



## FAQ for Healthcare ARRA: HIT Stimulus

### Q. What is ARRA and how does it provide funding to support health-related IT?

A. The American Relief and Recovery Act of 2009 (ARRA) provides more than \$30 billion for Health IT (HIT) investments. Most of the money will be available to hospitals and physicians who adopt qualified, certified Electronic Health Records (EHRs) with the ability to exchange information with other sources. Providers with qualifying EHRs can receive incentive payments through Medicare or Medicaid as early as 2011. Also, the legislation includes \$2 billion for grants from the Department of Health and Human Services, including grants for telemedicine projects.

### Q. What is the primary focus of the HIT portion of ARRA?

A. Most of the funding for HIT investments is designated for incentive payments for adoption of qualified, certified EHRs primarily by physicians and hospital providers. The money is directed through the Medicare and Medicaid programs. The two programs have similarities and differences in their requirements to qualify for the incentive payments and the amount available to providers.

The legislation requires that EHRs be able to “exchange electronic health information with, and integrate such information from, other sources” without specifying network infrastructure requirements. The legislation also emphasizes the security and privacy of health information without requiring specific security technologies as part of the EHR solution.

### Q. How do EHR incentive requirements differ between Medicare and Medicaid?

A. **Medicare:** Incentive payments through Medicare (the federal insurance program for those 65 and older) go to non-hospital based physicians and hospitals paid through prospective payment systems that are “meaningful users” of certified EHR systems. In simple terms, “meaningful use” requires that the EHR be installed and actively used to collect and share patient information and to support improved clinical care.

Meaningful use criteria for physicians include ePrescribing, electronic reporting of clinical quality data, and that the certified EHR is connected for the electronic exchange of health information. Meaningful use criteria for hospitals are similar to those for physicians but do not include ePrescribing.

**Medicaid:** Incentive payments through Medicaid (the federal/state program for low-income individuals) go to non-hospital based providers and hospitals. Providers include not only physicians but also dentists, nurse practitioners, certified nurse midwives, and, under specific circumstances, physician's assistants.

In addition to hospitals, federally qualified health centers (FQHCs) and rural health clinics may receive Medicaid incentives for EHR adoption.

To qualify for Medicaid incentives, providers must waive any right to the Medicare EHR incentives.

Providers must also demonstrate that a qualifying percentage of their patients are Medicaid beneficiaries (or, in the case of FQHCs, "needy individuals"). For most providers, 30 percent of their patients must be Medicaid beneficiaries. Children's hospitals qualify if they treat Medicaid patients (with no qualifying percentage). Other acute care hospitals must have 10 percent of total patients as Medicaid beneficiaries.

**Q. What are the amounts and timing of EHR incentives under each program?**

**A. Medicare:** Incentives are first available for hospitals in government fiscal year 2011 (in other parts of the bill 2011 is defined neither as a calendar year nor as the government's fiscal year). Hospitals are eligible for a \$2 million base incentive and up to \$11 million of incentive, depending upon the volume of patient discharges and Medicare patient days.

**Medicaid:** Medicaid EHR incentives are available beginning in 2011 and are:

- Equal to 85 percent of the "average allowable cost" to purchase, implement, or upgrade a certified EHR (including maintenance and training)
- Greater in the first year to recognize the cost of system purchase and initial implementation
- Calculated for hospitals based upon discharges and Medicaid patient days
- Paid annually up to six years for hospitals

**Q. Are there penalties for non-adoption of EHRs within the allotted timeframe?**

**A.** Medicare reimbursement penalties for those who are not meaningful EHR users begin in FY2016.

**Q. What other funds are available through the ARRA legislation?**

**A.** The legislation allocates \$2 billion in discretionary funding to the Health and Human Services Secretary, to be distributed through a mix of grants and loans. As of this writing (May 2009), how the money will be spent and when it will become available are not known. However, two specific allocations are determined within the legislation:

- \$20 million to the National Institute of Standards and Technology to "create and test standards related to health security and interoperability"
- \$300 million to the Office of the National Coordinator for HIT for regional and subnational efforts for health information exchange

Additional and potential funding areas the bill suggests include:

- Telemedicine
- Technology to protect electronic health information
- HIT for public health
- Loans to providers for HIT adoption (via states)

**Q. Can Cisco help me in grant writing?**

- A.** Cisco has Grant Experts, but not grant writers. Our Grant Experts can help you access:
- Market research
  - White papers
  - Information about grant availability

Please note that Cisco never drafts customer-specific grant applications; however, we can direct you to commercial companies who offer that assistance.

All engagements around Grant Experts are coordinated through Julie Newman. More information can be found at: [www.grantsoffice.com](http://www.grantsoffice.com).

**Q. What are the key areas where Cisco offers solutions in alignment with HIT stimulus funding?**

- A.** Cisco Care-at-a-Distance and Cisco Clinical Workflow solutions provide enhanced communication and collaboration, such as face-to-face communication unbounded by distance, physical location, or setting, which can streamline workflows and improve communication among clinicians. These include:
- Cisco Mobile Collaboration
  - Cisco Nurse Connect
  - Cisco Expert on Demand
  - Cisco Context-Aware Healthcare
  - Horizon Medical Imaging Collaboration
  - Cisco Collaboration and Reporting
  - Cisco WebEx for Healthcare
  - Cisco Digital Physician Office
  - Cisco TelePresence for Healthcare

Cisco Healthcare Technology Foundations provide secure access with regulatory compliance, including end-to-end healthcare IT infrastructure solutions that enable security, reliability, and regulatory compliance built upon a Cisco Medical-Grade Network (MGN) foundation. These include:

- Cisco Secure Wireless
- Cisco Security and Compliance
- Cisco Biomed Network Admission Control (NAC)
- Cisco PCI (Payment Card Industry) for Healthcare
- Cisco Data Center for Healthcare
- Cisco Bedside Services
- Cisco Digital Signage for Healthcare
- Cisco WebEx for Healthcare
- Cisco Medical Data Exchange Solution (MDES)