Statement of The Hospital & Healthsystem Association of Pennsylvania
before the
House Insurance Committee

Presented by

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Chairman DeLuca and members of the Committee, I am Martin Ciccocioppo, vice president of research at The Hospital & Healthsystem Association of Pennsylvania (HAP). HAP has been very active across a broad spectrum of health IT initiatives and programs to support Pennsylvania hospitals and health systems in their effective use of health IT. In addition to my HAP research and data responsibilities, on behalf of HAP, I was instrumental in the founding the Pennsylvania eHealth Initiative (PAeHI) in 2005, and I have represented hospitals on the board of PAeHI since its inception. I also represent hospitals on the Pennsylvania Health Information Exchange (PHIX) Advisory Council and the Medical Assistance Advisory Council (MAAC) Health Information Technology Workgroup. I also have been involved in the creation of the Keystone Initiative for Network Based Education and Research (KINBER) in 2009, which secured a $100 million Broadband Technology Opportunity Program grant to build a 1,700 middle-mile fiber network throughout Pennsylvania.

HAP represents and advocates for the more than 250 acute and specialty care hospitals and health systems in the commonwealth, as well as for the patients and communities they serve. I appreciate the invitation to present the hospital community's views on health information technology and offer support for House Bill 2106, The Health Information Technology Act, sponsored by Representative Rick Taylor. Our testimony will examine the following issues:

- Overview of hospitals and health information technology in Pennsylvania.
- The benefits of health information technology.
- Opportunities and challenges related to health information technology.
- Hospital support for the Health Information Technology Act (House Bill 2106).

Overview of Hospitals and Health Information Technology in Pennsylvania

There are 163 general, acute care hospitals licensed in Pennsylvania. Pennsylvania hospitals and health systems provide care to nearly 1.7 million inpatients and serve patients through nearly 36 million outpatient visits, including treating 5.8 million people in their emergency departments each year.

With statewide unemployment hovering at the **highest level in 25 years**, hospitals are continuing to provide increased contributions to the state's economy. In 55 of the 67 Pennsylvania counties,

hospitals remain among the top five employers, providing family-sustaining jobs and solid benefits. More than 596,000 Pennsylvanians depend on hospitals for their jobs through direct employment and the ripple effect of hospital employment. During 2008, nearly 273,000 people were directly employed by Pennsylvania hospitals.

Pennsylvania hospitals and health systems make a total direct and secondary contribution of $89.8 billion to the state's economy.

Pennsylvania hospitals and health systems support moving toward adoption of electronic health records, and it is important that federal stimulus funding help hospitals, physicians, and other providers to achieve this.

Research has shown that health information technology can limit errors, improve care, and improve efficiency. A study by the Rand Institute estimates that about $77 billion per year could be saved by widespread adoption of health information technology.

While health information technology use has increased over the past few years, hospitals are still far from universal adoption. A survey conducted by the American Hospital Association indicates that 68 percent of the nation's hospitals have fully or partially implemented electronic health records. Pennsylvania hospitals' use is higher with 84 percent having such systems in place. Forty-one (41) percent of Pennsylvania's hospitals also are using e-prescribing for some or all of their patients, and 54 percent are using electronic lab orders for some or all of their patients.

The biggest obstacle to making health information technology a reality is the cost. Even though it has been shown that health technology could save billions in the long run, there are significant up-front costs. Hospitals and physicians also face challenges in the availability of well-trained staff to implement technology, acceptance by staff, as well as dealing with the interoperability among systems.

The Benefits of Health Information Technology

One area where technology can result in clear benefits of reducing health care costs and improving quality is health information technology. Specific health information technologies include:

Personal Health Records (PHR)—The purpose of a personal health record is to facilitate an individual's access to their personal health information. There is growing emphasis on having individuals take a more active role in managing and coordinating their own health care and using personal health records helps to facilitate this objective.

Electronic Health Records (EHR)—Electronic health records are intended for health care providers. They include health information on patients, such as drug allergies, diagnoses, treatments, lab results, and medical history. They replace existing paper medical records and can enhance communication, coordination, measurement, and decision support. They allow health care providers to identify and recommend services, generate reminders to increase patient

compliance with physician recommendations, and communicate and coordinate with other clinicians treating the same patient.

Health Information Exchange (HIE)—Health information exchange is the electronic movement of health-related information among organizations according to nationally recognized standards. Electronic health care information exchange has the potential to significantly improve the quality and efficiency of care by allowing immediate access to critical information about a patient when health care practitioners most need it—at the point of care.

Computerized Physician Order-Entry Technology (CPOE)—Computerized physician order-entry technology allows clinicians to electronically order tests, drugs, services, and patient referrals. Such technology improved patient safety and health outcomes by presenting relevant information such as patient data, educational materials, and evidence-based decision support to clinicians upon entering a medical order. Alerts, reminders, and other features also can warn physicians of patient conditions or potential adverse drug events and prevent medication errors.

E-Prescribing—E-prescribing systems are a component of computerized physician order-entry systems that allow physicians to enter drug data for patients into an electronic system, which can help them prevent prescribing errors, adhere to treatment guidelines, and monitor patients' responses to treatment. E-prescribing systems also have the ability to cross-check with other medications that a patient is receiving to prevent adverse reactions from combining certain drugs.

Pennsylvania eHealth Initiative

The Pennsylvania eHealth Initiative was created in 2005 as a voluntary, public-private, non-profit coalition to bring together Pennsylvania's health care and business stakeholders to develop a vision and a plan for the future of health information technology and the secure exchange of health information in Pennsylvania. HAP, the Pennsylvania Medical Society, and Quality Insights of Pennsylvania provided early leadership and in-kind support for PAeHI. Governed by a representative board of directors, PAeHI offers a neutral forum for the health IT community to work together for a common mission—to improve patient care through the effective use of health information technology (health IT). PAeHI is actively collaborating with providers, health insurers, businesses, health care technology and service organizations, and government to:

- Inform health care stakeholders of the goals and benefits of utilizing electronic health records.
- Coordinate and facilitate open dialogue among all state and regional stakeholders to make health information available.
- Through discovery processes, investigate and address legal and policy issues which could impede the development of HIEs.
- Facilitate and support the enabling of secure, confidential access to health information.
- Support processes that can enable patient access and control of their health information.

PAeHI provides advisory, research, and education resources to the Governor's Office of Healthcare Reform (OHCR) as well as the Department of Health and Public Welfare (DPW) and

legislative representatives. Its board and members represent a broad range of Pennsylvania health IT stakeholder interests.

American Recovery and Reinvestment Act

The health information technology provisions in the American Recovery and Reinvestment Act (ARRA) commit significant financial resources to the development of health information technology. The new federal law requires the federal government to develop the technical standards necessary for an interoperable health information technology system, and provides financial incentives—through Medicare and Medicaid, and supplemented by loans and grants—for hospitals and physicians to adopt the new technologies. The health information technology components of the stimulus package, collectively labeled HITECH, reflect a shared conviction of the Obama administration, Congress, and many health care experts that health information technology is essential to improving the health and health care of Americans.

The new federal law starts by creating a leadership structure to guide federal health information technology policy. The law also provides financial incentives intended to get physicians and hospitals to adopt and use electronic health records. Starting in 2011, physicians and hospitals can receive extra Medicare payments for the "meaningful use" of a "certified" electronic health record system. HITECH also includes financial penalties to spur adoption. Physicians and hospitals that are not using electronic health records meaningfully by 2015 will have their Medicare payments reduced.

Opportunities and Challengers

The ARRA includes more than $40 billion in Medicare and Medicaid estimated health information technology incentive payments to general acute care hospitals and health care providers. ARRA also codified the Office of the National Coordinator for Health Information Technology (ONC) and provided $2 billion for ONC to establish several new grant programs intended to facilitate the adoption and use of EHRs by providing technical assistance and the capacity to exchange health information. ARRA includes funding to expand broadband capabilities and to train professionals to support health information technology-related activities.

Federal Regulations: There are three sets of regulations that need to be finalized to enable hospitals and health care providers to demonstrate that they are meaningful users of certified EHR technology.

1. **Meaningful Use**—Public comments regarding the Centers for Medicare & Medicaid Services' (CMS) notice of proposed rulemaking on the meaningful use of certified EHR systems were due on March 15. HAP submitted detailed comments to CMS and provided a comment letter template for member use in submitting comments on the proposed rule. HAP's comments were aligned with the American Hospital Association's comments and called for an extended meaningful use implementation period with recognition of meaningful use in phases throughout the implementation period. HAP's comments also stressed that the proposed rule's narrow definition of an eligible provider would preclude

individual campuses of multi-campus hospitals and many physicians that CMS considers "hospital-based" from participating fully in the incentive program.

HAP also was successful in getting 14 of the 19 members of Pennsylvania's Congressional delegation to sign a letter to the acting administrator of CMS urging revisions to the proposed meaningful use rule. More than 25 Senators signed a similar letter, including Pennsylvania's Arlen Specter. CMS received more than 2,500 comment letters on the proposed rule and is expected to release a final rule in June.

2. **EHR Certification Criteria**—HAP also submitted comments to the Office of the National Coordinator for Health Information Technology addressing the initial set of standards, implementation specifications, and certification criteria for electronic health record technology. HAP's comments addressed how certification of EHR technology can best support providers as they work to meet the meaningful use definition; specific recommendations on implementation issues, and the need to clarify how certification policy should apply to the complex EHR systems deployed by most hospitals; recommendations to align the certification criteria with comments to CMS on the notice of proposed rulemaking for the Medicare and Medicaid EHR incentive programs; and the specific certification criteria and the proposed privacy and security standards.

3. **Meaningful Use Certification Rule**—On March 10, the Office of the National Coordinator issued a notice of proposed rulemaking that outlines the proposed approach for establishing a certification program to test and certify EHRs. The proposed rule incorporates two phases of development for the certification program to ensure that eligible professionals and hospitals are able to adopt and implement certified EHR technology in time to qualify for meaningful use incentive payments. ONC has adopted a shortened comment period (30 days) and plans an expedited process to establish the temporary program in time for certified products to be available as the Medicare and Medicaid EHR incentive programs begin. ONC proposes to sunset the temporary program when ONC has authorized at least one certification body under the permanent certification program, which ONC hopes will happen by the end of 2011. HAP's Task Force on Health Information Technology will be evaluating the proposed rule and assisting HAP in developing comments.

Medical Assistance Health IT Program: Through ARRA, the federal government is making available Medicaid health IT incentive payments and administrative funding for state Medicaid programs. The ARRA Medicaid health IT incentive program is voluntary; not all states must participate. The Pennsylvania Department of Public Welfare has been very proactive in developing its Medical Assistance health IT incentive program. DPW created a Medical Assistance Advisory Committee Health IT Workgroup in 2009, to ensure stakeholder participation in the development of DPW's health IT strategic plan and has held a series of listening tour sessions around the state to receive stakeholder feedback on their health IT vision. HAP serves on the MAAC Health IT Workgroup. HAP and member hospitals and health systems have provided testimony at each of the four listening tour stops. A major focus of HAP's advocacy on Medicaid health IT is to assure that DPW maximizes early Medical Assistance health IT incentive payments to hospitals and that there are no unique EHR requirements for

Pennsylvania. DPW plans to submit their health IT strategic plan to CMS in May. HAP will continue to work with DPW to ensure favorable provisions are included in its strategic plan and to arrange forums to educate members on the state's plan after it is approved by CMS.

Pennsylvania Health Information Exchange (PHIX): In March, the Governor's Office of Health Care Reform sent the Pennsylvania Health Information Exchange Strategic Plan to the ONC for review and approval. This plan differs from the November 2009 proposed plan in that it calls for the issuance of a request for proposal (RFP) for a technology partner to build the PHIX, rather than building on the Delaware Health Information Network's contract with Medicity. The final PHIX strategic plan also does not include dedicated funding for building and maintaining the PHIX beyond the $17.1 million awarded to Pennsylvania by ONC. The PHIX RFP was issued on April 1, 2010, with a response deadline of May 3, 2010. OHCR staff previously estimated that the cost to build PHIX over five years would be approximately $125 million, and that annual maintenance and operating costs would be $8 to $10 million. These estimates will change pending the outcome of the open RFP procurement process. HAP will continue to actively participate with state officials and the PHIX Advisory Council on the development of a PHIX operating plan with recommendations for sustainable funding.

Resource Extension Centers: HAP is participating in two regional coalitions that were awarded more than $44 million under the ARRA health information technology extension program for western and eastern Pennsylvania. These regional extension centers (REC) will provide the needed hands-on, field support for primary care providers to advance the rapid adoption and use of health IT. These regional extension centers are designed to put "boots on the ground" to help primary care providers select, implement, and use EHRs to improve chronic care, preventive care, and quality reporting, and to help physician practices with practice redesign. Quality Insights of Pennsylvania is the lead organization for both the western and eastern Pennsylvania RECs. HAP is a partner in both RECs for Pennsylvania, and will work to ensure strong collaboration among the regional partners and assist in increasing the awareness of these valuable resources across the state.

Broadband: In addition to specific funding to support health information technology adoption, the ARRA included $7.2 billion to enhance broadband access throughout the country. To date, two significant Pennsylvania broadband projects were awarded ARRA funding by the National Telecommunications and Information Administration (NTIA):

1. **Pennsylvania Research and Education Network**—The Pennsylvania Research and Education Network (PennREN) was awarded $99.6 million in federal stimulus funding. PennREN will be managed by KINBER, a coalition of Pennsylvania colleges and universities and HAP. The grant will be supplemented with an additional $29 million in private investment. When completed, the fiber optic cable network will extend nearly 1,700 miles through 39 Pennsylvania counties—including 22 currently considered unserved or underserved based on their access to affordable broadband services. HAP is one of 11 KINBER charter members. This network will bring unprecedented broadband access to health care providers throughout Pennsylvania.

2. **Northern Tier**—In addition to the PennREN award, the Pennsylvania Governor's Office of Administration was awarded a $28.8 million American Recovery and Reinvestment Act grant to help fund a $36 million "middle mile" project to expand broadband infrastructure in northern Pennsylvania. This project will expand broadband infrastructure in the area between Interstate 80 and the Pennsylvania/New York border area by building upon publicly owned assets already in place for the statewide interoperable public safety radio network.

These two broadband projects are geographically complementary, and HAP will work through KINBER to ensure synergies are achieved through both of these projects to maximize the potential benefits for hospitals and health systems.

The Health Information Technology Act (House Bill 2106)

The Health Information Technology Act, House Bill 2106, was introduced by Representative Rick Taylor (D-Montgomery) on November 21, 2009. The bill establishes the Pennsylvania Health Information Exchange Authority and the Loans or Grants for Information Networks (LOGIN) Program. A health information technology system is defined as the secure use of information and communication technology that may include: electronic health records; personal health records; email communication; clinical alerts and reminders; clinical decision support systems; or other technologies that store, protect, retrieve, and transfer clinical, administrative, and financial information electronically within health care settings. Under the bill, the authority would develop and operate a statewide health information exchange system to electronically exchange health care information within the health care system. The authority would be prohibited from the collection and analysis of clinical data; making comparison of health care providers; providing access to aggregated, de-identified protected health information; and the creation of evidence-based standards for the practice of medicine. This legislation would provide the ability to codify the provisions of Pennsylvania's health information exchange strategic plan. HAP is appreciative of Representative Taylor's efforts on this bill and that he sought our input prior to its introduction.

House Bill 2106 represents a crucial component of the PHIX strategic plan. The governance structure for PHIX must foster a collaborative and entrepreneurial spirit in the development of initiatives and projects in health information sharing. The PHIX governance structure must balance these sometimes competing objectives and work toward making the appropriate exchange of health information a dependable and routine part of the business process for the state's health care providers and for health programs operated by the commonwealth. We believe the authority created by House Bill 2106 should govern the PHIX. We are working with the PHIX Advisory Council on several technical amendments to House Bill 2106 in order to ensure greater alignment with the PHIX strategic plan. We urge your support of House Bill 2106 and consideration of the amendments that will be recommended by the PHIX Advisory Council.

Conclusion

Health information technology is a critical component of any effort to reform our health care system. In addition, Health IT will move us to real-time access to information and advance communication within the care team, and between caregivers and the patient. Just as investment in railroads, air traffic control, and roads facilitated economic development and national prosperity in the 20th century, so too, will the spread of health information technology help to improve our health care system in the 21st century.

Thank you for this opportunity to testify and to provide the hospital perspective on this issue. I welcome your questions.