

## The American Recovery and Reinvestment Act of 2009 Key Health-related Provisions

Provision	
<p><b>Federal Medical Assistance Percentage (FMAP)</b></p> <p><i>Value: \$86.7 billion nationwide At least \$175.9 million in Washington</i></p>	<p>Temporarily puts in place at least a 6.2 percentage point increase for the state of Washington. Increase is for nine quarters, from October 1, 2008 to December 31, 2010.</p> <ul style="list-style-type: none"> <li>✓ “High unemployment states” may be eligible for one of three levels of additional state-specific FMAP enhancements.</li> <li>✓ Increase does not apply to Medicaid Disproportionate Share Hospital (DSH) payments.</li> <li>✓ States must maintain eligibility levels for this funding.</li> </ul>
<p><b>Medicare Inpatient Hospital Capital Indirect Medical Education (IME) Payments</b></p> <p><i>Value: \$191 million nationwide \$2 million in Washington</i></p>	<p>Reverses 50 percent reduction in Medicare capital IME payments to teaching hospitals that went into effect on October 1, 2008 and blocks implementation of this reduction through the rest of federal fiscal year 2009. This provision does not block the full phase-out of these payments scheduled for October 1, 2009. The Secretary of the Department of Health and Human Services (HHS) has the authority to reverse the cut administratively.</p>
<p><b>Moratoria on Bush Medicaid Regulations</b></p> <p><i>Value: \$100 million nationwide</i></p>	<p>Extends until July 1, 2009, the moratorium on three Medicaid regulations: provider taxes, school-based health, and targeted case management</p> <p>Halts implementation of Medicaid outpatient department and clinic regulation implemented on December 8, 2008 until July 1, 2009.</p> <p>Encourages Secretary not to promulgate three regulations currently under a moratorium set to expire on April 1, 2009: intergovernmental transfers, Graduate Medical Education (GME), and rehabilitation services.</p>

**Health Information  
Technology (IT)**

Provides funding (to HHS, states, hospitals, physicians and other health care providers) to encourage the adoption and use of health IT systems and the promotion of health information exchanges.

Most of this provision's funding, \$17 billion, will establish *temporary* Medicare and Medicaid payment incentives for hospitals and physicians.

*Medicare/Medicaid incentive:  
Value: \$17 billion nationwide*

In general, to be eligible for these incentives, hospitals and physicians must already have in place a "certified electronic health record (EHR) system" and be a "meaningful user" of such a system. This includes using a "certified EHR system" that can exchange health information and report on quality measures. The Secretary would establish these criteria.

*\$70.1 million in Washington  
for Medicare only*

Medicare Incentive Payments to Hospitals: This incentive payment is built on a base amount of \$2 million per hospital. This amount is adjusted upward based on a hospital's total all-payer discharges and then downward based on a hospital's Medicare percent. Medicare incentive payments will be phased-out over a four-year period beginning in FFY 2011. Medicare penalties, through reductions in the hospital market basket, will be phased-in starting in FFY 2015 for hospitals that are not "meaningful users."

Medicaid Incentive Payments to Hospitals: This incentive payment is similar to the Medicare incentive payment, adjusting the base amount by a hospital's Medicaid percent rather than the Medicare percent. To be eligible for the Medicaid incentive payments, a hospital must have Medicaid patient volumes of at least 10 percent. In addition to the "meaningful user" criteria, the state may have the ability to establish additional criteria for hospitals to be eligible for the Medicaid incentives.

Medicare and Medicaid incentive payments would be *capped at \$11 million per hospital*.

*Value: \$2 billion nationwide*

Additional funding of \$2 billion is provided to establish health IT state grants to promote health IT, health IT infrastructure, training, dissemination of best practices, telemedicine, and inclusion of health IT in clinical education.

Standards: The act establishes a process to develop interoperability standards by FFY 2010 that will allow for secure nationwide electronic exchange of health information.

	<p><u>Privacy and Security:</u> The act develops new and expands current federal privacy and security rules for health information and health information exchange that include:</p> <ul style="list-style-type: none"> <li>✓ requiring that an individual be notified if there is an unauthorized disclosure or use of their health information (breach notification);</li> <li>✓ requiring a patient’s permission to use their personal health information for marketing purposes; and</li> <li>✓ allowing patients to request an audit trail of all disclosures of their EHR.</li> </ul> <p>Criteria related to standards and privacy/security would be established by the Secretary.</p>
<b>Hospital Fundraising - “Opt-Out” Requirement</b>	Requires hospitals, in any written fundraising communication, to provide an opportunity for the recipient to “opt-out” of receiving any further such communications. Signed authorization is not required by hospitals to contact patients, nor is a form required at admission. The effective date of this provision is one year from enactment of the bill.
<b>Access to Capital</b>	Provides incentives for banks to purchase hospitals’ tax-exempt bonds. This provision will increase from \$10 million to \$30 million the amount banks could deduct for buying and holding hospital bonds. This provision will apply for calendar years 2009 and 2010.
<p><b>Medicare Hospice Wage Index</b></p> <p><i>Value: \$134 million nationwide</i></p>	Reverses for FFY 2009 the phase-out of the budget neutrality factor used to adjust the Medicare hospice wage index that went into effect on October 1, 2008 and requires the Secretary to recalculate the hospice wage index as if there had been no reduction in the budget neutrality adjustment factor. The Secretary has the authority to reverse the phase-out of the budget neutrality adjustment factor administratively.
<p><b>Medicaid State DSH Allocations</b></p> <p><i>Value: \$500 million nationwide</i></p>	Provides a temporary increase in the amount of Medicaid DSH funding allocated to each state. 2.5% increase in both FFY 2009 and FFY 2010. This increase will not change the level of individual hospital DSH caps.

<p><b>Workforce – National Health Service Corps (NHSC) and Other Health Professional Training</b> <i>\$500 million nationwide</i></p>	<p>Provides additional funding to the Health Resources and Services Administration (HRSA) for the NHSC program to train and pay a portion of medical school expenses for primary care physicians and other health care professionals who agree to work in rural and urban medically under-served areas. Funding is also allocated to other current workforce programs for nurse and physician training.</p>
<p><b>National Institutes of Health</b> <i>Value: \$10.0 billion nationwide</i></p>	<p>Provides additional funding to the National Institutes of Health (NIH) to sponsor new research grants and for modernization.  Value: \$10.0 billion nationwide.</p>
<p><b>Comparative Effectiveness Research</b> <i>Value: \$1.1 billion nationwide</i></p>	<p>Provides funding to the Agency for Healthcare Research and Quality, NIH and HHS for research and the development of quality programs to compare the effectiveness of different medical treatments.</p>
<p><b>Preventative Health and Wellness Programs</b> <i>Value: \$1.0 billion nationwide</i></p>	<p>Provides additional funding to HHS for preventative health and wellness programs including funding to fight preventable chronic and infectious diseases.</p>
<p><b>Community Health Centers</b> <i>Value: \$2.0 billion nationwide</i></p>	<p>Provides funding to community health centers to modernize clinics and make health IT improvements.</p>
<p><b>Consolidated Omnibus Budget Reconciliation Act (COBRA) Health Benefits</b> <i>Value: \$21.4 billion nationwide</i></p>	<p>Subsidizes COBRA health benefits for 9 months. The federal government will pay 65 percent of the premium for workers who involuntarily lose their jobs between September 1, 2008 and December 31, 2009 and who elect to receive health insurance through their former employer’s health plan. Limits benefit to couples with annual incomes of less than \$250,000 and individuals with annual incomes less than \$125,000.</p>

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