CMS

CENTERS for MEDICARE & MEDICAID SERVICES

Center for Medicaid and State Operations

SMD # 09-006
ARRA HIT # 1

September 1, 2009

Dear State Medicaid Director:

The purpose of this letter is to provide initial guidance on section 4201 of the American Recovery and Reinvestment Act of 2009 (Recovery Act), Pub. L. 111-5 which establishes a program for payment to providers who adopt and become meaningful users of electronic health records. This letter, including the enclosures, will provide preliminary guidance on State expenses related to activities in support of the administration of incentive payments to providers. More information will be forthcoming through guidance and rulemaking regarding State administrative expenses and provider incentive payments. We intend to publish proposed regulations to address the steps outlined in this letter by the end of the year.

The Recovery Act amends the Medicaid statute to provide for a 100 percent Federal financial participation (FFP) match for State expenditures for provider incentive payments to encourage Medicaid health care providers to purchase, implement, and operate certified electronic health record (EHR) technology. These payments, while not direct reimbursement for certified EHR technology, can be paid at up to 85 percent of the federally-determined "net average allowable costs" of such EHR technology, including support and training for staff, up to statutory limits. The legislation also establishes a 90 percent FFP match for State expenses for administration of the incentive payments authorized by section 4201.

Although this letter focuses on Medicaid, we recognize that the Recovery Act provides both Medicaid and Medicare provider health information technology (HIT) incentives, and believe it will be a priority for these incentives to be coordinated in order to reduce confusion, improve administration, and maximize the ability to advance HIT across the health system. The key takeaway points from this letter are:

- States may immediately request 90% FFP match for administrative planning activities and should submit and receive approval of a HIT Planning Advance Planning Document prior to initiating planning activities and expending funds;
- States should contact their CMS regional office for further guidance and continue with on-going communication while initiating planning activities;
- States should view Medicaid planning activities as part of the larger evolving Statewide HIT efforts; and

- Planning activities are for the purposes of administering the incentive payments to providers, ensuring their proper payments, and auditing and monitoring of such payments, and participating in Statewide efforts to promote interoperability and meaningful use of electronic health records.

While there are many aspects of section 4201 for State Medicaid agencies to be cognizant of, we want to draw your attention to five specific topics:

1. Purpose of Recovery Act HIT Incentives

The purpose of the 100 percent FFP provider incentive payments to certain eligible Medicaid providers is to encourage the adoption and meaningful use of certified EHR technology.

While the Recovery Act HIT incentive payments are expected to be used for certified EHR technology and support services, including maintenance and training necessary for the adoption and operation of such technology, the incentive payments are not direct reimbursement for such activities. Rather, they are intended to serve as an incentive for eligible providers to adopt and meaningfully use certified EHR technology.

2. Incentive Payments Implementation Timeline

Before States can begin making payments to providers, a range of regulatory, policy and planning activities must take place. For example:

- Section 4201 of the Recovery Act requires that incentive payments be used for the adoption and use of "certified EHR technology," which (pursuant to section 1903(t)(3)(A) of the Social Security Act (the Act) and by definition) must be certified as meeting standards adopted under section 3004 of the Public Health Service (PHS) Act. Section 3004(b)(1) of the PHS Act requires the Secretary to adopt, which may be through an interim-final rule, an initial set of standards, implementation specifications, and certification criteria.

- The statute establishes payment limits on the average allowable costs to be determined appropriate for reimbursement of certified EHR technology, to be determined by the Secretary of Health and Human Services. CMS will also need to establish State responsibilities to track "meaningful use" of certified EHR technology by providers, and States will need to engage in planning to ensure that they are able to track such use, consistent with the federal rules.

- Providers using certified EHR technology are not eligible for incentive payments, unless – to the extent specified by the Secretary under section 1903(t)(6)(D) of the Act – the certified EHR technology is compatible with State or Federal administrative management systems. Therefore, States risk making unallowable incentive payments prior to receiving guidance on how to make these systems compatible.

CMS will provide additional guidance during this initial planning and implementation period regarding State planning and administrative expenses for provider incentive payments, and will work with States to determine when each State is ready to begin making payments. A proposed rule for implementing section 4201 is expected by the end of this year.

3. Criteria to Receive the 90 Percent FFP Match for Initial Planning Activities

While the 100 percent match for provider incentive payments will not be available immediately, States can begin to receive the 90 percent FFP match for some initial planning activities related to the administration of the incentive payments (see Enclosure E). In order to qualify for the 90 percent FFP administrative match, the law requires (at section 1903(t)(9) of the Act) a State to demonstrate, to the satisfaction of the Secretary, compliance with three specific criteria:

(A)   The State uses the funds for purposes of administering the incentive payments, including the tracking of meaningful use of certified EHR technology by Medicaid providers;

(B)   The State conducts adequate oversight of the incentive program, including routine tracking of meaningful use attestations and reporting mechanisms; and

(C)   The State pursues initiatives to encourage adoption of certified EHR technology to promote health care quality and the exchange of health care information under Medicaid, subject to applicable laws and regulations governing such exchange, while ensuring privacy and security of data provided to its data exchange partners.

To ensure compliance with the above criteria for receiving the 90 percent FFP match from CMS, CMS expects states to (a) receive prior approval of any initial planning activities eligible for the 90 percent FFP match and (b) develop a State Medicaid HIT Plan (SMHP) describing the State's Medicaid incentive program and how it will integrate current and planned Medicaid HIT assets and fit within the larger State HIT/HIE roadmap. As discussed below, the 90 percent FFP is available as states are developing their SMHP. Guidance for each of these two activities is discussed in more detail under topic four below, and in Enclosures A and B. The SMHP should be consistent and integrated with the State plan developed under section 3013 of the PHS Act. Both the section 3013 plan and SMHP will provide States with the opportunity to analyze and plan for how EHR technology, over time, can be used to enhance quality and health care outcomes, reduce overall health care costs, and how those uses can be integrated with existing resources to achieve these goals.

As they plan their State Medicaid HIT activities States are encouraged to work collaboratively with other stakeholders involved with HIT adoption. Our review of SMHPs will also be coordinated at the federal level. All SMHPs will be reviewed by CMS regional and central offices and the Office of the National Coordinator for Health Information Technology (ONC) to ensure a coordinated strategy for planning activities. Guidance will be issued in the near future concerning the review process.

Enclosure C provides initial guidelines regarding roles and responsibilities for both States and CMSO in achieving successful initiatives. Enclosure D discusses CMS coordination with ONC.

4. CMS Oversight and Funding For Initial Planning Activities

Section 4201 of the Recovery Act amends section 1903(a)(3) of the Act, to allow for enhanced matching rates for Recovery Act HIT administration expenses. Current law also allows States to receive enhanced matching rates for State Medicaid claims processing and automated retrieval systems commonly referred to as the Medicaid Management Information System (MMIS). As States begin the process of developing their SMHPs, they also can begin to receive the 90 percent FFP match for initial Recovery Act HIT planning activities, after obtaining prior approval from CMS. For example, initial planning regarding the design and development of the anticipated SMHP may be eligible for the 90 percent FFP match as an expense related to the administration of the incentive payments under section 4201. Three specific activities regarding CMS oversight and funding for planning activities are as follows:

Prior Approval from CMS

Similar to the process used in order to claim the higher match rate for MMIS, States are requested to obtain prior approval from CMS for claiming a higher match rate for initial HIT planning, through submission and approval of a Recovery Act HIT Planning – Advance Planning Document (HIT P-APD). Such prior approval will ensure that States are complying with section 1903(t)(9) of the Act that they demonstrate to the "satisfaction of the Secretary" that they are using the funds in the manner anticipated by the law. States should work closely with their CMS regional office, ONC, State officials responsible for coordinating HIT, and State designated entities (as described under Section 3013 of the PHS Act) throughout the planning process to reduce any delays in implementing a State's Medicaid HIT Plan. This collaborative process will assist States in understanding all of the requirements and will help CMS understand States' strategies and plans for a more effective implementation. The deliverable for this planning activity is the "plan" to undertake the implementation activities, not the implementation itself. Until definitions of key criteria have been defined in future guidance and rulemaking from CMS, States should not embark on implementation activities. Enclosure E describes HIT administrative activities that are potentially eligible for the 90 percent HIT administrative match. Future guidance will clarify what types of implementation activities may be eligible for the Recovery Act HIT 90 percent FFP match.

Planning Documentation

There are several noteworthy differences between the Recovery Act HIT P-APD and an MMIS P-APD, the document submitted to CMS requesting project funds prior to initiating activities as described in 45 CFR Part 95, Subpart F. All eligible HIT administrative activities described in Enclosure E are potentially eligible for the 90 percent HIT administrative match, whereas various rates apply in the case of the MMIS.

More importantly, the purpose of the MMIS P-APD is to receive Federal financial support that will enable States to prepare for the development of a new MMIS system (or enhancements to an existing one.) The purpose of the Recovery Act provision, on the other hand, is to encourage the adoption and meaningful use of certified EHR technology, with the ultimate goal of promoting health care quality and health information exchange. Consequently, CMS regional and central offices will want to ensure that your funding requests are directly tied to these two goals — promotion of health care quality and health information exchange through the use of certified EHR technology. As a result, the CMS Regional and Federal Office HIT Review Teams will be multidisciplinary and comprised of members with a wide range of expertise, including health care quality, Medicaid Transformation Grants, State plan and waiver experience, as well as Medicaid information systems. In addition, plans will be reviewed by representatives from ONC so as not to duplicate efforts under section 3013 grants and to ensure support of a unified approach to information exchange. We expect States to take a similar multidisciplinary approach when developing their SMHPs.

Draft documentation including the State Medicaid HIT Plan Preprint, and the HIT Planning Advance Planning Document resides with CMS' regional offices (RO). Please contact your RO for additional information. CMS is in the process of obtaining the required Office of Management and Budget (OMB) approval for these draft documents via the Paperwork Reduction Act (PRA) process. Only after CMS obtains a valid OMB number will States be required to complete the document templates. While States are not currently required to use these templates, we believe they will expedite your ability to communicate effectively with our RO. Hence, we strongly suggest contacting your RO for assistance prior to commencing with your efforts in this regard.

Expenditure Reporting

As important as the administrative match and incentive payments are to achieving your HIT vision, putting safeguards in place to ensure only appropriate use of approved funding is a primary consideration with regard to CMS' oversight responsibilities.

To assist States in properly reporting expenditures using the Medicaid and Children's Health Insurance Program Budget and Expenditure System, the CMS-64.10 report will include a new category for reporting 90 percent FFP match for State administrative expenses associated with HIT. The new category will be called: Health Information Technology Administration. This category is to be completed for potentially eligible activities that are listed in Enclosure E and should not be used for MMIS 90 percent expenditures.

5. Resources

On August 20th the White House announced the availability of two grant programs which are intended to assist in creating and encouraging interoperable health information exchange and adoption of electronic health records. These grant programs are described in Enclosure D.

Additional information pertaining to the HITECH Priority Grants Program can be found at: http://www.whitehouse.gov/briefing_room/PressReleases/.

Another resource currently available for States is the National Resource Center for Health Information Technology, established by the Agency for Healthcare Research and Quality (AHRQ). It is a partnership of organizations with expertise in health IT and is a central national source of information and assistance, including a central repository of lessons learned from AHRQ's health IT initiative. The AHRQ Health IT web site can be accessed at http://healthit.ahrq.gov.   Enclosure F lists other helpful HIT online resources.

Ultimately, the Recovery Act provisions are not solely about information systems or information technology, but about improving health care quality and leveraging a wide range of stakeholders and resources, existing and projected, to achieve this goal through the exchange of health information.   For further information or clarification on this letter, please contact your CMS regional office or Mr. Rick Friedman, who may be reached at 410-786-4451 or Richard.Friedman@cms.hhs.gov.

Sincerely,

/s/

Cindy Mann
Director

Enclosures:
A: State Medicaid HIT Plan
B: Relationship between MMIS, MITA, and HIT Adoption
C: Roles and Responsibilities
D: CMS Coordination with the Office of the National Coordinator and Section 3013
E: Medicaid HIT Planning Activities Eligible for 90 Percent Administrative HIT FFP
F: HIT Resources

cc:

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STATE MEDICAID HIT PLAN (SMHP)

Many States have been moving toward interoperable health care technology and health information exchange for the last several years. The American Recovery and Reinvestment Act of 2009 (Recovery Act) health information technology (HIT) provisions afford States and their Medicaid providers with a unique opportunity to leverage these existing efforts to achieve the vision of interoperable information technology for health care. State Medicaid agencies will play a critically important role in fulfilling that vision.

To begin planning the implementation of Section 4201 incentive payments, Medicaid agencies should begin conversations with a range of stakeholders within and outside of State and Federal government to develop a common vision of how Medicaid's provider incentive program will operate in concert with the larger health system and statewide efforts. Based on these discussions, States should develop a Medicaid HIT vision document, referred to as the State Medicaid HIT Plan (SMHP) that includes clear targets and measurable outcomes, as explained below. The SMHP should be integrated with the Statewide plan for HIT developed under section 3013 of the Public Health Service Act and under the direction of the designated State entity. We expect that the SMHP will contain at least four components: a current landscape assessment, a vision of the State's HIT future, specific actions necessary to implement the incentive payments program, and a HIT road map. In addition, the plans should contain any other information the State may decide will be useful in communicating with CMS how it plans to implement the section 4201 provisions (e.g., HIT point of contact, whether in the State Medicaid agency or elsewhere). This deliverable will be the "plan" to determine how the incentive payments will be administered. It is not the implementation of such plan.

We expect that the SMHP would be developed by the State Medicaid agency, after consulting with other stakeholders across the State. The SMHP would be reviewed and approved by our CMS regional and central offices prior to any activities described in the SMHP actually being implemented. Furthermore, inclusion of an activity in the plan does not indicate that such activities will be eligible for Federal financial participation (FFP) during implementation. Based on forthcoming guidance and rulemaking, CMS and the Office of the National Coordinator for Health Information Technology (ONC) would review all SMHP and determine what activities are eligible for the Recovery Act HIT FFP. Enclosure C summarizes the SMHP-associated roles and responsibilities for both CMS and State Medicaid agencies. Enclosure D discusses CMS and ONC SMHP plan coordination.

STATE MEDICAID HIT PLAN CONTENTS

1. Current HIT Landscape Assessment – the "As-Is" Environment.

To begin, each State and CMS will need to have a common understanding of the current range of HIT activities occurring within the State today. To ensure that the incentive and administrative funds are being invested wisely and will result in meaningful use of certified electronic health record (EHR) technology, we believe it will be necessary for State Medicaid agencies to leverage existing resources already devoted to HIT in a way that supports the

section 4201 activities. In this way, the State will ensure that the incentive payments being made for EHR technology are fully integrated with already-existing health information technology.

As part of the SMHP, CMS requests that States develop a HIT Landscape Assessment that describes in detail current HIT activities and their impact on Medicaid beneficiaries. The State should describe the extent of HIT and health information exchange (HIE) activities currently underway within the Medicaid enterprise, including but not limited to Electronic Health Record technology adoption and relationships with other entities in the State. For example, a discussion of your State's Medicaid Management Information System's (MMIS) capabilities or functionalities to participate in health care data exchanges today, and a summary of your Medicaid Information Technology Architecture (MITA) State Self-Assessment should be included. Conducting an environmental scan of existing and/or duplicative health related legacy systems that may need updating or replacing and leveraging other existing opportunities such as the Medicaid Transformation Grantees and lessons learned will greatly benefit the planning process. States should also examine data to assess current rates of EHR adoption. This HIT Landscape assessment will result in a baseline assessment of the current HIT environment in your State.

2. Vision of the HIT Future – the "To-Be" Environment.

This component of the plan lays out each State's vision for what the State's "To-Be" HIT landscape would look like in 2014. States must initiate HIT discussions and activities with a diverse group of individuals, organizations, and institutions from within the State government ranging from State officials involved with public and behavioral health to child welfare and education, long term care, and vocational rehabilitation, among others. Discussions also should be held with persons outside of State government, including health care/safety net providers, associations, universities, foundations, and other Medicaid stakeholders. These discussions will enable the State Medicaid agency to develop a common vision of how Medicaid's provider incentive program will operate in concert with the larger health system and statewide efforts. Each State should include a description of this vision in their SMHP. The SMHP and road map should be consistent with State planning for section 3013 of the Public Health Service Act, so as to not duplicate efforts and to ensure support of a unified approach to health information exchange. CMS recognizes that this vision will be dynamic, and will work closely with States to monitor and adjust plans as appropriate.

3. Specific Actions Necessary to Implement the EHR Incentive Program.

The SMHP should detail specific actions that the State plans to take to implement the EHR incentive program. While CMS will be providing further details through rulemaking regarding eligibility for incentive payments and on coordinating with the Medicare program to prevent duplicate payments, States can review the Recovery Act legislation and provide preliminary details regarding the actions they believe will be necessary for these activities. States should explain their preliminary views regarding specific actions for defining and verifying eligibility for the incentive payments, processing payments, and preventing

duplicative incentive payments for those providers eligible under both Medicare and Medicaid programs.

4. <u>HIT Road Map</u>.

The State should develop and include in the SMHP a Medicaid HIT Road Map. This Road Map will serve as the State Medicaid agency's strategic pathway to move from the current "As-Is" HIT Landscape to the desired "To-Be" HIT Vision. It should focus on the State Medicaid agency's role, describe how the State plans to oversee the 100 percent provider incentive payments, and identify clear, quantifiable benchmarks – minimally on an annual basis – that will allow the State and CMS to gauge progress toward achieving the To-Be Vision. While it may not be possible to identify precisely the percentage of eligible Medicaid providers that will use certified EHR technologies in meaningful ways, or how to measure progress several years from now, these targets can be revised and achieved over time through updates to the SMHP.

Finally, we expect the State to include in the SMHP their vision for Medicaid to become part of existing or planned Federal, regional, statewide, and/or local health information exchanges (HIE) with projected dates for achieving objectives of the vision where appropriate. State plans should build off of existing efforts to advance regional and State level HIE, facilitate and expand the secure, electronic movement and use of health information according to nationally recognized standards, and move towards nationwide interoperability. Regarding the MMIS, each State should consider the types of changes that may be needed to transform its current MMIS into one capable of accommodating this future vision in a manner consistent with MITA Framework 2.0. While States are likely to have a clear vision of the near-term steps they will need to take to achieve this vision, CMS recognizes that future steps may need to be adjusted due to unforeseen events.

As States begin the process of developing and seeking approval of their SMHPs, CMS will provide further guidance regarding implementation of the SMHPs and compliance with section 4201 of the Recovery Act. States should seek prior approval, through their regional office, before initiating planning activities. States should **NOT** begin implementation activities until CMS issues future guidance on the Recovery Act HIT requirements or States risk not receiving FFP for incentive payments due to non-compliance. Additionally, inclusion of activities in the SMHP does not assure the availability of FFP through the Recovery Act administrative match. Approval of FFP will be determined based on future guidance and rulemaking.

RELATIONSHIP BETWEEN MMIS, MITA and HIT ADOPTION

State Medicaid Management Information Systems (MMIS) today contain a great deal of claims data and other information that, when coordinated with other systems and data bases, can be of significant value in achieving the vision of using certified electronic health record (EHR) technology to promote health information exchange, enhance quality and improve outcomes. We expect that data warehouses, decision support systems, and other components of your MMIS will play a large part in achieving your State's Medicaid "To-Be" vision for health information technology (HIT) and ensuring the meaningful use of EHR technology.

In addition, the Medicaid IT Architecture (MITA) Framework provides a conceptual model for understanding and appreciating HIT. As with MITA, the approach toward HIT should be business-oriented and client-centric, rather than technology-oriented and Medicaid-organization centric. Likewise, your understanding of where you are (current HIT landscape "As-Is") and where you are going (desired HIT landscape "To-Be") has been enriched by conducting State Self-Assessments, much as we expect you would do in developing your State Medicaid HIT Plan (SMHP). And similar to MITA, using an incremental approach and setting achievable goals for the near and mid-term, perhaps with the assistance of a "HIT Maturity Model,[1]" should not only help your State assess where it stands along your individualized continuum of progress (i.e., Medicaid HIT Road Map), but also help identify targets of opportunity critical to achieving your long-term "To-Be" vision for HIT by 2014.

Finally, we expect that States would evaluate the work necessary to implement section 4201 of the American Recovery and Reinvestment Act of 2009 (Recovery Act) in relation to the changes planned for their MMIS/MITA over the same time frame. For example, implementing the federally mandated changes to your system for purposes of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) X12 version 5010 transactions and standards and the ICD-10 code sets will contribute to improving the quality of health care outcomes in your SMHP. There may be provider needs and training that cannot be paid for through the MMIS enhanced match, but that will be eligible under the section 4201 funding. In summary, we expect that development and achievement of your SMHP will be closely linked and interdependent with your MMIS and MITA adoption.

Please note that, while we recognize the desire by some to simply merge the two Advance Planning Document processes (Medicaid Recovery Act HIT and request for MMIS enhanced match), we ask States not to combine your funding requests for the two related, but distinct activities. Both States and the Centers for Medicare & Medicaid Services are required to report separately on Recovery Act funding, so keeping the funding streams separate is of paramount importance in ensuring an audit trail for both of us.

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[1] The MITA Whitepapers, including the MITA Maturity Model can be accessed at this site:
http://www.cms.hhs.gov/MedicaidInfoTechArch/02_MITAWhitePapers.asp

THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009: ROLES AND RESPONSIBILITIES OF CMSO AND THE STATE TO ADMINISTER AND IMPLEMENT HIT INCENTIVE PAYMENTS

The national initiative for the widespread adoption of Electronic Health Records (EHRs) is predicated upon the successful establishment of an interoperable Health Information Technology (HIT) infrastructure among Medicaid stakeholders. To achieve success, this initiative will require time, direct ongoing leadership, and technical resources of Medicaid programs at both the State and Federal level.

The Center for Medicaid and State Operations (CMSO) and State Medicaid agencies must work collaboratively with other significant players involved with HIT adoption, including, but not limited to the Office of the National Coordinator for Health Information Technology (ONC), providers, other State and Federal agencies, Federal advisory boards authorized under the Federal Advisory Committee Act, universities, foundations, and associations of Medicaid stakeholders. This will require new organizational leadership competencies and technical capabilities at all levels. Finally, we believe there are significant returns on investment that can accrue when qualified EHR technology is implemented. In order to achieve the goal for the widespread adoption of certified EHR's we see the following roles as critical to the success of this national initiative.

CMSO Role. We believe CMSO's role in this regard is to:

1. Set expectations for public accountability and transparency.

2. Develop a Medicaid Roadmap and Strategic Framework for wide-spread adoption of EHR technology in Medicaid, including integration with the Agency for Healthcare Research and Quality (AHRQ), Centers for Disease Control and Prevention (CDC), Health Resources and Services Administration (HRSA), Indian Health Services (IHS), Substance Abuse and Mental Health Services Administration (SAMHSA), and the Veterans Health Administration (VHA), among others.

3. Set overall performance expectations for State Medicaid programs.

4. In concert with ONC and others, establish the policy and HIT standards for Medicaid programs.

5. Provide evaluation and dissemination of best practices.

6. Participate in national policy and voluntary consensus standard bodies as provided for in the National Technology Transfer and Advancement Act.

7. Leverage successful HIT Medicaid Transformation grantee initiatives and provide continued support, where feasible, via MMIS support and other sources.

8. Support the work of the Multi-State Collaborative for Medicaid Transformation and others.

9. Provide adequate technical support for Medicaid programs and Medicaid providers, where appropriate.

State Medicaid Agency Role. While each State will approach these provisions within the context of their own programs and resource availability, we believe a number of critically important tasks should be undertaken by all States. Note that inclusion of activities below does not guarantee they are eligible for Recovery Act HIT administrative FFP. All planning and implementation activities should be approved by CMS. Key tasks include:

1. Participation in the development of a specific State roadmap for HIT adoption and use as it relates to Medicaid as well as the State's overall plan for electronic health information exchange as specified under section 3013 of the Public Health Service Act.

2. Set Medicaid-specific performance goals related to EHR technology adoption, use, and expected outcomes.

3. Establish leadership accountability for assuring return on investment and provider public reporting on clinical quality outcomes.

4. Arrange or provide technical assistance and training of Medicaid providers in the planning, adoption and use of EHRs, and inform providers about other resources such as the Regional Extension Centers.

5. Provide forums and opportunities for input from stakeholders, including advocacy organizations, other public social service agencies, and safety net providers.

6. Collaborate and coordinate with other HIT initiatives in the public and private sector, such as those being conducted by a State designated entity, community health centers, safety net hospitals, public health, behavioral health, VHA, DoD, CDC, IHS, HRSA, AHRQ, SAMHSA, and other States (where appropriate).

7. Continue to bring successful Medicaid Transformation Grant initiatives and projects to scale.

8. Initiate, where appropriate, State legislation as necessary to create the legal and regulatory authorities for Health Information Exchange/EHR.

9. Ensure that existing quality reporting processes are aligned (e.g., Managed Care external demonstration evaluation reporting).

OFFICE OF THE NATIONAL COORDINATOR GRANT OPPORTUNITIES
AND CMS FUNDING OPPORTUNITIES

The Office of the National Coordinator for Health Information Technology (ONC) serves as the principal federal entity charged with coordinating the overall effort to implement a nationwide health information technology infrastructure that allows for the electronic use and exchange of health information.

Specifically, the ONC is authorized by Title XXX of the Public Health Service (PHS) Act to provide grant funding to support States' efforts in achieving meaningful use of certified Electronic Health Records (EHRs). To that end, on August 20, 2009, Vice President Joe Biden announced the availability of two grant programs to help hospitals and health care providers implement and use EHRs.

The grants made available under Section 3012 of the PHS Act provide funding for Health Information Technology Regional Extension Centers. This grant funding opportunity establishes Health Information Technology Regional Extension Centers which will be supported by a national Health Information Technology Research Center.   Extension Centers will provide hospitals and clinicians technical assistance in selection, acquisition, implementation and meaningful use of certified EHR technology.

The grants made available under Section 3013 of the PHS Act provide funding for the State Health Information Exchange Cooperative Agreement Program. This grant funding opportunity establishes funding through cooperative agreements to support efforts to achieve widespread and sustainable health information exchange (HIE) within and among States, and to facilitate and expand the secure, electronic movement and use of health information among organizations according to nationally recognized standards. State programs to promote HIE will help to realize the full potential of EHRs to improve the coordination, efficiency and quality of care. These grants will support statewide planning and implementation and funding for the States' overall Health Information Technology (HIT) strategy.

CMS believes that State Medicaid programs are a critical, decisional partner in these comprehensive statewide plans for the electronic exchange of health information. Additionally, CMS recognizes that Medicaid EHR incentives are one important part of overall planning efforts for statewide HIT adoption and HIE that will be supported by these grant programs.

It should be noted that additional grant funding opportunities are available and CMS encourages States to review Title XXX of the PHS Act and, if appropriate, to submit grant applications to ONC.
In addition to ONC funding for statewide HIT planning efforts, CMS is providing 90 percent Federal financial participation for the development of the State Medicaid HIT Plan (SMHP) and eventually, for administration of the incentive payments for meaningful use of certified EHR technology. The SMHP must focus on the Medicaid strategy for moving toward meaningful use of certified EHR technology and should be consistent with and complementary to the overall State HIT strategy developed under section 3013 of the PHS Act. State Medicaid Directors should consult with ONC and State HIT Coordinators and/or State Designated Entities (SDEs) in developing the SMHP to prevent duplicative planning of statewide HIT and HIE activities and Medicaid HIT activities.

The SMHP will focus on Medicaid's role in the overall State strategic plan for HIE and will be reviewed by CMS and ONC to ensure a coordinated, integrated strategy for planning activities. In addition, CMS and ONC are working together internally and with CMS regional offices to ensure a consistent and coordinated strategy for overall State HIT planning activities.

Medicaid American Recovery and Reinvestment Act (ARRA) Section 4201 Health Information Technology (HIT) Planning Activities Potentially Eligible for 90 Percent HIT Administrative Match

Planning Activities Potentially Eligible for 90 Percent Administrative Federal Financial Participation (FFP)[1]
Activities Related to Provider Payment, Oversight, and Outreach
Analysis planning for incentive payment delivery systems and audit tracking of payments to providers.
Planning for provider education, outreach, training, and conferences, including provider surveys.
Needs assessment of dedicated staff and hardware/telecommunication for call centers in responding to provider inquiries.
Feasibility assessment of Medicaid's alignment with existing internal and external HIT/HIE efforts.
Assess needs for provider public reporting on clinical quality outcomes.
Evaluation & planning for developing and setting up metrics and measures for providers to demonstrate meaningful use of electronic health records once defined through rulemaking.
Planning for the development of appropriate data agreements.
Planning Activities
Initial planning and preparation activities (e.g., preparation HIT planning documents), including the use of Medicaid IT Architecture (MITA) concepts and tools (i.e., conducting a MITA State Self-Assessment for HIT).
Preparation of a Request for Proposal for vendor and consulting services for HIT and associated procurement activities (i.e., proposal evaluation and contractor selection, detailed project schedules, etc.).
Specific initiatives related to interoperability, data exchanges, and system interfaces that are approved by Centers for Medicare & Medicaid Services (CMS).
Development of HIT deliverables (e.g., the State Medicaid HIT Plan components, such as the "As-Is" and "To-Be" Landscapes, the HIT Road Map to get the State from where they currently are to where they plan to go in 5 years, creation of that vision, and identification of the measurable benchmarks along the HIT Road Map).
HIT systems requirements analyses and HIT requirements development.
Quality assurance activities, including use of contractor support and associated procurement activities, including Independent Verification and Validation.
Creation and on-going Governance for HIT Planning.
Outreach and Education Activities
Production of HIT publications.
Dedicated mailbox for inquiries and responding to provider inquiries.
Provider community education.

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[1] States are expected to receive prior approval from CMS for claiming the higher match rate for initial HIT planning, through submission and approval of a Recovery Act HIT Planning-Advance Planning Document (HIT P-APD). Costs which cannot be specifically identified with Recovery Act HIT planning activities are matched at the 50-percent regular rate. Such costs are usually indirect costs, including the staff costs associated with agency-wide functions, such as accounting, budgeting, legal affairs, general administration, and with non-agency personnel, such as providers, etc., and non-personnel costs.

Planning Activities Potentially Eligible for 90 Percent Administrative Federal Financial Participation (FFP) - Con't
Web site development and maintenance: Non-Medicaid State costs must be allocated across participating agencies.
Training/Meetings
Training of State staff, including attendance at the Medicaid Management Information System Conference and other HIT-related training conferences.
Training conferences (meeting room rental, if necessary; printing of handouts; conference brochure/program/announcement; reasonable refreshments) hosted by the State or attendance by State staff at CMS Regional and Central Office HIT Training Sessions.
Costs for Medicaid staff to attend meetings with providers, monitoring, and other meetings associated with planning activities.
Travel
Travel for the State HIT staff to attend meetings, conferences, workgroups, and training with providers to conduct monitoring activities and other activities specified in ARRA relative to section 4201.
Hardware
Equipment and telecommunication costs only for use of such equipment in ARRA HIT planning.
Software
Planning activities for the design of tracking, reporting and payment systems.
Oversight and Reports
HIT Environmental Assessment Study.
Analysis activities related to reports.
Oversight and monitoring activities
Other
States may request additional activities not included in this chart based upon their HIT Planning-Advance Planning Document request with the approval of CMS' Regional and Central Offices.

HEALTH INFORMATION TECHNOLOGY RESOURCES

Federal Government Site for American Recovery and Reinvestment Act of 2009
Recovery Act progress can be tracked every step of the way at http://www.recovery.gov/
Office of the National Coordinator for Health Information Technology
http://healthit.hhs.gov/   **Recovery Act Information**   http://healthit.hhs.gov/portal/server.pt?open=512&objID=1233&parentname=CommunityPage&parentid=1&mode=2&in_hi_userid=10741&cached=true
Centers for Medicare & Medicaid Services (CMS)
Recovery Act and Health Information Technology http://www.cms.hhs.gov/Recovery/11_HealthIT.asp#TopOfPage   **American Recovery and Reinvestment Act** Questions Mailbox: CMSOARRAQuestions@cms.hhs.gov
Children's Health Insurance Program Reauthorization Act Questions Mailbox: CMSOCHIPRAQuestions@cms.hhs.gov
Medicaid IT Architecture Resources – White Papers: http://www.cms.hhs.gov/MedicaidInfoTechArch/02_MITAWhitePapers.asp#TopOfPage   **Medicaid Transformation Grants**: http://www.cms.hhs.gov/MedicaidTransGrants/
Agency for Healthcare Research and Quality
http://healthit.ahrq.gov   Technical Assistance for Health IT/HIE in Medicaid and SCHIP – http://healthit.ahrq.gov/Medicaid-SCHIP
Centers for Disease Control and Prevention
http://www.cdc.gov/ncphi/
Health Resources and Services Administration
http://www.hrsa.gov/healthit/
Substance Abuse and Mental Health Services Administration
SAMHSA's Web site, http://www.samhsa.gov/, does not have a dedicated Web page on HIT, but documents discussing HIT can be identified with the Web site's search function.
Indian Health Services
http://www.ihs.gov/index.cfm?module=InfoTech