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HHS Secretary Announces 12 Communities Selected to Advance Use of Electronic Health Records in First Ever National Demonstration

HHS Secretary Mike Leavitt today named 12 communities that will participate in a national Medicare demonstration project that provides incentive payments to physicians for using certified electronic health records (EHR) to improve the quality of patient care. The five-year, first-of-its-kind project is expected to improve the quality of care provided to an estimated 3.6 million Americans.

“The use of electronic health records, and of health information technology as a whole, has the ability to transform the way health care is delivered in our nation,” Secretary Leavitt said. “We believe that EHRs can help physicians deliver better, more efficient care for their patients, in part by reducing medical errors. This project is designed to demonstrate these benefits and help increase the use of this technology in practices where adoption has been the slowest – at the individual physician and small practice level.”

The communities selected to work with the Centers for Medicare & Medicaid Services (CMS) on the EHR demonstration project range from county- and state- level to multi-state collaborations. They include:

- Alabama
- Delaware
- Jacksonville, FL (multi-county)
- Georgia
- Maine
- Louisiana
- Maryland/Washington, DC
- Oklahoma
- Pittsburgh, PA (multi-county)
- South Dakota (multi-state)
- Virginia
- Madison, WI (multi-county)

These 12 communities were selected through a competitive process from a field of more than 30 applicants. They demonstrated active collaboration among stakeholders, including physicians and other providers, health plans, employers, government and consumers; existing or planned private sector initiatives related to health information technology and quality reporting; and adequate size to recruit a sufficient number of primary care physician practices. They also demonstrated close ties to the medical community and ability to work closely with CMS to recruit physician practices to participate in the demonstration.

In letters sent to communities not selected for the demonstration, Secretary Leavitt urged them to consider pursuing EHR incentive projects of their own, based on the work they have already done.

“A tremendous opportunity exists for communities to impact and improve health care delivery starting at the local level,” Secretary Leavitt said. “While the number of sites selected was limited to 12, we are greatly encouraged by the substantial multi-stakeholder initiatives ongoing across the nation. It is my hope that those communities not selected and others that were not yet prepared to apply will continue working together to improve health care – and consider creating their own incentive-based projects to advance the use of EHRs.”

“Broad adoption of EHRs has the potential to transform health care and the way medicine is practiced in our nation,” said Acting CMS Administrator Kerry Weems. “Medicare has chosen the communities whose proposals will work best for this demonstration project. But other communities can still build on the outstanding work they have done and consider designing and carrying out their own incentive-based projects. In a community where health care providers and payers have already achieved significant coordination in applying for the Medicare demonstration, it may be possible to design independent incentive programs even without Medicare’s participation.”

Over the five-year demonstration project, financial incentives will be provided to as many as 1,200 primary care physician practices in the selected communities that use certified EHRs to improve quality as measured by their performance on specific clinical quality measures. In addition to the incentive payments, bonus payments may be awarded based on a standardized survey measuring the number of EHR functionalities a physician group has incorporated into its practice. Total payments under the demonstration for all five years may be up to \$58,000 per physician or \$290,000 per practice.

Findings from the demonstration will help determine the role of EHRs in delivering high-quality care and reducing errors. The demonstration will also assess the role of incentive payments in encouraging adoption and use of EHRs.

The project will be implemented in two phases. CMS will begin working with partners in four Phase I communities over the coming months to develop site-specific recruitment strategies, and recruitment of physician practices will start in the fall. For Phase II sites, these activities will begin in 2009.

The EHR demonstration project is an important step toward President Bush’s goal of most Americans having a secure, interoperable electronic health record by 2014. For more information on the project, visit http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/2008_Electronic_Health_Records_Demonstration.pdf.

This initiative is also part of HHS’ bold vision for health care reform built on the four cornerstones of value-driven health care. These include: adopting interoperable health information technology; measuring and publishing quality information to enable consumers to make better decisions about their providers and treatment options; measuring and publishing price information to give consumers information they need to make decisions on purchasing health care; and promoting incentives for high-quality, efficient delivery of care.

To learn more about *Connecting to Better Health Care*, please visit www.hhs.gov/secretary/connecthealthcare.

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