

**The 2009 Economic Stimulus Plan and the  
Electronic Health Record: Opportunities and  
Challenges for U.S. Medical Groups**

**A Survey of 1,800 Healthcare Professionals**

February 2, 2009



## **Background**

A number of studies from independent, respected bodies have demonstrated that Electronic Health Records improve clinical quality, safety, and lower costs by automating most of the activities physicians today perform on paper. It's also clear that connecting physicians with Electronic Health Records to real-time information and to other healthcare stakeholders can add further gains. According to RAND researchers<sup>1</sup>, the adoption of EHRs could yield industry-wide savings of \$81 billion annually.

However, only between 17<sup>2</sup> percent and 30<sup>3</sup> percent of US physicians have implemented an Electronic Health Record, according to numerous studies from the National Center for Health Statistics (NCHS), the Healthcare Information and Management Systems Society (HIMSS) and others. While large physician practices have come to see the EHR as a standard of practice, adoption rates are estimated to range as low as 5 percent among small practices, where roughly 50 percent of all US physicians practice.

To help accelerate adoption of Electronic Health Records and in so doing stimulate job growth as well as cost savings, the U.S. Congress is currently considering the Healthcare Information Technology Economic and Clinical Health Act (HITECH Act), part of the American Recovery and Reinvestment Act ("the Stimulus Bill"). If approved, the Act would provide approximately \$20 billion in loans, grants and other incentives for healthcare organizations, a portion of which would be allocated to incentivize Electronic Health Record deployment and utilization.

## Key Findings

To help understand how healthcare professionals in the nation's ambulatory medical groups feel about the proposed incentives for Electronic Health Record adoption, as well as privacy and security considerations, Allscripts conducted an online survey of 1,888 self-selected Allscripts clients in medical groups across the US.

Here are some of the key findings:

- **Healthcare professionals support government incentives.** 82 percent of respondents strongly agree that the government should provide funding for EHRs via the HITECH Act.
- **Current e-prescribing incentives are working.** Seventy-five percent of respondents to the survey are aware of the current e-prescribing incentives from the Centers for Medicare and Medicaid Services (CMS), and 37 percent are actively participating in the program.
- **Current EHR subsidies provided by hospitals are effective.** Over 10 percent of practices surveyed have already received an offer from a hospital to help subsidize the cost of an EHR for their group under the Stark Safe Harbor exception. The 2008 CCHIT Incentive Index<sup>4</sup> identified 50 programs nationally involving 115 hospitals that are currently providing funding for physicians. Taken together with the Allscripts survey, this data provides an indication that the current program has gained traction in the market. However, the new programs under consideration have the potential to greatly accelerate adoption.
- **The proposed incentives may drive significant new adoption.** Sixty-nine percent of respondents would be likely to participate in the pay-for-purchase proposal under consideration in the Stimulus Bill, which provides sliding scale financial incentives resulting in payments of up to \$40,000 per provider over 5 years as reimbursement for the purchase of an EHR. Only 2 percent of respondents indicated they would not participate in this program, with the remainder either unsure (25 percent) or unlikely to participate (3 percent).
- **Groups without an EHR have equal preference for either a pay-for-purchase or pay-for-use.** Respondents from medical groups that do not have an EHR expressed an equal preference for either a pay-for-purchase or pay-for-use approach. Overall, preference for pay-for-purchase decreased in direct correlation with practice size: 47 percent of respondents from groups with between one and three physicians preferred to be reimbursed for purchasing an EHR rather than provided incentives for its use; 32 percent of those from groups with between four and 25 physicians agreed; 20 percent of those from groups with 26 to 100 physicians agreed; and just 18 percent of respondents

from groups of 100 or more physicians agreed, with the larger groups strongly favoring utilization incentives.

- **Providers are confident in existing privacy and security protections.** Sixty-one percent of respondents from groups *with* an EHR say they want to move forward without waiting for new privacy standards, expressing confidence in their EHR's existing privacy protections through the Health Insurance Portability and Accountability Act (HIPAA) and security testing conducted via the Certification Commission for Health Information Technology.
- **Existing EHR users should qualify for incentives, too.** Seventy-seven percent of small-group respondents and 82 percent of large-group respondents (81 percent overall) recommend incentives from the government to retroactively cover the cost of existing EHR implementations.
- **Medical groups should be able to use funding to upgrade existing EHRs.** Seventy-three percent of all respondents support government funding to upgrade existing EHR implementations.

## **Implications**

What do the survey's findings mean for US medical groups and how can they inform the efforts underway in Congress to draft final legislation?

The survey clearly suggests that the most effective route to achieving widespread EHR adoption lies not in a uniform approach to all physicians but rather a blended model of incentives that address the unique needs of different physicians in different types of medical groups.

In particular, the survey results suggest that the government program would be best served by:

- Providing up-front grants for EHR purchase as well as ongoing incentives for utilization, as groups with different characteristics appear to be motivated by different approaches
- Including retroactive funding for practices that have already adopted EHRs, as this will drive utilization of the EHR the benefits accrue to patients, providers and to the Federal Government
- Helping practices with older or low-functioning EHRs to upgrade to more current or fully-functioning systems as many early adopters may not have the capital to meet the current standards that may be required in a pay for performance or pay for use program
- Relying on existing privacy protections for patient information rather than waiting for new policies to be agreed upon with the understanding that there are currently extensive security standards built into the Certification Commission for Healthcare Information Technology (CCHIT) certification process

### **Current CMS Incentive Programs Appear to be Working**

Survey-takers' responses to two recent healthcare information technology incentive programs managed by CMS suggest that pay-for-use incentive programs produce results more quickly than pay-for-purchase incentives. One of the more prominent pay-for-use incentive programs implemented by the federal government in the last 12 months, the Medicare Improvements for Patients and Providers Act of 2008, was passed by Congress last July and today is managed by CMS. The program increased Medicare payments by 2 percent for physicians who regularly utilize electronic prescribing. Seventy-five percent of respondents to the survey said they are aware of the e-prescribing incentives, and 37 percent are actively participating in the program.

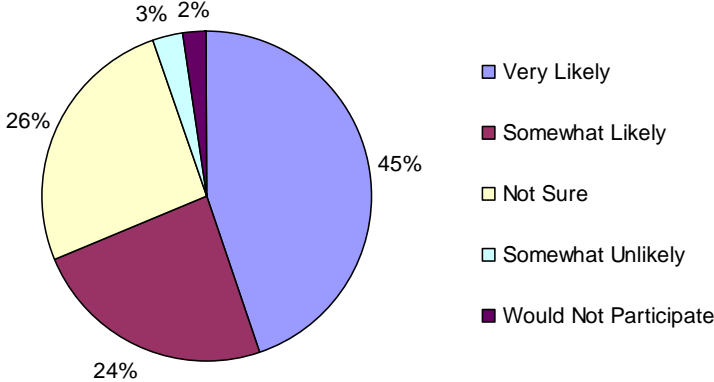
Smaller numbers of respondents have participated in a recent pay-for-purchase incentives program, the so-called “safe harbors” to the federal Anti-Kickback Statute and exceptions to the Federal Stark Act, approved by Congress in 2006. According to the survey, more than 10 percent of practices have received an offer from a hospital to help subsidize the cost of an EHR for their group under the Stark Safe Harbor exception. The program, managed by CMS, enables hospitals to provide EHRs to independent physicians at a greatly reduced cost.

While the survey indicates that the e-prescribing incentive has moved into the market faster than the Stark Safe Harbor program, this is likely a reflection of the nature of the incentive. A utilization incentive, in which a system has already been installed, such as the e-prescribing incentive, can be viewed as both easier and faster to implement.

**Congress Should Focus on a Blend of Incentives**

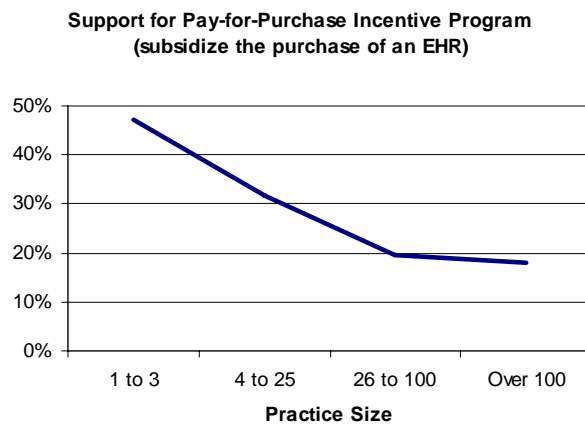
On several key issues that are central to the debate underway in Congress, the survey reveals a wide variance in opinions among respondents. This is especially true when it comes to deciding what form of payment the government should provide, whether funding should be targeted toward the purchase of an EHR or incentives for use of an EHR.

**Likelihood of Groups Without an EHR to Participate in Pay-for-Purchase Incentive Program**



Respondents from groups without an Electronic Health Record showed nearly an equal preference for funding of the purchase of an EHR and for incentives for EHR usage. However, when asked about the specific pay-for-purchase proposal under consideration in the Stimulus Bill, 69 percent of respondents in this grouping indicated they would be likely to participate. The program calls for CMS to provide sliding scale financial incentives resulting in payments of

up to \$40,000 per provider over 5 years as reimbursement for the purchase of an EHR. Only 2 percent of respondents indicated they would not participate in this program, with the remainder either unsure (26 percent) or unlikely to participate (3 percent). Additionally, 56 percent of respondents without an EHR would invest in a system if CMS provided an additional 2% incentive to physicians for EHR use, similar to the e-prescribing incentive program currently in place.



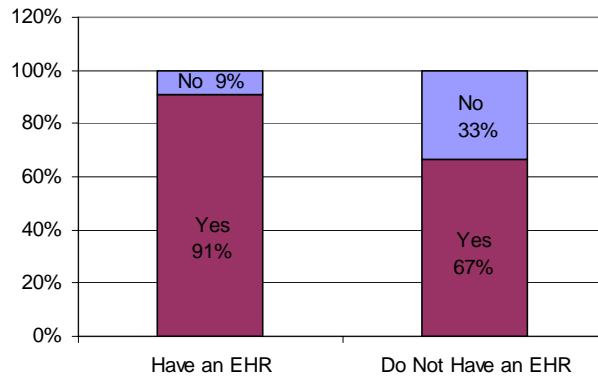
The percentage of respondents who support grants for an EHR purchase versus incentives for its use drops in direct correlation with practice size: 47 percent of respondents from groups with between one and three physicians support funding for purchasing an EHR versus incentives for its use; 32 percent of those from groups with between four and 25 physicians agree; 20 percent of those from groups with 26 to 100 physicians; and just 18 percent of respondents from groups of 100 or more physicians. The difference may be partly explained by lower EHR adoption rates in small practices, leading to a preference for purchase-based incentives.

To repeat a point made earlier, these findings suggest that the most effective route to achieving widespread EHR adoption lies in a blended model of incentives that address the unique needs of different physicians in different types of medical groups.

### **Practices with a Current EHR Should Receive Retroactive Funding**

In a sign of agreement between respondents from large and small practices, 77 percent of small-group respondents and 82 percent of large-group respondents (81 percent overall) say practices that already have an Electronic Health Record should receive incentives from the government to retroactively cover the cost of purchasing the system. A preference for retroactive funding is maintained even when the results are broken down according to respondents from practices without an EHR (67 percent support retroactive funding) and those from practices with an EHR (91 percent support).

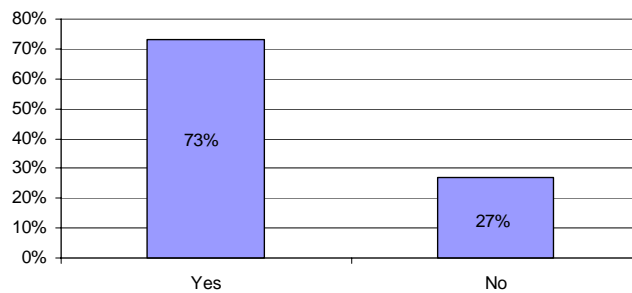
**Preference for Retroactive Funding**



### **Practices Should be Able to Use Funding to Upgrade Existing EHRs**

In another show of agreement between healthcare professionals, 73 percent overall support the use of government funds to upgrade existing Electronic Health Records. Their overwhelming support suggests that the ability to apply stimulus funds towards an upgrade to a more advanced EHR or expand use of an existing one is critical to the success of efforts to drive the broader goal of improving quality and lowering costs through meaningful EHR utilization.

**Government Funds Should Help Upgrade Existing EHRs**



According to a recent mail survey of office-based physicians by the National Center for Health Statistics (NCHS), 14 percent of US physicians with an EHR report using a system described as “minimally functional.” The term refers to an EHR that includes the ability to write prescriptions, order tests, view laboratory or imaging results, and create clinical notes, but which does not enable more advanced features of a modern EHR such as real-time safety alerts, seamless support for pay-for-performance and quality initiatives, the ability to capture discrete data needed for research and analysis, and interconnectivity with third-party medical devices, software and EHRs.

Given that enhancing an existing EHR is less expensive than purchasing a brand new system, the results suggest that allowing this use of funds would be a cost effective way to drive "meaningful use" as described in the HICTECH Act, as long as it was done in parallel with efforts to bring non-users onto an electronic medium.

### **Providers Express Confidence in Existing Privacy and Security Protections**

A majority of respondents from groups of all sizes favor moving ahead with government incentives and leveraging existing privacy standards, without waiting for consensus on new methods to be introduced.

Support for moving ahead is strongest among healthcare professionals experienced at using an EHR in their daily practice. Sixty-one percent of respondents from groups with an EHR say they want to move forward without waiting for new privacy standards, expressing confidence in their EHR's existing privacy protections.

The results suggest that, while privacy breach will always be a concern, experienced EHR users believe current protections meet their requirements. Chief among current privacy protections is the Health Insurance Portability and Accountability Act (HIPAA), which provides a foundation for federal protections for personal health information and gives patients rights with respect to that information. As technology and healthcare delivery evolve there are opportunities to build upon the foundation in tandem with incentives for Electronic Health Records.

Additionally, the Certification Commission for Health Information Technology (CCHIT), an independent, voluntary, private-sector initiative and a recognized certification body of the U.S. Department of Health and Human Services, conducts compliance testing of EHRs on security standards to ensure patient information is kept secure and confidential. Testing standards within CCHIT include access controls based on the end-user's role or the context of a care situation; authenticating users before allowing access to protected health information; auditing the access and use of records according to certain rules or events; and supporting protection of confidentiality. CCHIT EHR testing also focuses on the ability for authorized administrators to assign restrictions or privileges to users or groups; the ability to detect security-relevant events that it mediates and generate audit records; and prohibiting access to the audit records to all except those explicitly granted authority to read them<sup>5</sup>.

### **Survey Respondents' Comments**

The following comments on the survey were selected from the hundreds of respondents who left comments and provided permission to have them published:

“The EHR has demonstrated unequivocally the savings of lives and dollars,” said one survey respondent, Joel I. Silverman, MD, of Palm Beach, Florida. “We’re overdue for a major shift in how physicians are practicing and are being paid for their efforts.”

“The EHR is the only answer for improved and more efficient medical care,” said Cathie Lentz, practice administrator at Elmwood Center Medical Associates in York, Penn. “Unfortunately the cost is out of reach for most physician offices.”

“I do think standards for privacy need to be developed, but this should not hold things up since we already comply with HIPAA and take this into consideration presently with our system set up,” said Patricia L. Fox, practice administrator at Croser Keystone Health Network in Chester, Penn.

“Rapid adoption of an EHR is critical to improving the health status and outcomes of the patient population we serve,” said Chuck Fitch, Chief Information Officer of the University of Mississippi Medical Center/Delta Health Alliance in Stoneville, Miss. “As the only academic health science center in the state, we see patients from all over and have an essential need to know their medical history, including medications, as well as the ability to communicate treatment results back to their primary care providers. With a patient population of over 1 million, this can only be done with technology.”

“When I started my solo practice in 2004, I took out extra loans to purchase an EHR, which cost around \$80,000 including computers and server,” said Chris Buchanan, a physician at Brazos Urology Clinic in Granbury, Texas. “I think it would be unfair to pay doctors to purchase new EHR systems without rewarding doctors who have had them for years. The fact that I have a system improves the quality of the care that I deliver through reduced errors, 24-hour access to patient charts when on call, etc. Therefore an incentive should be given to all doctors who use EHRs.”

“I recommend use of any subsidy be applied toward one-time expenses such as implementation training or license costs,” said Mark Gilbert, Director of Operations at Practicare Medical Management Inc., in Liverpool, New York. “Ongoing maintenance expense should not be covered. ... I would be against the stimulus being used toward fee schedule adjustments as the beneficiaries would be the practices that already have an EHR. Providers need the monies to get an EHR off the ground.”

“A program that only rewards new purchasers of EHR's is quite unfair to those who have already taken the plunge and paid for the systems themselves,” said Jeffrey Johnson, MD, Medical Director of Central Utah Clinic, in Provo, Utah and a former Microsoft Health Users Group Physician of the Year award winner. “We have done much of the work to help EHR technology get to the advanced stage of development it's in today, and to not recognize that and only reward the Johnny-come-lately's in an incentive system would be grossly unfair.”

“The stimulus bill may be the single most effective way to assure improved quality and cost of healthcare,” said Larry Wiley, a staff member at Washington Regional Medical System Clinics in Fayetteville, Ark.

## Methodology

The survey invitation was sent to 50,000 healthcare professionals in more than 13,000 medical groups. Conducted in January, 2009 by Allscripts, the Internet survey of 18 questions generated 1,888 respondents, including the following:

- 242 C-level executives, 304 providers, 313 information system professionals, and 1,029 practice administrators, managers and other staff
- Participation from practices of all sizes with 444 respondents in practices with 1 to 3 MDs (24 percent), 894 with 4 to 25 MDs (47 percent), 284 with 26 to 100 MDs (15 percent), and 266 with over 100 MDs (14 percent).
- A variety of practice types including 801 single specialty (42 percent), 596 multi-specialty (31 percent), 423 primary care (22 percent) and 71 “other” types (4 percent).
- Groups that currently had an Electronic Health Record (1,148 or 60 percent) outpaced those that did not have an EHR (740 or 40 percent) due in part to the significant EHR user base of Allscripts, although we did not measure the number of EHR users in the survey who use Allscripts EHRs.

All survey participants work in medical groups utilizing either EHR, e-prescribing, practice management, revenue cycle management, document management, or medication services products from Allscripts.

## About Allscripts

Allscripts (NASDAQ: MDRX) uses innovation technology to bring health to healthcare. More than 150,000 physicians, 700 hospitals and nearly 7,000 post-acute and homecare organizations utilize Allscripts to improve the health of their patients and their bottom line. The company's award-winning solutions include electronic health records, electronic prescribing, revenue cycle management, practice management, document management, medication services, hospital care management, emergency department information systems and homecare automation. Allscripts is the brand name of Allscripts-Misys Healthcare Solutions, Inc. To learn more, visit [www.allscripts.com](http://www.allscripts.com).

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<sup>1</sup> “Can Electronic Medical Record Systems Transform Health Care? Potential Health Benefits, Savings, And Costs, by Richard Hillestad, James Bigelow, Anthony Bower, Federico Girosi, Robin Meili, Richard Scoville, and Roger Taylor. *Health Affairs*, volume 24, number 5.

<sup>2</sup> “Preliminary Estimates of Electronic Medical Record Use by Office-based Physicians: United States, 2008,” Chun-Ju Hsaio, Ph.D.; Catharine W. Burt, Ed.D.; Elizabeth Rechtsteiner, M.S.; Esther Hing, M.P.H.; David Woodwell, B.A.; Jane E. Sisk, Ph.D., Division of Health Care Statistics. NCHS Health E-Stats, December 2008.

<sup>3</sup> 2008 HIMSS/HIMSS Analytics Ambulatory Healthcare IT Survey  
(<http://home.insideallscripts.com/CMOfctn/MRCI/Market%20Research/EMR%20Adoption%20Research/Amb%20HC%20IT%20Survey%20-%20HIMSS%20Analytics%20-%2020081000.pdf>)

<sup>4</sup> <http://ehrdecisions.com/wp-content/files/CCHITIncentiveIndex20080925.pdf>

<sup>5</sup> <http://ehrdecisions.com/wp-content/files/CCHITIntroToHealthIT20090113.pdf>