

## **CHIME Survey Finds Healthcare CIOs Cautiously Optimistic about Receiving EHR Incentive Funding**

*EHR certification, CPOE among top ongoing concerns for IT executives*

### **Executive Summary**

Members of the College of Health Information Management Executives (CHIME) who responded to an August 2010 survey appear cautiously optimistic about their chances for achieving stimulus funding under the HITECH portion of the American Recovery and Reinvestment Act (ARRA).

These survey results reflect respondents' initial reactions to the final rules governing meaningful use. At the time CHIME members were surveyed, there were still uncertainties as to how the federal program would operate.

Of 152 CHIME members who responded to the survey, 28 percent (42 respondents) indicated that they expect to qualify for stimulus funding in the first six months of fiscal year 2011, which begins on October 1, 2010. An additional 62 percent (94 respondents), reported that they expect to qualify between April 1, 2011 and September 30, 2012, which marks the end of Stage One of the incentive program. Only 10 percent (16 respondents) believe they will not qualify for stimulus funds until fiscal years 2013 or 2014.

CIO expectations vary depending on the type of healthcare organization they represent and its size. For example, some 38 percent of CIOs from academic medical centers expect to qualify for stimulus funding within the first six months, compared with only 22 percent of CIOs from community hospitals. In general, executives of larger organizations say they are more likely to qualify for funding within six months, compared with reported expectations of CIOs from smaller facilities.

While respondents generally predict a high degree of success in qualifying for stimulus funding, only two-thirds of respondents from hospitals with 100 to 199 beds predict they will get funding within the first two fiscal years that the Stage 1 criteria are in effect. By contrast, nearly all respondents from facilities with 600 to 999 beds expect to qualify for stimulus funding within the first two years of the program.

Providers' ability to receive funding is predicated on their ability to solve several challenges that many see as large obstacles standing in the way of meeting meaningful use requirements.

Certification of applications, and how that might impact an organization's IT planning, was mentioned by the highest percentage of respondents (25 percent).

The objective specifying the use of computerized provider order entry (CPOE) by provider organizations was also a frequently mentioned concern by survey respondents (21 percent), followed by capturing and submitting data on quality measures (18 percent). Less than one out of 10 respondents said they had no concerns in achieving stimulus fund payments.

Other findings include:

- Relaxed standards for qualifying for stimulus funding will have little to no impact on improving providers' chances, according to 75 percent of the respondents.
- While about 40 percent of respondents say they are well-positioned to achieve meaningful use with their current IT strategy and existing applications, slightly more than half say they are accelerating their plans to implement electronic health records (EHRs) or otherwise re-evaluating current HIT applications to obtain funding.

### **Survey Methodology**

On July 13, the Centers for Medicare & Medicaid Services (CMS) released its final rule governing how hospitals and eligible professionals would be assessed for achieving meaningful use of EHRs under the HITECH provisions of ARRA. The final rules differed in several key areas from the proposed rules that had been released in early 2010, as CMS responded to a result of a large number of industry comments to the proposed regulations.

CHIME's membership comprises more than 1,400 chief information officers and other senior healthcare IT executives from a variety of provider organizations, including large hospital systems, community hospitals, for-profit hospitals, and small or rural facilities. CHIME members typically oversee the information services department within their organizations and are leaders in implementing EHRs and other clinical systems. CHIME works to advance the role of CIOs and senior healthcare IT leaders through education, collaboration and advocacy in support of improved health and healthcare delivery.

Some 152 members, or about 11 percent of CHIME's membership, responded to the Internet-based survey, which was available to members from August 3 through 18. Of those about 43 percent of respondents work for community hospitals; 23 percent are top IT executives at multi-hospital systems; 14 percent are in top IT roles at academic medical centers; and 20 percent work at other types of healthcare organizations, including critical access hospitals, large group practices, hospital-group practice models or others.

Responses were fairly even across a wide range of bed size categories. The highest percentage of responses came from organizations with 200 to 399 beds (20 percent of all respondents). Other bed size categories and the percentage of respondents were: fewer than 100 beds (10 percent), 100 to 199 beds (9 percent), 200 to 399 beds (20 percent), 400 to 599 beds (11 percent), 600 to 999 beds (9 percent) and 1,000 or more beds (8 percent).

## Survey Results

### **Organizations Expectations for Receiving Payments**

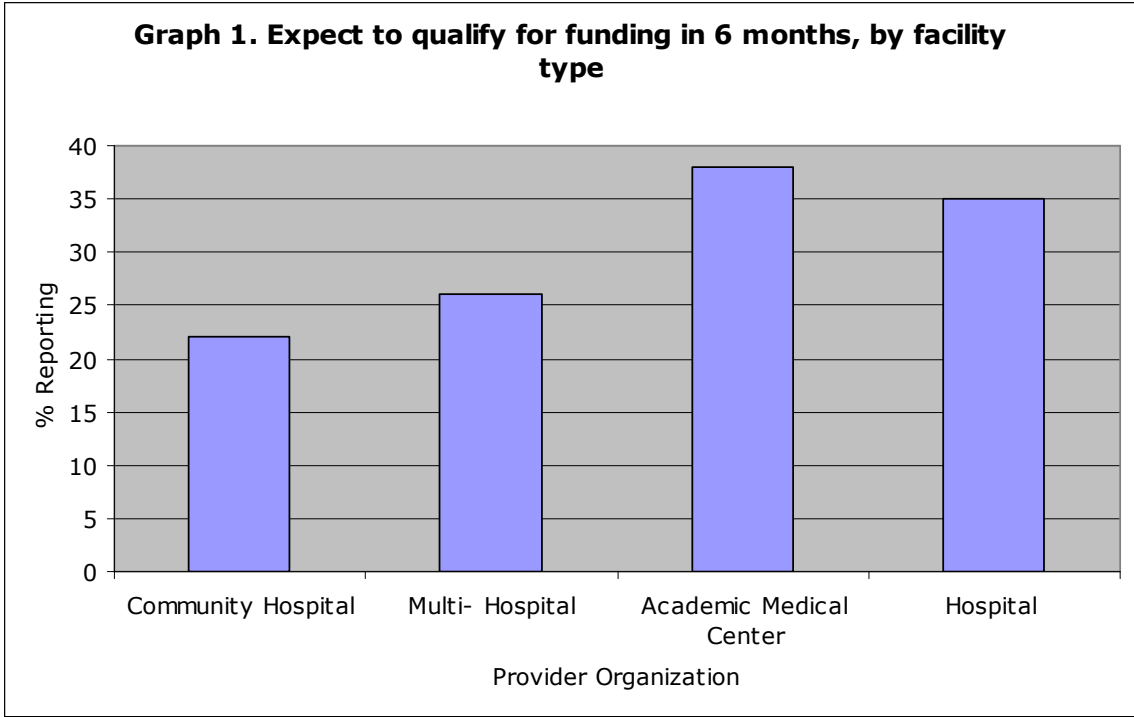
Respondents were overwhelming positive in reporting that their organizations would attempt to qualify for stimulus funding. Some 96 percent of CIOs responding to the survey said they expected to try to qualify for HITECH funding.

However, expectations of success for organizations, and the potential timing of that success, showed more variability. Some 28 percent of respondents predicted that their organizations would be able to qualify to receive stimulus funding within the first six months of the program, or by April 1, 2011. Another 61 percent of respondents predicted that they would qualify for funding, but reported they were unlikely to do so until later in the timeframe for Stage 1 (late in FY 2011 or during FY 2012, which ends September 30, 2012). Only 10 percent of CIOs reported that their organizations would be unlikely to qualify for stimulus funds during Stage 1, but hoped to do so in FY 2013 or FY 2014.

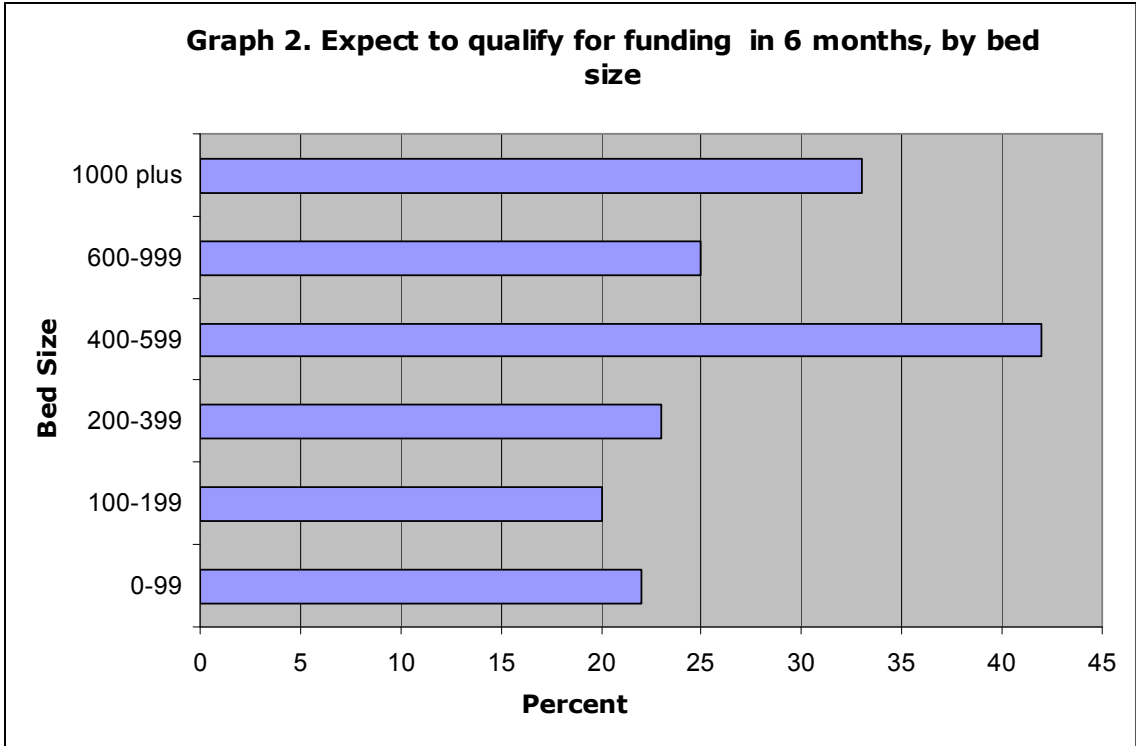
*Question: Assess your expectations in qualifying for stimulus funding for meaningful use of electronic health records during fiscal years 2011 or 2012.*

	We expect to qualify for stimulus funding in the first six months of FY 2011 (By April 2011)	We will qualify for stimulus funding during this period, but possibly not until late FY 2011 Or FY 2012	We are preparing to qualify for funding in 2013 and 2014, and are unlikely to qualify for funding in 2011 and 2012	We definitely won't receive stimulus funding in 2011 and 2012
Number	42	93	16	1
Percent	28	61	10	0
Total	152	152	152	152

When results are analyzed by type of healthcare organization, respondents from academic medical centers reported higher confidence in qualifying for stimulus funding in the first six months of the program than other types of organizations. Some 38 percent of CIOs from academic medical centers expected to qualify quickly, compared with 26 percent of CIOs at multi-hospital organizations and 22 percent of CIOs of community hospitals.

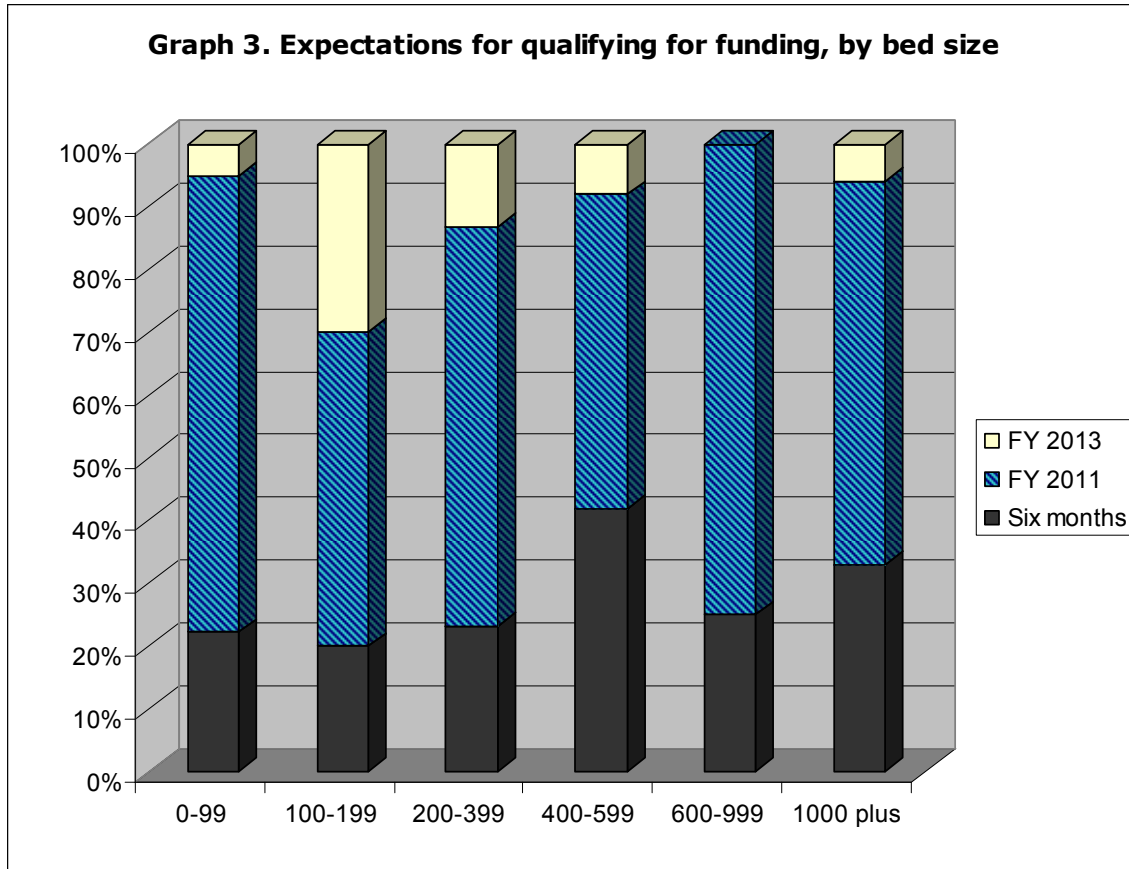


When those expected to qualify early are segmented by bed size, CIOs from larger healthcare organizations are anticipating that they will qualify early. For example, some 42 percent of CIOs at organizations with 400 to 599 beds expect to qualify for stimulus funding within six months, compared with only 20 percent of CIOs at organizations with 100 to 199 beds, and 22 percent of CIOs from organizations with fewer than 100 beds.



Of respondents who expected their organizations to qualify later during the Stage 1 timeframe (late FY 2011 or FY 2012), there is a wide variation of expected success levels. For example, only 50 percent of CIOs at organizations with 100 to 199 beds expect to qualify during this time period, and a similar percentage of CIOs at organizations with fewer than 400 to 599 beds also expect to qualify later in this timeframe. By contrast, 75 percent of respondents from organizations with 600 to 999 beds say they will qualify in late FY 2011 or FY 2012.

In assessing the likelihood for receiving funding during the first two years of the incentive payment program, some variations exist, although 80 percent to 90 percent of respondents in most bed size groups predict they will qualify for stimulus funding. At the extremes, however are organizations with 100 to 199 beds, where 68 percent of respondents reported they expect to qualify for incentive payments; and organizations with 600 to 999 beds, where 98 percent of respondents expect to qualify for the payments.

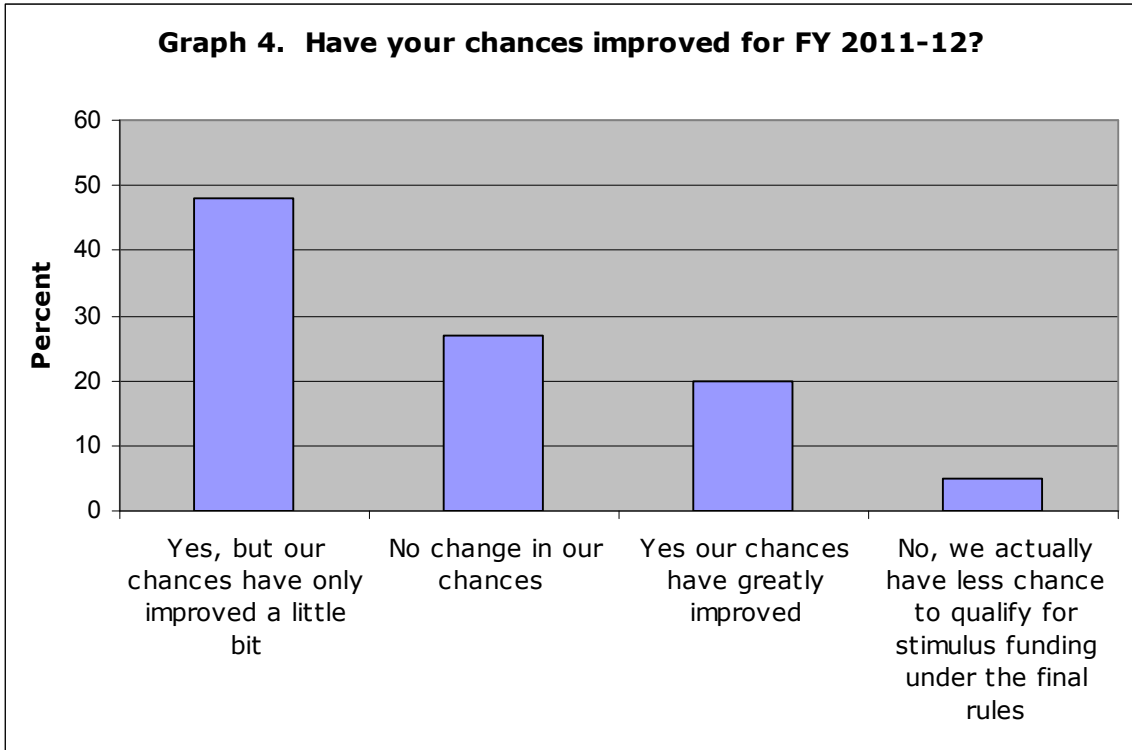


### Will Relaxed Requirements Help Providers?

After its review of industry comments on its initially proposed regulations, CMS adjusted the final rules in an effort to make increase the likelihood that providers would be able to qualify for incentive payments. The initial proposal required hospitals and eligible providers to meet all meaningful use requirements; the final rule established a core set of 10 requirements, and then allows providers to select five other requirements from a menu of other objectives.

While that helps reduce the burden of the “all-or-nothing” approach offered in the initial proposal, the relaxation in requirements will not mean that providers will universally qualify for stimulus funding. In fact, three out of four respondents said that the modified approach to determining meaningful use, and other changes in the final regulations, will have little to no impact on their ability to qualify for stimulus funding.

Of those responding to the CHIME survey, 20 percent said their chances were greatly improved for achieving stimulus funding because of the changes in the final rule. By contrast, 48 percent of CIOs said their chances have improved only slightly, and 27 percent said their chances were about the same. Finally, 5 percent of respondents said their chances actually worsened because of the changes.



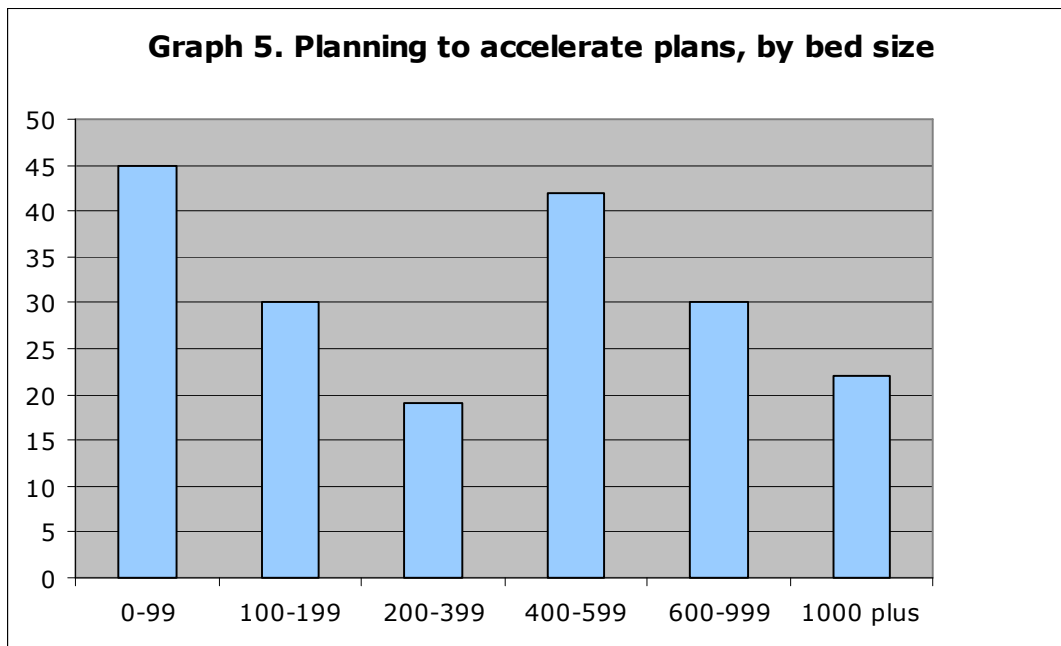
Respondents to the CHIME survey in general are comfortable with their existing IT strategies and say they are well-positioned to get stimulus fund payments or that they are making minor adjustments to maximize their chances of getting funding. When asked if they were contemplating changes in their IT strategy, 43 percent said they were well-positioned with their current IT strategy and existing applications, while 32 percent of respondents said they planned to accelerate plans to implement EHRs and/or other applications to achieve meaningful use objectives.

Another 20 percent of CIOs said they were evaluating current HIT applications to ensure they would help them achieve meaningful use objectives, and they left open the possibility they may need to make changes based on their research. Only 5 percent said they were not planning to accelerate or make any changes in their IT strategy, even if it means they would not achieve meaningful use objectives in time to qualify for stimulus funding.

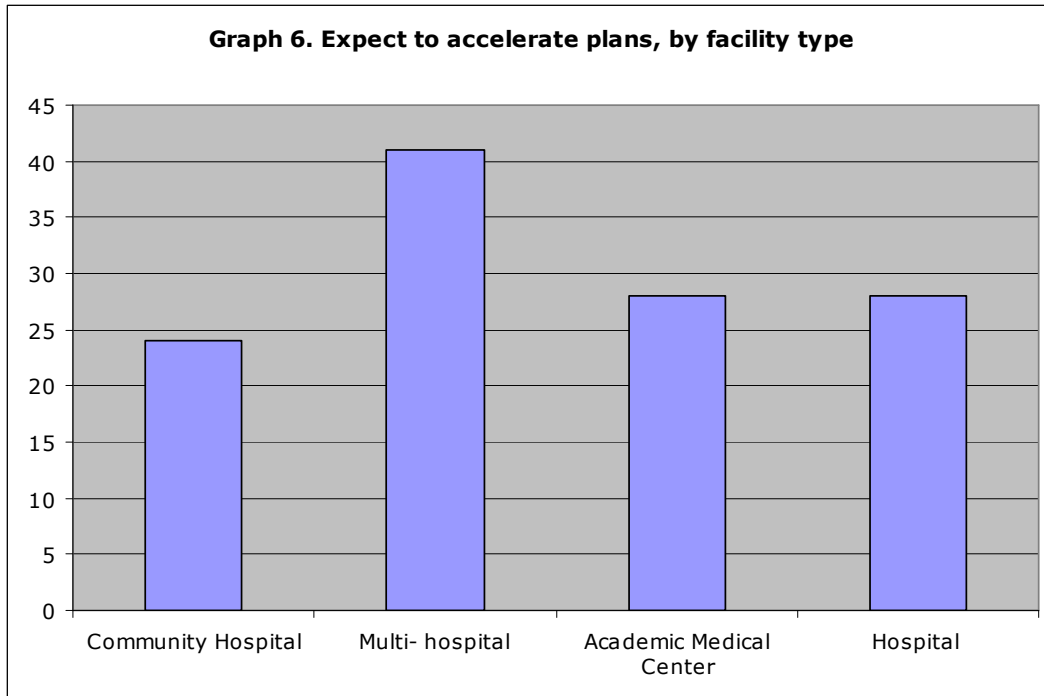
*Question: In light of the MU regulations and what they require, what changes are you making in your IT strategy?*

	We feel we are well-positioned to achieve MU with our current IT strategy and existing applications	We are accelerating plans to implement EHRs and/or other applications needed to achieve MU	We are evaluating our current HIT applications to ensure they will enable us to meet MU objectives and may have to make changes based on our research	We are not planning to accelerate or make any changes in our IT strategy in response to MU objectives; we're staying the course no matter what the reimbursement implications are
Number	65	49	31	7
Percent	43	32	20	5
Total	152	152	152	152

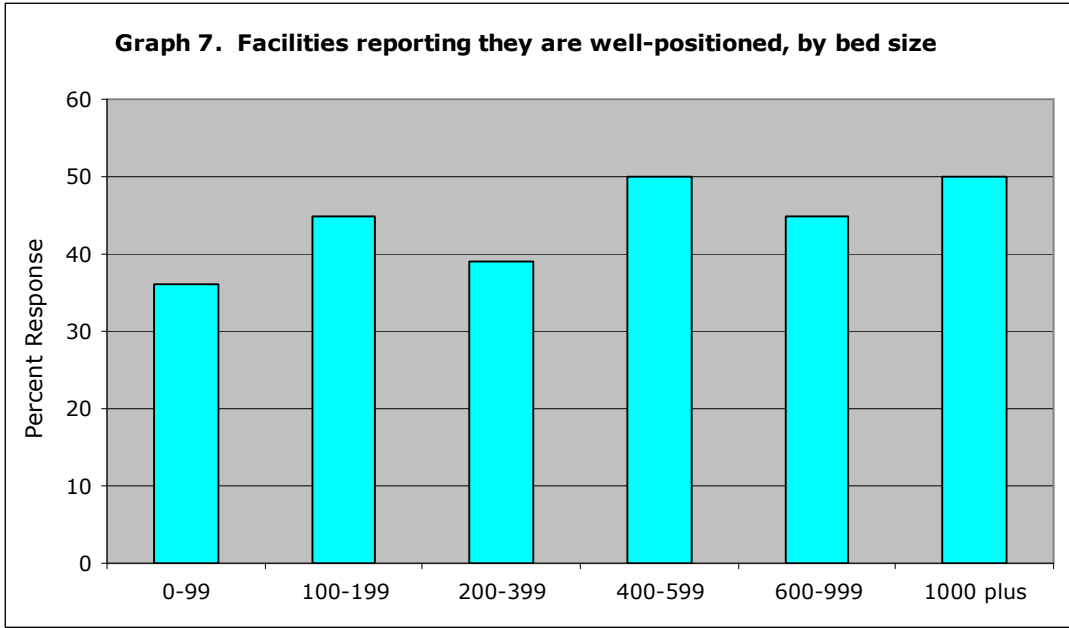
Among those CIOs who answered that they were accelerating plans to implement EHRs and other applications, there was wide variation among respondents, based on bed size and type of hospital. The smallest hospitals in the CHIME survey, as well as those with 400 to 599 beds, reported the most willingness to accelerate implementation plans, at 45 percent and 42 percent, respectively. Fewer than 20 percent of organizations with 200 to 399 beds reported that they were accelerating EHR adoption in response to meaningful use objectives.



There was more consistency in responses from types of hospitals, although 41 percent of multi-hospital system respondents reported that they expected to accelerate implementation plans to qualify for funding.



Among those that believe they are well-positioned, percentages of respondents ranged from 36 percent of respondents who work at facilities with fewer than 100 beds, to 50 percent of those who work at facilities with 400 to 599 beds and 1,000 or more beds.



**Challenges to Qualifying for Payments**

In order to meet key meaningful objectives and qualify for stimulus fund payments, organizations must make significant strides in implementing technology in ways that are complex, have been problematic in the past, or are relatively new. During the past year, several themes have emerged as difficult barriers to success for providers, and results from this survey are consistent with reports of those problem areas.

When asked to rate their top three concerns<sup>1</sup> in achieving meaningful use, some 25 percent of respondents cited concerns related to certification of applications. These concerns include implementing or upgrading to a certified EHR; delays expected because of the new certification process; or the need to certify self-developed applications. Nearly two-thirds of respondents listed these certification issues as one of their top three concerns.

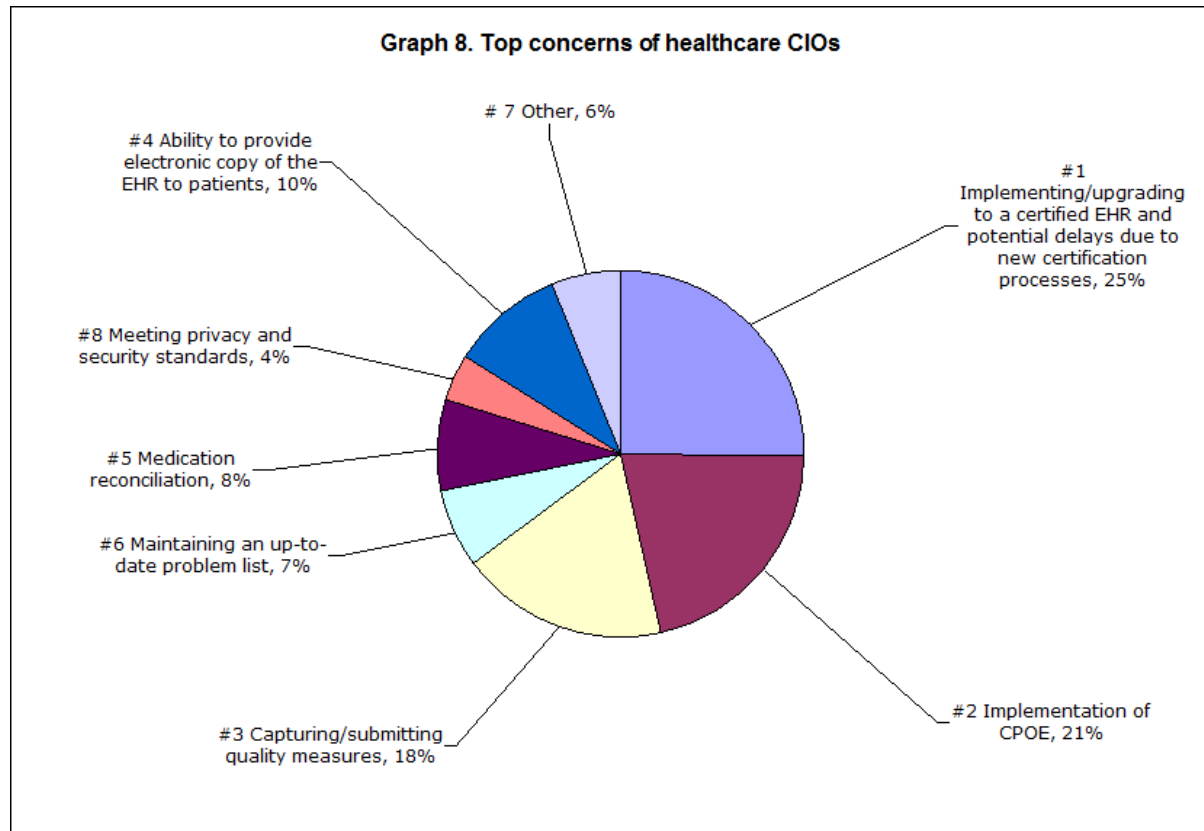
The use of CPOE was the second most frequently mentioned concern by 21 percent of respondents. Many hospital organizations have reported that they feel they have little or no leverage in encouraging physicians to use CPOE systems, and that the systems require a lot of work to implement and depend on other clinical systems to be in place to function at a high level.

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<sup>1</sup> Results from this question were weighted to gain a sense of the relative weight of these overall concerns to respondents. To achieve the weighted results illustrated in the chart below, a respondent's top concern received three points, the second-rated concern received two points, and the third-rated concern received one point.

Some 18 percent of CIOs rated requirements for capturing and/or submitting data on quality measures as a top concern. Most current clinical systems do not yet automate this data collection, which means organizations face the prospects of collecting and submitting this data manually.

Only 9 percent of respondents reported that they had no concerns in meeting meaningful use requirements.



### **About CHIME**

The College of Healthcare Information Management Executives (CHIME) is an executive organization dedicated to serving chief information officers and other senior healthcare IT leaders. With more than 1,400 CIO members and over 70 healthcare IT vendors and professional services firms, CHIME provides a highly interactive, trusted environment enabling senior professional and industry leaders to collaborate; exchange best practices; address professional development needs; and advocate the effective use of information management to improve the health and healthcare in the communities they serve. For more information, please visit [www.cio-chime.org](http://www.cio-chime.org).