MEANINGFUL USE
FOR HEALTH PLANS:
FIVE THINGS TO CONSIDER

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"To save not only jobs, but money and lives, we will update and computerize our health care system to cut red tape, prevent medical mistakes, and help reduce health care costs by billions of dollars each year."

President Barack Obama, January 2009

Introduction

The need to use health information technology (HIT) to improve patient care, health care quality and clinical outcomes emerged as a matter of national policy with the passage of the American Recovery and Reinvestment Act (ARRA) in 2009. The HITECH provisions of ARRA make an explicit connection between the "Meaningful Use" of electronic health records (EHR) and the transformation of health care for Medicare and Medicaid beneficiaries — earmarking billions of dollars of federal stimulus money for payments to providers and hospitals who successfully implement and use HIT.[1] The stakes surrounding meaningful use for health providers and hospitals are significant. In addition to the incentive payments tied to implementation and use deadlines, there are longer-term reimbursement penalties for those who fail to meet the requirement.

Just What Is Meaningful Use?

It's important for health plans and payers to understand what meaningful use means to providers and hospitals in order to identify the business risks and opportunities that are associated with it.

Implementing an EHR is a significant challenge for hospitals and physicians. The technology is expensive, it's complicated, and it's difficult to implement. Making it work effectively requires significant investment in business and clinical process changes and the collaboration and mobilization of a diverse set of stakeholders. Consequently, the penetration of these technologies is limited and uneven across the industry.[2]

However, having an EHR is just the beginning of meeting the requirements for HITECH incentives. First, providers must ensure that the EHR they implement and use has met the certification requirements for HITECH. Then, they must demonstrate meaningful use — the ability to use the EHR to effectively support specific clinical activities. The requirements are different for hospitals and providers, but in both cases they are organized around achieving national health policy priorities to:

- Improve quality, safety and efficiency and reduce health disparities
- Engage patients and families
- Improve care coordination
- Improve population and public health
- Ensure adequate privacy and security protections for personal health information

The complete program has a 5-year timeline, organized into three stages. Each stage has its own deadlines, incentives, and distinct requirements. The meaningful use criteria for Stage 1 have been defined and should be finalized very soon; the criteria for Stages 2 and 3 have yet to be defined.

Despite the fact that the details of Stage 2 and Stage 3 are a work in process, there are strong signals about what the final content and rules will be. One thing that's clear is that implementation of a standalone EHR in a hospital or physician setting will most likely be insufficient for a hospital or physician to meet the full meaningful use criteria. To fully realize the objectives of meaningful use, individual providers and organizations must be able to share data and information with other organizations across the continuum of care. This requires the development and implementation of health information exchanges (HIE) that facilitate interaction and interoperability of HIT implementations in disparate organizations and among many stakeholders. Successful HIE implementation will set the stage for significant participation by health plans, and the use of their data in promoting care coordination, quality improvement and long-term cost reductions.

What Is the Significance of Meaningful Use for Health Plans and Payers?

At first glance, there appears to be much less at stake in the HITECH provisions, and in demonstrating meaningful use, for the payer sector of health care. With a very narrow exception, health plans and payers are excluded from eligibility for incentives under the program.* Health plans and payers are likely to be far more concerned with the business challenges posed by health care industry reforms and the passage of the Patient Protection and Affordable Care Act (Affordable Care Act) than they are with supporting the multi-year implementation of HITECH. At best, conventional wisdom suggests that payers and health plans will look at the HITECH program penalties for non-compliance with meaningful use as an opportunity to decrease reimbursement to non-compliant providers.[3]

However, there's a strong argument to be made that the success of long-term health care reform and the promotion and meaningful use of HIT are linked. Artificially separating the issues is a luxury that health plans and payers cannot afford. As the details of health care reform begin to take on clearer definition, the linkages between meaningful use, HIT, coverage reform and payer industry business practice reforms are becoming more explicit. Payers and plans that ignore the challenge that meaningful use and EHR implementation create for hospitals and providers risk missing significant opportunities. Health care reform and the ongoing transformation of the health care industry are raising the stakes for the payer sector when it comes to successful implementation of EHRs and the demonstration of meaningful use.

HIT adoption and its meaningful use will improve the performance of existing payer sector cost and quality programs

Health plan-based activities like disease and case management that are designed to improve quality and reduce cost for specific populations and individuals are limited in their efficiency and efficacy by the fact that clinical information and evidence to support them are difficult to obtain. Health plans rely on repositories populated by claims data, a reasonable surrogate only when real clinical information is not available. Reliance on claims repositories also creates data lags and latency issues that prevent timely identification and intervention for members at risk for disease. Widespread adoption of integrated HIT processes by hospitals and providers will certainly make that information easier for payers to obtain. When combined with an effective HIE that makes information available to care managers across the continuum of care, this will yield greater information transparency. The resulting level of collaboration will certainly produce better results than are possible today.

Similar improvements could be realized in the cost and quality programs that currently rely on hospital and provider reporting for their primary data elements. Healthcare Effectiveness Data and Information Set reporting, Pay-for-Performance

* Medicare Advantage plans may be eligible for HITECH incentives if they operate physician practices where a majority of patient revenue is derived from services rendered to the beneficiaries of the Medicare Advantage plan.

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programs, and Value-Based Purchasing programs that depend upon quality reporting by providers are limited by the current technology in important ways. The clinical information that supports quality evaluation is generally not available from providers because it is too cumbersome and costly to extract from paper medical records and present for evaluation. Thus, the majority of current "quality" efforts at health plans are largely reliant on administrative measures, which have the virtue of being relatively easy to collect, but are at best a poor surrogate measure of "real" quality. Adoption and meaningful use of HIT by providers that result in improving the availability and interpretation of clinical quality indicators and measures will certainly improve the efficacy of these types of programs.

Implementing HIT and meeting meaningful use criteria will strain the resources of provider organizations and may threaten the stability of plan and payer provider networks

Very few provider organizations can meet the meaningful use criteria today. Even fewer provider organizations are likely to ignore the requirements and forego the incentives, thereby risking financial penalties. As a result, the majority of physicians and hospitals will embark on, or accelerate, aggressive HIT implementation programs. Most provider organizations will struggle financially and operationally to execute these projects and will have little organizational energy or resources for other initiatives.[4]

During this time, it will be difficult for plans and payers to engage provider organizations in the collaboration and innovations in payment, organization and network arrangements that may be required to respond to health care reform. The more a provider is struggling with meeting meaningful use deadlines, the less available they are likely to be to contribute to solutions to new requirements. At the same time, payers and plans may even see an increase in health care costs as financial pressures from aggressive HIT projects increase the incentive for providers to shift costs onto more lucrative commercial payer contracts and populations.

There's no reason to think that Medicare Advantage plans will remain exempt from some level of participation in HITECH and meaningful use

The recent health care reform legislation provides clear signals to Medicare Advantage plans that oversight and regulation are increasing, and reimbursement levels will be decreasing. Beginning in 2012, Medicare Advantage plans will be eligible for bonuses based on achieving quality targets, and the bonuses will increase as quality performance improves, reaching as much as 5 percent of total payments. The bonuses represent a significant opportunity for plans that will continue to be hit hard by payment reductions during the same period. Like many other provisions of the law, the final definitions have not yet been determined, but it's not hard to imagine that HIT implementation and meaningful use by Medicare Advantage plan provider networks will become part of the definition of "quality" that triggers the bonus payments.

Where Medicare leads, private sector health coverage purchasers follow

Private sector health care purchasers continue to demand that commercial carriers and plan administrators adopt innovations and reforms that promote value, improve quality and reduce cost. Employer purchaser coalitions are strong supporters of provider payment innovations and reforms, like accountable care organizations and the patient-centered medical home that reward high-quality outcomes and pay for coordination activities across the continuum of care. Increasingly, these same organizations are becoming strong supporters of the HITECH provisions and deadlines.[5]

These are strong signals from important customers that health plans and payers would be foolish to ignore.

Plans and payers have a big stake in making sure that their provider networks are successful in implementing and using HIT

Ensuring provider success with EHR implementation and meeting meaningful use criteria will allow plans to:

- Limit the business risk created by provider networks that are distracted or overwhelmed by the challenges of implementation and adoption of HIT
- Promote the financial stability of providers and networks by ensuring that they receive their incentive payments and limit reimbursement penalties from Medicare
- Capitalize on improvements that HIT and meaningful use will bring to existing cost and quality control programs
- Position themselves to meet potential network certification requirements for Medicare Advantage and other government programs
- Demonstrate to important constituencies of purchasers and consumers their commitment to developing and promoting high-quality provider networks that are enabled by HIT and use it effectively.

There are several steps that plans and payers can take now to promote successful implementation of HIT and meaningful use

Plans should begin the work to understand the details and challenges of HIT implementation and use across provider networks, and identify high-risk health systems, hospitals and practices that may require support. Understanding what providers are responsible for, and how they are trying to meet the challenges, is a critical first step.

Providing financial support and incentives to complement those offered by the Centers for Medicare & Medicaid Services (CMS) will help promote provider success as well. At a minimum, plans should use HITECH as an opportunity to reformulate and realign existing pay-for-performance incentives with HIT implementation and meaningful use deadlines. Providers will already be working to meet these deadlines, and additional financial support can have a positive impact. Minimizing differences between plan-sponsored incentive programs and CMS-sponsored programs will also simplify compliance and achievement for provider organizations.

Finally, plans should consider providing direct support to the successful launch of HIEs because they can help providers with the information exchange portions of meaningful use. One of the most significant challenges of the entire HITECH program is the need for providers to be able to effectively exchange and share clinical information. Development of effective HIEs requires organizational and technical collaboration and coordination across traditional organizational boundaries. An engaged, participatory health plan or payer with multiple provider relationships is in a unique position to facilitate the required interactions. Moreover, direct participation in the HIE will provide tangible value to payer and plans — streamlining the process of sharing administrative and financial information, as well as potentially opening secure access to clinical information that is currently unavailable.

About the Author

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