

EHR PHASE II ROLLBACK ANNOUNCEMENT

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (ARRA) which provides approximately \$19 billion for the development and adoption of Health Information Technology (HIT). Specifically, the Recovery Act offers incentive payments to encourage providers to become “meaningful users” of Electronic Health Records (EHRs). As a result of the ARRA requirements, CMS will modify its planned EHR demonstration in two ways: first, rather than conduct a stand-alone effort, CMS will align its implementation of the demonstration program to support the Recovery Act objectives. Second, we will conduct the demonstration in a manner that avoids paying for similar EHR functions twice – once under the demonstration and again under the Recovery Act.

CMS will support the ARRA objectives by continuing Phase I of the EHR demonstration program on schedule. Phase I provides an opportunity for the Department of Health and Human Services (HHS) to develop infrastructure and practical operational guidance more than a year in advance of the far larger ARRA EHR program. CMS will continue working with Phase I community partners and practices, including local kick off meetings for more than 400 selected practices in May. The demonstration will begin as planned on June 1, 2009 and continue through May 21, 2014.

The President has directed agencies to carefully manage and account for expenditure of Recovery Act funds. To that end, CMS has decided to discontinue Phase II of the EHR demonstration, which originally was planned to begin operations in mid-2010. Phase II operations have similar functions and overlapping implementation timelines with the Recovery Act implementation schedule and tasks. Therefore, we have concluded that, unlike Phase I, providing funds under both the ARRA authority and the EHR demonstration for Phase II sites would be inconsistent with the President’s directive.

We have developed valuable partnerships with both Phase I and Phase II sites over the past year and hope to maintain all of those partnerships, even though the EHR demonstration will not proceed beyond Phase I. CMS will work closely with HHS agencies responsible for the Recovery Act HIT implementation and, wherever possible, facilitate Phase II sites’ transition out of the demonstration into the broader Recovery Act programs.