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Healthcare IT Reforms in US

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In spite of its acknowledged status as the hub of innovation and technology, the US has lagged many other industrialised countries in the area of healthcare IT. The new US President, Barack Obama, has made it a political priority to change this state of affairs, as we discussed in the previous issue of Healthcare IT Management ('Obama's Healthcare IT Vision).

Obama's new administration, supported by a clear majority in the US Congress, have endorsed his vision with an ambitious program to spend billions of dollars in galvanizing the American healthcare IT. This is seen as nothing less than a way to inject new life and kick-start the flagging US economy.

Meanwhile, the new interventionist nature of the US government is not only highlighted by the 20 billion dollar spend earmarked for healthcare IT, but by the leadership role it intends to take in setting new technology standards. As we have long argued, this is bound to have major implications for Europe.

Very Low Stage': EHRs in the US

Fewer than one in ten US hospitals (9%) have electronic health records (EHRs), according to a major survey published by the 'New England Journal of Medicine' on March 25. Moreover, only 1.5% of hospitals have adopted a comprehensive, hospital- wide system. The US position in EHRs, as a result, is at "a very low stage compared to other countries," said the survey's author, Harvard Professor David Blumenthal. Prof. Blumenthal was recently named National Coordinator for Health Information Technology (a new position created by the previous Bush Administration which some label as a 'healthcare IT czar').

Addressing the Cost Barrier, Generously

The biggest barrier to EHR adoption is cost, a reason cited by three out of four hospitals. As a result, it is almost certain that the US healthcare system will eagerly embrace the funds in the economic-stimulus package passed by the US Congress and signed into law by President Obama on February 17.

The sums involved in what is called the American Recovery and Reinvestment Act (ARRA) are not insignificant. About 20 billion dollars in federal outlays are earmarked for healthcare IT, according to non-partisan Congressional Budget Office (CBO). In return, the CBO estimates that ARRA will reduce federal health spending by over 12 billion dollars in the next 10 years, with additional savings rippling throughout the health sector as a result of improvements in the quality of health care as well as reductions in medical errors and inefficiencies.

The Role of Healthcare IT – From Economic Growth to Jobs

The movers behind the Obama healthcare reforms do not mince words. Nor are they coy about their underlying vision. Affordable and quality health care is seen as the key to strong American economic growth, and healthcare IT is seen as the means to the former – cost-effective and high quality health services. House Speaker Nancy Pelosi strongly endorses these links on her own Website. For her, ARRA "invests in bringing our health care system into the 21st century with information technology – that is proven to reduce costs, increase quality, and save lives." Modernizing the health care system, she continues "will create hundreds of thousands of jobs."

ARRA: Healthcare IT Technology, Finances and Standards

The healthcare IT elements of ARRA are analysed below:

Healthcare IT Seen to Reduce Medical Errors

19 billion dollars is explicitly dedicated to accelerate the adoption of Health Information Technology (HIT) systems by hospitals and physicians, in order to modernize the health care system, save billions of dollars, as well as reduce medical errors.

Financial Incentives for Hospitals and Doctors to Adopt EHRs

As part of moves to accelerate healthcare IT take-up, both hospitals and physicians are to be provided with significant financial incentives through the Medicare and Medicaid welfare programs to adopt and use electronic health records. The Congressional Budget Office estimates that, due to ARRA, 90 percent of doctors and 70 percent of hospitals are likely to be using electronic health records within the next 10 years.

Decision-makers are being clearly urged to immediately procure and implement healthcare IT systems and structures to obtain short-term personal gains and feed these into long-term benefits for the wider healthcare system.

A matrix of incentives to reward early adopters and penalise those delaying implementation until 2015 has been established. Medicare incentive payments will have a ceiling of up to 15,000 dollars for the first payment year, with a progressive scaling thereafter. Early adopters would benefit up to 18,000 dollars, while those not doing so before 2015 will be ineligible for subsidies. Indeed, physicians who fail to adopt a certified HIT system will face a progressive reduction in their Medicare fee schedules after 2015.

Incentives under the Medicaid program are also available for physicians and hospitals, although physicians cannot take benefit from incentive payments under both Medicare and Medicaid programs. Here again the numbers are impressive. Physicians practising outside a hospital setting (and a minimum 30%Medicaid patients) can receive up to 63,750 dollars in benefits over a six-year period. ·

HIT Standards – Led by US Government, Target Date 2010

ARRA directs the federal government to take a leadership role in developing healthcare IT standards, and do this by 2010. These standards will in turn catalyse EHRs by permitting the nationwide electronic exchange and use of health information. Towards this, new HIT Policy and Standards Committees, consisting of both public and private stakeholders, are due to provide recommendations on healthcare IT standards and certification, implementation specifications, as well as criteria for electronic exchange and use of health information. The Department of Health and Human Services is due to adopt an initial set of standards, implementation specifications, and certification criteria by December 31, 2009.

Security and Privacy

The healthcare IT standards are to be developed within a framework of enhanced security and privacy. ARRA seeks to strengthen federal laws to protect personal/identifiable health information from misuse and abuse as the health care sector increases the use of HIT.

This is one area with considerable potential for trouble. As one critic dubbed it, "Obama seems willing to take on drug companies, physicians and lobbyists, but lawyers are quite another thing."

The Obama reforms classify "inadvertent" disclosures to also be a breach of patient health information and requires notification to patients in all cases. Such notification is also required to made by vendors of personal health records.

Given the still-emerging technical landscape of EHRs (and data exchange), this is clearly an area of potential concern for vendors, given the litigious nature of the US system. Indeed, the new rules specify that existing HIPAA privacy and security laws will also apply directly to business associates of covered entities and authorizes increased civil monetary penalties for HIPAA violations.

The Role of ONCHIT

ARRAS officially establishes the Office of the National Coordinator for Health Information Technology (ONCHIT), as an entity within the Department of Health. Its mandate will be to develop a nationwide interoperable HIT infrastructure. ONCHIT is headed by Harvard Professor David Blumenthal, who as we have seen previously was the author of a survey finding the US lagging in the area of electronic health records. ONCHIT is authorised supply HIT systems to providers for a nominal fee, alongside competitive grants to States for loans to providers.

Comparative Effectiveness Research

The Obama reforms also actively acknowledge the ever-'ongoing' nature of healthcare information technology – as a work in progress. Like evidence-based medicine, the criterion of comparative effectiveness is applied to make technologies supporting healthcare consistent with the settings in which care is delivered. Funding for comparative effectiveness research (CER) has been boosted, alongside establishment of a Federal Coordinating Council (FCC-CER), a 15-strong advisory board with at least eight physicians or clinical healthcare professionals. The Agency for Healthcare Research and Quality (AHRQ) will receive 700 million dollars for CER, of which 400 million dollars will be earmarked for the National Institutes of Health. The Secretary of Health has another 400 million dollars as a discretionary spending item.

The Czar of Healthcare IT

The Office of the National Coordinator for Health Information Technology (ONCHIT) has clearly become an elemental one in the field of healthcare IT.

Given the longstanding tradition of turf battles in Washington, however, the question of how effective ONCHIT is will depend on the personality of its incumbent, and his equations with other power brokers, including the Secretary of Health and Human Services, as well as the heads of the National eHealth Collaborative (which makes health IT recommendations to ONCHIT), the Nationwide Health Information Network (billed as the 'network of networks') and the Certification Commission for Healthcare Information Technology (the public-private entity created to set standards for data transmission). Also involved in the field are the Federal Coordinating Council for Comparative Effectiveness Research (FCC-CER and the Agency for Healthcare Research and Quality (AHRQ).

The new US President has clearly been savvy in appointing a high-profile personality like Dr. David Blumenthal to this role. Holder of a professorial chair at Harvard Medical School (alongside being the Director of the Institute for Health Policy at Massachusetts General Hospital), Dr. Blumenthal was previously senior vice president at Boston's Brigham and Women's Hospital and executive director of the Center for Health Policy and Management at Harvard's John F. Kennedy School of Government. During the late 1970s, he was an adviser to Senator Edward Kennedy's Senate Subcommittee on Health and Scientific Research. Dr. Blumenthal is the founding chairman of Acade my Health, the national organization of health services researchers and a trustee of the University of Pennsylvania Health System.

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