

## **Bush Plan Offers Bonuses to Medicare Doctors Who Use Electronic Records**

By Alex Wayne

June 10, 2008

The Bush administration announced on Tuesday a new program providing bonuses to doctors using electronic health records — part of a broader push that may yet include new legislation by year's end.

Health and Human Services Secretary Michael O. Leavitt said that the new program will provide through Medicare about \$150 million extra over five years to physicians in selected areas who replace paper medical records with electronic versions. The announcement marks the latest in a series of efforts by the government to encourage the adoption of what is known as health information technology, or health IT, since President Bush issued an executive order creating an office to supervise the issue in 2004. There has also been some recent progress on health IT bills in both the House and Senate.

The 12 regions included in the new program include three metropolitan areas (Jacksonville, Fla.; Madison, Wis.; and Pittsburgh); eight states, including Maryland and Virginia; and the District of Columbia. The intent is to show that the use of electronic health records can improve the quality of health care by increasing efficiency and reducing medical errors, Leavitt said.

In the first year of the program, participating doctors will receive increased Medicare payments simply for showing that they have implemented an electronic health records system. In the second year, they will get even higher payments if they use the electronic records to report on the quality of their care. In years three through five, payments will be increased if doctors can show they actually use electronic records to meet standards set for the quality of their care. HHS plans to begin signing up physicians for the program in the fall; some of the communities will begin the effort this year, and others will start next year.

Leavitt said the program is expected to be “budget-neutral” because the use of electronic records will produce “sufficient savings” to cover the higher payments.

Congress has been working on legislation to encourage the adoption of electronic health records since 2005 but until recently had made little headway. That may be changing. Last month, a group of senators announced it had reached agreement on changes to a bill (S 1693) by Sens. Edward M. Kennedy, D-Mass., and Michael B. Enzi, R-Wyo., aimed at strengthening privacy protections for patients with electronic records.

But privacy concerns remain a complication, as industry groups and privacy advocates have sparred over how much control patients should have over their records. Kennedy's

and Enzi's staffs are still negotiating with Republicans over whether to further strengthen the bill's protections.

Leaders of the House Energy and Commerce Committee are revising their own health IT bill in response to privacy concerns raised at a hearing last week; the committee is expected to vote on the bill this month.

Lobbyists are optimistic that agreement will be reached and Congress will be able to pass the measure this year.

"My opinion is, they will be able to thread this needle," said Kara Calvert of the Information Technology Industry Council, a trade association.

Leavitt expressed cautious support for the legislation but said he is concerned that it could require HHS to scrap some of the efforts it already has under way.

"There's a high interest in the Congress in doing something to assist us, and we're anxious to have their help," he said. "The concern we've expressed to them is that we'd like to make sure the progress we have made is incorporated into the next steps forward."

Bush has said he wants every American to have an electronic health record by 2014. Following the president's 2004 executive order, Leavitt created an advisory body to help move the concept forward. In September 2005, HHS gave a contract to an industry-created commission to certify the quality of electronic health record products; that commission has since certified more than 40 products, according to its Web site.