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## NEWS

### **Widespread Electronic Health Record Use Unachievable Under Fed Incentive Plan**

*WHA alternative will expedite adoption of new technologies statewide*

**MADISON** (March 16, 2010)-----The Wisconsin Hospital Association (WHA) submitted comments to the Centers for Medicare & Medicaid Services (CMS) on a proposed rule implementing the 2009 American Recovery and Reinvestment Act's (ARRA) Medicare and Medicaid electronic health records (EHR) incentive program. Under the program, hospitals and other health care providers could receive additional Medicare and Medicaid payments based on the extent to which they have adopted and are "meaningfully using" EHR systems. Hospitals that do not meet the standards beginning in 2015 would actually see their Medicare payments cut.

"Wisconsin hospitals strongly support rapid adoption of electronic health records and Wisconsin is ahead of many other states in this regard, but the timeline for implementation proposed by CMS is unrealistic for most hospitals," said Bob Van Meeteren, president, Reedsburg Area Medical Center, a 25-bed rural hospital in southwestern Wisconsin. "CMS's proposed rule could actually widen the existing digital divide between large and small hospitals, which is the opposite of what was intended," said Van Meeteren.

WHA's comments to CMS express concern that hospitals needing the most financial help to complete implementation of a comprehensive EHR will be the least likely to qualify for stimulus incentive funding and will be the most likely to face penalties beginning in 2015 for not meeting CMS's proposed standards.

(See WHA's letter at <http://www.wha.org/summaryMUsurvey3-2010.pdf> )

"As drafted, the rules will not have the effect intended by the ARRA stimulus bill to incent widespread adoption of EHRs," said WHA president Steve Brenton. "This is especially troubling given the significant costs of not only purchasing, but upgrading and maintaining electronic medical record technology."

According to a 2009 WHA report, the median capital expenditure for EHR systems in Wisconsin hospitals is \$8,652 per bed while the median ongoing/operational expenditure is \$21,221 per bed.

Despite the fact that Wisconsin is already a leader in adopting EHR systems, a survey of WHA members last month raised concerns about the ability of hospitals to meet the federal government's proposed new measures for eligibility. According to the survey:

- None of the hospitals responding said they currently meet all 23 measures proposed in the rule. A hospital must meet all 23 measures to qualify for the incentive funding later this year.
- Only 50 percent said they could meet the required 23 measures by the 2015 deadline – meaning nearly half of Wisconsin hospitals would see cuts in their Medicare payments as a result.
- 82 percent said capital costs are a key barrier to EHR adoption
- 65 percent of Wisconsin critical access hospitals said capital costs are a key barrier to EHR adoption
- 52 percent of Wisconsin’s hospitals responded to the survey.

“Wisconsin is ahead of many other states in the adoption of EHRs, but if a leading state like ours sees significant problems with the proposal, imagine the ramifications nationwide,” said David Fish, president, St. Joseph’s Hospital in Chippewa Falls. “The unfortunate outcome could be the proposed rules will deliver an outcome the opposite of what was intended,” Fish said.

In addition, the proposed rule would make many Wisconsin physicians ineligible for incentive payments because their practices would be assumed to be part of a hospital EHR system.

“This hurts Wisconsin on two levels,” Brenton said. “First, it ignores the fact that inpatient and ambulatory EHR systems are not the same thing and for the most part the costs are separate. Secondly, Wisconsin, with a high degree of integration between hospitals and clinics, is particularly vulnerable to being shortchanged as a result of this technicality.”

WHA’s comments to CMS propose an alternative, phased approach that creates additional requirements to qualify for incentive payments but would give hospitals and other medical providers two more years to fully meet the standards. The phased approach has been championed by the American Hospital Association.

“The CMS rule takes an all-or-nothing approach that is inconsistent with the technical and clinical realities of designing, building and implementing a fully functioning EHR system,” Brenton said. “Our alternative recognizes that this is an incremental process. We are proposing to add 11 standards to CMS’s original 23 and require that providers meet an ever-growing number of them between now and 2017.”

CMS is expected to issue a final rule in late spring. Incentive payments for those that qualify would begin in October 2010.

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