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HHS Announces Project to Help 3.6 Million Consumers Reap Benefits of Electronic Health Records

In a move that will improve health care for millions of Americans, HHS Secretary Mike Leavitt today announced a five-year demonstration project that will encourage small to medium-sized physician practices to adopt electronic health records (EHRs).

“This demonstration is designed to show that streamlining health care management with electronic health records will reduce medical errors and improve quality of care for 3.6 million Americans. By linking higher payment to use of EHRs to meet quality measures, we will encourage adoption of health information technology at the community level, where 60 percent of patients receive care,” Secretary Leavitt said. “We also anticipate that EHRs will produce significant savings for Medicare over time by improving quality of care. This is another step in our ongoing effort to become a smart purchaser of health care – paying for better, rather than simply paying for more.”

Conducted by the Centers for Medicare & Medicaid Services (CMS), the demonstration would be open to participation by up to 1,200 physician practices beginning in the spring. Over a five-year period, the program will provide financial incentives to physician groups using certified EHRs to meet certain clinical quality measures. A bonus will be provided each year based on a physician group’s score on a standardized survey that assesses the specific EHR functions a group employs to support the delivery of care.

The CMS demonstration also will help advance Secretary Leavitt’s efforts to shift health care in the U.S. toward a system based on value. The Department is working to effect change through its Value-Driven Health Care initiative, which is based on Four Cornerstones: interoperable electronic health records, public reporting of provider quality information, public reporting of cost information, and incentives for value comparison.

“Broad adoption of electronic health records has the potential not only to improve the quality of care provided, but also to transform the way medicine is practiced and delivered,” said Secretary Leavitt. “We are looking for 1,200 physician practice pioneers who will help us move health care toward a system that delivers better quality at lower cost for more Americans.”

EHRs Revolutionize How Health Data is Managed and Maintained

Under the CMS demonstration, all participating practices will be required to use a certified EHR system to perform specific functions that can positively affect patient care processes, such as clinical documentation and ordering prescriptions. The system, which must be in place by the end of the second

year, must also be approved by a certification body officially recognized by HHS. The core incentive payment to practices will be based on performance on the quality measures, with an enhanced bonus based on the how well integrated the EHR is in helping manage patient care.

“We want to revolutionize the way vital health data is managed and maintained, so we are taking steps to change from a paper-based medical record to an electronic health record,” said CMS Acting Administrator Kerry Weems. “This project will appropriately align incentives to reward doctors in small physician practices who use certified EHRs as tools to deliver higher quality care. This reward structure will bring the benefits of electronic health records to Americans at their most frequent point of contact with health care – their family doctor.”

During the five-year project, it is estimated that 3.6 million consumers will be directly affected as their primary care physicians adopt certified EHRs in their practices. In order to amplify the effect of this demonstration project, CMS is encouraging private insurers to offer similar incentives for EHR adoption.

“We believe that encouraging higher quality care through the use of EHRs benefits every health care stakeholder. That is why we are asking private insurers to help accelerate certified EHR adoption by offering incentives similar to those in this demonstration,” Acting Administrator Weems said.

HHS Drives Community-Based Information Sharing

During today’s event, Secretary Leavitt also announced that HHS has begun the process of chartering Value Exchanges as part of the Value-Driven Health Care initiative. Through this, HHS will recognize local organizations that have convened purchasers, health plans, providers, and consumers to advance value-driven health care.

“Efforts to improve the quality and cost of health care start with national standards, but end with local control,” Secretary Leavitt said. “I’m pleased that not only will we see change at the local level through this demonstration project, but also through the Chartered Value Exchanges. Through these, we are taking an important step in providing Americans with the information they need to make better informed health care decisions – and encouraging providers to pay even closer attention to the cost and quality of their services.”

Ultimately, Chartered Value Exchanges will have access to Medicare physician quality performance measurement results that will be provided by CMS, likely as soon as the summer of 2008.

The CVE application process is open now through mid-December, and many local organizations that have already been recognized as Community Leaders are expected to apply.

Background on Electronic Health Records

In 2004, President Bush recognized the need for the federal government to promote development of a secure, nationwide, interoperable health information technology infrastructure that would improve the quality and efficiency of health care in America. To advance the initiative, he established at HHS

the Office of the National Coordinator for Health Information Technology (ONC). Among its many activities, ONC created a process for certifying health information systems, an important step in developing the program CMS announced today.

“This project is a major step toward President’s goal of most Americans having access to a secure, interoperable electronic health record by 2014,” said Dr. Robert Kolodner, the current National Coordinator.

In July 2006, the Institute of Medicine estimated that more than 1.5 million Americans are injured every year by drug errors in hospitals, nursing homes and doctors’ offices. A 2005 study in the Journal of the American Medical Association showed that clinical information is frequently missing at the point of care, and that this missing information can be harmful to patient. That study also showed that clinical information was less likely to be missing in practices that had full electronic records systems.

HHS cited the following potential benefits for patients and physicians from broad adoption of EHRs:

- Used in conjunction with e-prescribing, EHRs can help reduce adverse drug events, medical errors, and redundant tests and procedures by ensuring doctors have access to all their patients’ relevant health history at the place and time care is delivered;
- EHRs can make it easier for physicians to identify various serious illnesses and prescribe relevant medication or treatment. EHRs also can ensure the use of preventive services such as health screenings, which can help reduce health care costs;
- EHRs yield an organized patient treatment history that makes it easier to find vital health information and prescribe treatment;
- EHRs can help to improve communication between patients and providers, giving patients better access to timely information; and
- EHRs can reduce office wait times by improving office efficiency.

The Certification Commission for Healthcare Information Technology (CCHIT) is currently the only certification body recognized by the Secretary of HHS. More information about certification is available on the HHS and CCHIT Web sites at www.hhs.gov/healthit/certification/background/ and www.cchit.org.

More information about CVEs can be found online at <http://www.hhs.gov/valuedriven/communities/valueexchanges/exchanges.html>.

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