



CALIFORNIA
HEALTHCARE
FOUNDATION

An Unprecedented Opportunity:

Using Federal Stimulus Funds to Advance Health IT in California

Testimony of Sam Karp, Vice President of Programs
California HealthCare Foundation
Senate Health Committee Hearing
March 13, 2009

Federal Policy Framework

- New authority for the Office of the National Coordinator
- New Policy and Standards Committees and processes
- New Health Privacy Provisions

Funding Flows – Entitlement Funds

Entitlement Funds (\$34 billion in gross outlays)

Program

Medicare
Payment
Incentives

Medicaid
Payment
Incentives

Distribution Agency*

CMS

CMS
and states

Use of Funds

Incentive Payments
through Carriers

Incentive Payments
through State Agencies

Recipients



Acute Care and
Children's Hospitals



Physicians and
Dentists



Nurse Practitioner
and Midwives



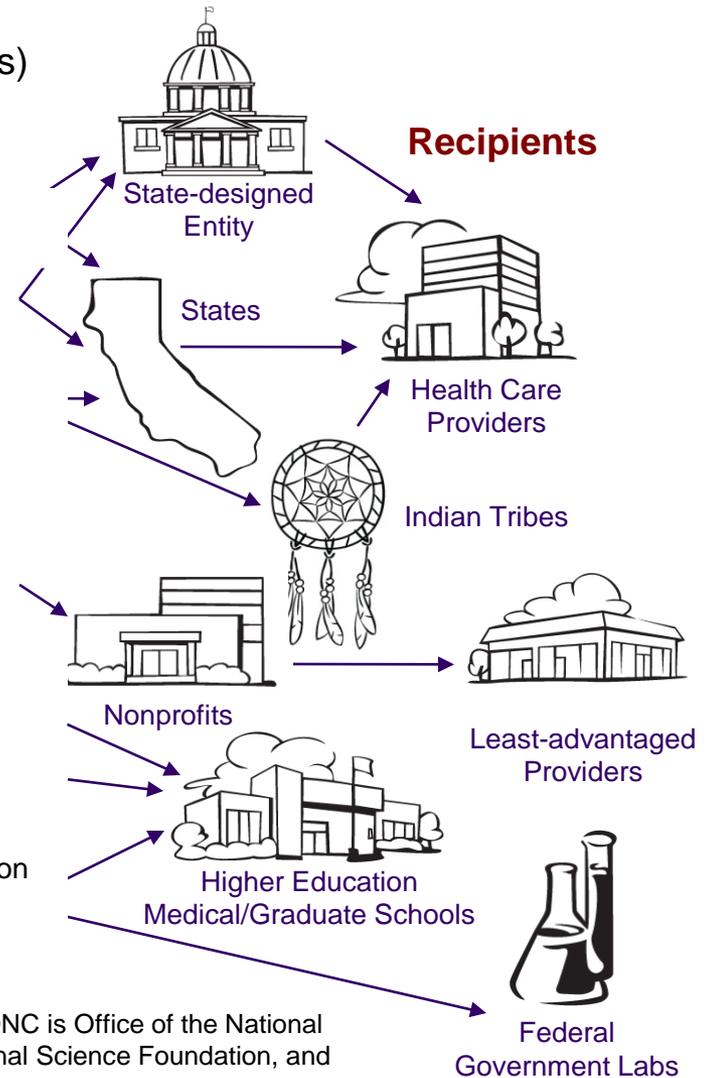
FQHC

Source: Manatt Health Solutions analysis of federal HITECH Act Legislation.
CMS is Center for Medicare and Medicaid Services,

Funding Flows – Appropriated Funds

Appropriated Funds (\$2 billion in gross outlays)

Program	Distribution Agency	Use of Funds
HIE Planning and Development	ONC	Planning Grants Implementation Grants
EHR Adoption Loan Program	ONC	Loan Funds
Health IT Extension Program	ONC	Health IT Research Center Regional Extension Centers
Workforce Training Grants	HHS, NSF	Medical Health Informatics EHR in Medical School Curricula
New Technology Research and Development Grants	NIST, NSF	Health Care Information Enterprise Integration Research Centers



Source: Manatt Health Solutions analysis of federal HITECH Act Legislation. ONC is Office of the National Coordinator, HHS is Department of Health and Human Services, NSF in National Science Foundation, and NIST is National Institute of Standards and Technology.

Estimate of California HITECH Funding

Program	Federal Allocation*	California Estimate**
Medicare EHR Incentive Program	\$20 billion Up to \$44,000 per physician	\$2 billion
Medicaid EHR Incentive Program	\$14 billion Up to \$64,000 per physician	\$1.4 billion
Other Grant Programs	\$2 billion	TBD

* Congressional Budget Office estimate of outlays

** California's proportionate share estimated at 10%

“Meaningful Use” of EHRs

- Use of EHR in a meaningful manner, which includes electronic prescribing (eRx)
- Capable of electronic exchange of information to improve the quality of health care
- Electronic reporting on clinical quality measures
- Other measures as determined by HHS Secretary

Related Areas of Funding

Broadband and Telehealth

- \$4.3B for broadband and \$2.5B for distance learning / telehealth grants

Comparative Effectiveness

- \$1.1B to HHS for comparative effectiveness research

Federally Qualified Health Centers

- \$1.5 billion for construction, renovation, equipment and acquisition of health IT systems

Key California Recommendations

California Recommendations

Appoint a Deputy Secretary of Health IT

- CHHSA must play leadership role in developing overall state plan
- Coordinate and drive health IT and HIE implementation
- Prioritize strategic investments and competitive grant applications

California Recommendations

Select a State-Designated Entity

- Establish criteria and facilitate transparent collaborative selection process
- Ensure adequate public-private participation
- Compete for implementation funds
- Consistent with California's Health IT Financing Advisory Commission recommendation

California Recommendations

Facilitate Medi-Cal Incentive Payments

- Engage with federal officials on how California providers can meet “meaningful use” definition
- Develop statewide plan for adoption of EHRs among Medi-Cal providers
- Assure new Medi-Cal Management Information System (MMIS) can address requirements for tracking, reporting and payment
- Annual report to Legislature on adoption progress

California Recommendations

Engage Federal Officials and Policymakers

- Engage, engage, engage... to represent California's interests in the federal rule making process and development of:
 - Policies
 - Standards and certification criteria
 - Rules, regulations and definitions
 - Grant guidelines
 - Funding levels

California Recommendations Authorize Matching Funds

- Identify and estimate matching fund requirements
- Assess opportunities for General Fund, non-General Fund and use of in-kind match
- Leverage, leverage, leverage....

California Recommendations

Provide Technical Guidance and Education on Health Privacy Issues

Technical Guidance

- Clarify the interplay between state and federal law, especially in light of recently enacted SB 541 (Alquist) and AB 211 (Jones)

Educate Patients, Consumers and the Public

- What new rights and enforcement measures are available
- Combat “privacy protected behavior”