NICHQ POLICY FORUM
ARRA AND CHIPRA DRAFT SUMMARY

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

The following summary includes details from the American Recovery and Reinvestment Act (ARRA, or "Recovery Act") aka "Stimulus Bill". The overall spending in the Act according to CBO is $787 billion – $575 billion for mandatory and discretionary spending programs and another $212 billion in tax provisions.

The Act will increase HHS mandatory spending by an estimated $115 billion and HHS discretionary appropriations by $22 billion. Unless otherwise specified in this summary, funds are available until September 2010.

HEALTH INFORMATION TECHNOLOGY (HIT):

The Act provides a total of $20 billion – including $2 billion for the Office of the National Coordinator of Health IT (ONC), $85 million in IHS, and $17.6 billion (per CBO) in Medicare and Medicaid reimbursement incentives. HIT is also one of several allowable uses of the $1.5 billion provided to HRSA's Health Centers, along with facilities construction and renovation.

- The Recovery Act provides $2 billion, to be available until expended, to carry out a new authorization, the Health Information Technology for Economic and Clinical Health Act (HITECH Act). Within the total, $300 million is to support regional or sub-national efforts toward health information exchange, and $20 million is transferred to NIST. ONC is to provide an operating plan to Congress within 90 days. The plan is to describe "how expenditures are aligned with the specific objectives, milestones, and metrics of the Federal Health Information Technology Strategic Plan."

- The HITECH Act includes:
  - HIT standards:
    - Authorizes a Federal advisory committee, the HIT Standards Committee, to recommend standards to be tested by NIST, implementation specifications, and certification criteria that have been "developed, harmonized, or recognized by the Committee."
    - Requires that the Committee develop a schedule for assessment of policy recommendations within 90 days after enactment of the Act and have open public meetings to allow for public comment.
  - Privacy and security:
    - Applies HIPPA security standards and privacy rules, and the civil and criminal penalties for violating those standards and rules, to business associates.
    - Establishes a Federal breach notification requirement.

- <u>Medicare incentives for Electronic Health Records (EHR)</u>**:** The Recovery Act provides incentives to encourage physicians and hospitals to adopt certified EHR technology.
  - For each qualified physician, incentive payments to encourage EHR adoption would be a maximum of $18,000 in 2011, decreasing to zero by 2015. Physicians not adopting EHR

will see their fee schedule payments reduced by 1 percent in 2015, growing to a 3 percent in 2017 and thereafter.
  - For hospitals, incentive payments will vary based on patient days, hospital discharges, and charity care. (ASRT, HHS budget office, estimates that the maximum annual payment between 2011 and 2014 will be over $6 million).
  - Hospitals not adopting EHR by 2014 will receive a reduced market basket update in 2015 and 2016, and a zero percent update in 2017 and thereafter.
  - Requires the Secretary to submit studies by a) June 30, 2010 on whether to provide incentives for EHR adoption to providers otherwise not eligible under this Act, and b) by October 1, 2010 on the availability of open-source HIT systems.

- Medicaid reimbursement incentives: The Act provides 100 percent federal match for expenses for certified EHR technology and 90 percent federal match for related administrative expenses subject to provider dollar limits for Medicaid providers who are defined according to certain criteria.

EXPANDED HEALTH COVERAGE:

COBRA Coverage (Non-HHS Program): The Act provides 65 percent of the premium amount for Cobra continuation health coverage for workers who have been involuntarily terminated from their jobs, allowing continuation of the health coverage they had previously for up to nine months.

STATE FISCAL RELIEF:

- FMAP Increase: The Act provides $87 billion (per CBO) through a **6.2 percentage point** FMAP increase through December 2010 for all States, with additional relief tied to rates of unemployment.
  - States with high unemployment increases receive a higher FMAP increase based on the severity of unemployment in each State.
  - States are required to submit a report by September 30, 2011 on how funds provided under the FMAP increase were expended.

- Temporary Increase in DSH Allotments: For FY 2009 and FY 2010, State DSH allotments of $456 million (per CBO) to hospitals that serve a disproportionate share of low-income or uninsured patients are increased by 2.5 percent, unless a state's allotment would otherwise be higher.

PUBLIC HEALTH AND EMERGENCY PREPAREDNESS:

- Comparative Effectiveness Research: The Act provides $1.1 billion.
  - Agency for Healthcare Research and Quality (AHRQ): $300 million.
  - NIH: $400 million (appropriated to AHRQ and transferred to NIH).
  - Office of the Secretary: $400 million, with up to $1.5 million to contract with the Institute of Medicine.
  - The Recovery Act also establishes a Federal Coordinating Council for Comparative Effectiveness Research, chaired by the Secretary, to coordinate comparative effectiveness research activities across the federal government.

- National Institutes of Health (NIH): The Act provides $10 billion:
    - Office of the Director (OD) for scientific research: $8.2 billion.
        - *Office of the Director (for trans-NIH projects)*: $800 million
        - *Proportionally to the Institutes, Centers, and Common Fund*: $7.4 billion.
    - National Center for Research Resources: $1.3 billion.
        - *Shared instrumentation and other capital equipment*: $300 million.
        - *Extramural lab construction and renovation*: $1 billion.
    - Buildings and Facilities: $500 million for construction, repairs and improvements.

- HHS-wide Prevention and Wellness funding**:** The Act provides $1 billion in the Office of the Secretary (OS) for the Centers for Disease Control and Prevention (CDC), Healthcare-Associated Infections, and Evidence-Based Clinical and Community-Based Prevention and Wellness Strategies. Except for funds provided to CDC, HHS must submit an operating plan within 90 days of enactment prior to obligating funds.
    - *CDC Section 317 Immunization Program*: $300 million.
    - *Evidence-Based Clinical and Community-Based Prevention and Wellness Strategies*: $650 million to carry out these strategies to improve outcomes for chronic disease.
    - *Healthcare-Associated Infections*: $50 million to States for activities to implement infection reduction strategies.

- Health Resources and Services Administration (HRSA): The Act provides $2.5 billion.
    - Community Health Centers: $2 billion
        - *Health Care Services*: $500 million to support new health center sites and service areas, to increase services at existing sites, and to provide supplemental payments for spikes in uninsured populations.
        - *Health Centers Modernization, Renovation and Repair*: $1.5 billion for construction, renovation, and equipment, and for the acquisition of HIT systems.

    - Health Professions: The Recovery Act provides $500 million.
        - *National Health Service Corps:* $300 million for National Health Service Corps Field and Recruitment activities
        - *Other Health Professions Activities:* $200 million for the Primary Care Medicine and Dentistry program, the Public Health and Preventative Medicine programs, and the Health Professions and Nursing Scholarship and Loan Repayment programs.

CASH ASSISTANCE TO LOW INCOME FAMILIES AND SOCIAL SERVICES:

- Temporary Assistance for Needy Families: The Act provides $5 billion ($2.4 billion in outlays – CBO) to States and tribes through a new Emergency Contingency Fund to assist with the surge in anticipated families seeking cash assistance.

- Child Care and Development Block Grant: The Act provides $2 billion for supplementing state funds for child care assistance to low-income families. Specific amounts are reserved for quality improvement activities.

- Head Start: The Act provides $1 billion to be used consistent with the allocation procedures in the current authorization.

- Early Head Start: The Act provides $1.1 billion to be directed solely to Early Head Start.

- Community Services Block Grant: The Act provides $1 billion with one percent of the funds awarded to each State reserved for benefit enrollment coordination activities. Eligible entities can serve individuals up to 200 percent of the poverty line

CHILDREN'S HEALTH INSURANCE PROGRAM REAUTHORIZATION ACT (CHIPRA)

Strengthening Quality of Care and Health Outcomes

- Development of an Initial Core Set of Health Care Quality Measures for Children
  - Identify and publish core set of quality measures by January 1, 2010
  - Establish Pediatric Quality Measures Program that includes state reporting of quality measures
  - Approximately $20 million annually of funding for pediatric quality measure development, measures improvement, and state reporting

- Demonstration Projects for Improving the Quality of Children's Health Care and the Use of HIT
  - The secretary shall award not more than 10 grants to states and child health care providers to conduct demonstration projects to evaluate ideas for improving the quality of children's health care (e.g. quality measures, HIT, provider-based QI models)
  - $20 million per FY 2009-2013

- Childhood Obesity Demonstration Projects
  - Demonstration projects aimed at identifying behavioral risk factors for obesity among children, identifying needed preventative and screening of at risk individuals, and/or provide support to children at risk for obesity and their families.
  - Eligibility includes universities, provider organizations, health departments, and community-based organizations
  - $25 million annually 2009-2013

- Development of Model Electronic Health Record Format for Children
  - By January 1, 2010 Secretary establishes a program to develop and disseminate a model electronic health record format for children, $5 million annually
  - Design should allow interoperable exchange of information

- IOM report on Pediatric Health and Health Care Quality Measures
  - By July 1, 2010, the IOM shall study and report to Congress on the extent and quality of efforts to measure child health status and the quality of health care for children
  - IOM should identify gaps and recommend improvements, funded with up to $1 million