to creating the definition, offering Stage 1 criteria in this regulation.

In Stage 1, hospitals have to meet 23 criteria, and other eligible professionals must meet a separate list of 25 criteria. Stage 1 primary objectives are for providers to:

- ▶ Capture health information in a specific coded format
- ▶ Use that information to track key clinical conditions
- ▶ Use and communicate the information for care coordination
- ▶ Begin reporting clinical quality measures and public health information

While Stage 1 criteria are well defined, Stage 2 and 3 requirements are still being developed. It is anticipated

that, as the technology infrastructure improves, CMS will significantly increase requirements in the next two stages - with a focus on safety, efficiency and continuous quality improvement at the point of care.

Providers may receive incentives for meeting the Stage 1 criteria for meaningful use through 2014. The proposed rule, however, mandates moving through the stages, at a defined pace, to reach Stage 3 by 2015. The later a provider first meets the Stage 1 criteria, the tighter the time frame to advance through the stages and the faster the progression needed to reach Stage 3 (see chart below.) Clearly, the advantage lies with early adopters.

Three stages of EHR adoption

| First payment year | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------------------|---------|---------|---------|---------|---------|
| 2011 | Stage 1 | Stage 1 | Stage 2 | Stage 2 | Stage 3 |
| 2012 | | Stage 1 | Stage 1 | Stage 2 | Stage 3 |
| 2013 | | | Stage 1 | Stage 2 | Stage 3 |
| 2014 | | | | Stage 1 | Stage 3 |
| 2015 | | | | | Stage 3 |

Source: CMS, 2009.



Privacy and security compliance: raising the stakes

The HITECH Act includes provisions that impose additional requirements and penalties under the Health Insurance Portability and Accountability Act (HIPAA). For example, HITECH requires applying HIPAA security and privacy provisions and penalties directly to business associates of covered entities, including health information exchanges and personal health record vendors. These organizations will now be directly responsible for complying with HIPAA and will be subject to civil and criminal penalties for non-compliance.

Additional imperatives for providers include:

- ▶ Complying with new detailed requirements for notifying affected individuals and the Secretary of the Department of Health and Human Services of a security breach involving health information and notifying individuals within 60 days of discovering the breach (business associates are also subject to this requirement)

- ▶ Accounting for disclosures of health information through an EHR for treatment, payment and health care operations
- ▶ Giving individuals an accounting of disclosures by business associates or providing individuals with contact information for the business associate who must comply with the accounting requirement
- ▶ Honoring an individual's request to not disclose personal health information to a health plan for payment or health care operations if the provider has already been paid in full by the individual for health care services

Certain organizations that routinely access electronic protected health information, such as personal health record vendors, must now enter into written agreements to maintain the privacy and security of the health information. The sale of protected health information is prohibited without patient authorization. As a result of HITECH's provisions, health care providers and HIT vendors may need to modify their current privacy and security practices.

Certain organizations that routinely access electronic protected health information, such as personal health record vendors, must now enter into written agreements to maintain the privacy and security of the health information.

EHR action plan: taking the steps to succeed

Thanks to ARRA funding, investing in EHR technology is now more viable than ever. Yet projects of this complexity require significant planning, coordination and organization-wide engagement to realize maximum value. Here are 10 action steps for health care providers in moving along the continuum of implementation toward meaningful EHR use:

1. Review the current state of your organization's EHR technology and overall information management systems - and define what will constitute a successful EHR implementation. Set clear, measurable goals for EHR success, not only for quality and patient safety, but for finance and operations. For example, goals might include:

- ▶ Reduce medication errors by 75%
- ▶ Decrease length of stay from 7.26 days to 5.05 days
- ▶ Reduce radiology turnaround time from 7.37 hours to 4.21 hours
- ▶ Reduce emergency department ambulance diversion hours by 27%
- ▶ Reduce quality data collection hours by 33%
- ▶ Increase charge capture by 15%
- ▶ Decrease the number of interfaced systems from 63 to 38

2. Evaluate EHR costs and benefits and set a project budget. Determine potential ARRA incentive payments and develop return on investment (ROI) indicators. Analyze the potential level of incentives and determine what factors will affect payments. ROI should include succinct metrics that can be easily calculated to reflect measurement of success, according to project goals. Assess EHR project impact on other IT projects and leverage synergies. For example, as you implement your EHR, weave into the plan the requirement to use ICD-10 coding by October 1, 2013. (For an overview on ICD-10 requirements, see Ernst & Young's *Provider Post*, *Cracking the code: capturing the benefits of ICD-10.*)

3. Establish a governance structure for the project - and create a project charter and time line for meeting goals. Planning and implementing strategies to achieve meaningful use will involve multiple departments outside of information technology, from clinicians to medical records, finance to human resources. Bring key stakeholders from all departments to the table at the start of the EHR project to create a leadership team. Define the project scope and plan, including a project charter and key decision documents for implementing the project in phases and across multiple facilities. Establish a realistic time line, with goal start and end dates for each phase and task. Assign roles and responsibilities as well as reporting structures.

4. Identify and address workflow, technology and cultural barriers to clinician adoption. Drive adoption of meaningful use throughout your organization by providing training

sessions or offering user incentives. Encourage early adopters to bring others on board. Consider designating a physician champion to make the case for change and serve as a role model to other clinicians.

- 5. Assess staffing needs and begin hiring and training.** Consider the staff you will need to maintain your EHR system once it is up and running. The demand is great for EHR analysts and implementation specialists. Make sure your salary and benefits structure is competitive and be prepared to make adjustments for a highly competitive market.
- 6. Select a vendor with certified systems who can best deliver on ROI indicators.** EHRs must be able to exchange information securely among providers and patients using standardized data elements and technologies. If you have already established a relationship with an EHR vendor, make sure the systems your vendor is implementing are on track to be government certified. If not, clarify the vendor's plans for ensuring its product will be certified when the standards are adopted. Get into the vendor's queue now and lock in commitments.
- 7. Communicate relentlessly.** Create a communication plan and tracking documents for the entire implementation. Ask staff what they would like to know about the process, and how they would like to be informed. Ensure that executive leaders communicate their support and involvement throughout. Make sure everyone, not just decision-makers, sees the value of the EHR from his or her own perspective.
- 8. Review and optimize processes before implementation.** Although EHRs can replicate current workflow procedures, guard against automating a broken process. Optimize workflows before EHR implementation, determining where previous workflow patterns can be shortened and improved with EHRs. As processes are streamlined or redesigned, identify full-time equivalent (FTE) savings or FTE redeployment. Leverage this opportunity for performance improvement throughout your organization. Revisit these workflow processes to continually improve them.
- 9. Establish mechanisms for enterprise-wide business intelligence.** Using your definition of success, build a dashboard to measure progress against goals. Determine early what other key performance indicators will be imperative for your organization to know, and plan to capture and report these indicators.
- 10. Satisfy regulatory requirements in system design and implementation.** Ensure that EHRs comply with new HIPAA requirements and other federal and state privacy laws. Evaluate privacy and data protection needs in obtaining, accessing and disclosing patient information. Review and revise business associate agreements; educate employees, senior management and board members on the new requirements; assess data encryption needs; and enhance audit trails. Hospitals seeking to subsidize EHR technology for physicians will also need to structure these arrangements to comply with the federal Anti-Kickback Statute and Stark law.

Make the quest for meaningful use part of your larger, long-term strategic plan, one that is based on creating more efficient work processes and continually improving patient care.

Long-term strategy: seeing the bigger picture

The reimbursements available through ARRA for EHRs represent a tremendous opportunity for health care providers, yet realizing their full value requires immediate focus. EHR implementation will impact the entire culture, workflow and quality of care within your organization. When incentive payments begin at the end of 2010, only well-prepared organizations will be able to demonstrate effective clinician use of technology, adequate privacy and security measures, sufficient quality reporting capabilities and their degree of connectivity.

Start planning now. Assess your situation, and evaluate the solutions and resources you will need to fulfill the mandate, including meaningful use. Understand the time frames involved for implementing new components. See how your state is responding to the stimulus bill and grant opportunities, and familiarize yourself with regional health information exchanges and related local EHR activity.

As financial pressures continue to mount for health care organizations, EHR implementation can be a key vehicle for containing costs and reshaping care delivery. Make the quest for meaningful use part of your larger, long-term strategic plan, one that is based on creating more efficient work processes and continually improving patient care.

Ernst & Young is committed to assisting health care providers in gaining the most value from their EHR implementation. We are a leader in advising clients on pre-, concurrent and post-implementation EHR issues and developing long-range strategies to continually improve the accuracy and quality of data mined from your records. We are positioned to assist you in maintaining the integrity of your revenue cycle and the privacy and security of EHR information. We welcome the opportunity to discuss how we can help your organization achieve and demonstrate meaningful use - and maximize the financial and operational benefits of EHR technology.



Ernst & Young

Assurance | Tax | Transactions | Advisory

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 144,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit www.ey.com

Provider Post is published by Ernst & Young's Provider Care practice. It is designed to help the firm's health care clients successfully navigate the challenges and opportunities that market changes, government activity and technological innovation present. For more information, contact a partner in your local Ernst & Young office. Access additional resources at www.ey.com/us/health.

© 2010 Ernst & Young LLP
All rights reserved.

SCORE No. EC0010