

# **The Road Traveled: Providers' Perceptions of ARRA Legislation from Inception to Meaningful Use**

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**Porter Research** and **Billian's Health DATA** provide insight into the perceptions of providers over the last year since the introduction of the HITECH ACT as a part of the American Recovery and Reinvestment Act (ARRA) and the release of the expanded "meaningful use" criteria. Observations fall into four key areas:

- legislation as a whole
- meaningful use requirements
- impact on providers, and
- impact on healthcare technology vendors.

## **Overview of Study**

*"The adoption and meaningful use of information technology in healthcare is central to a necessary and overdue modernization of our health system,"* states Dr. David Blumenthal's December 30, 2009 message introducing expanded meaningful use, standards, and certification criteria.<sup>1</sup> This proposal came nine months after the HITECH Act was approved as part of The American Recovery and Reinvestment Act, offered some direction around:

- How physicians and hospitals should be using their EHR to achieve "meaningful use";
- What EHR software features are needed to accomplish the tasks, and;
- How the government is going to measure those tasks to determine if providers are meeting levels to earn reimbursement and avoid penalties.

**Billian's HealthDATA** and **Porter Research** partnered to field a two-phased primary research program aimed at understanding providers' perceptions of the HITECH Act. The initial benchmark survey was conducted in March/April 2009 following release of the initial legislation, with a follow-up study conducted January/February 2010 post-release of the expanded meaningful use requirements.

Surveys were conducted online with approximately 150 hospital C-suite executives, IT-leadership, Vice Presidents, and Director-level respondents from key functional areas. Nearly half of all participants were at a C-level within their respective organization. Participating organizations were split evenly from critical access hospitals to multi-facility IDNs and healthcare systems.

## **ARRA/ HITECH Act Legislation**

The research began by asking respondents to indicate how knowledgeable they were about the details of the HITECH Act. Forty percent of respondents indicated they were knowledgeable about the details of the legislation in March/April 2009, compared to 74 percent in 2010.

Similarly, results indicate that respondents have become more personally invested in learning about details of the HITECH Act and related legislation. In 2009, "Mainstream Media" (i.e., print, television, and radio) was the most common source of information about the Act. In 2010, however, nearly 70 percent of respondents indicated they'd conducted "Personal Internet Research" – the most common source - and another 50 percent had Personally Read the Document."

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## DEFINING A QUALIFIED EHR – HITECH Act

An electronic record of health-related information on an individual that includes patient demographic and clinical health information (such as medical history and problem lists) and that has the capacity:

- To provide clinical decision support;
- To support physician order entry;
- To capture and query information relevant to health care quality; and
- To exchange electronic health information with, and integrate such information from other sources.

## Early Meaningful Use Summary – HITECH Act

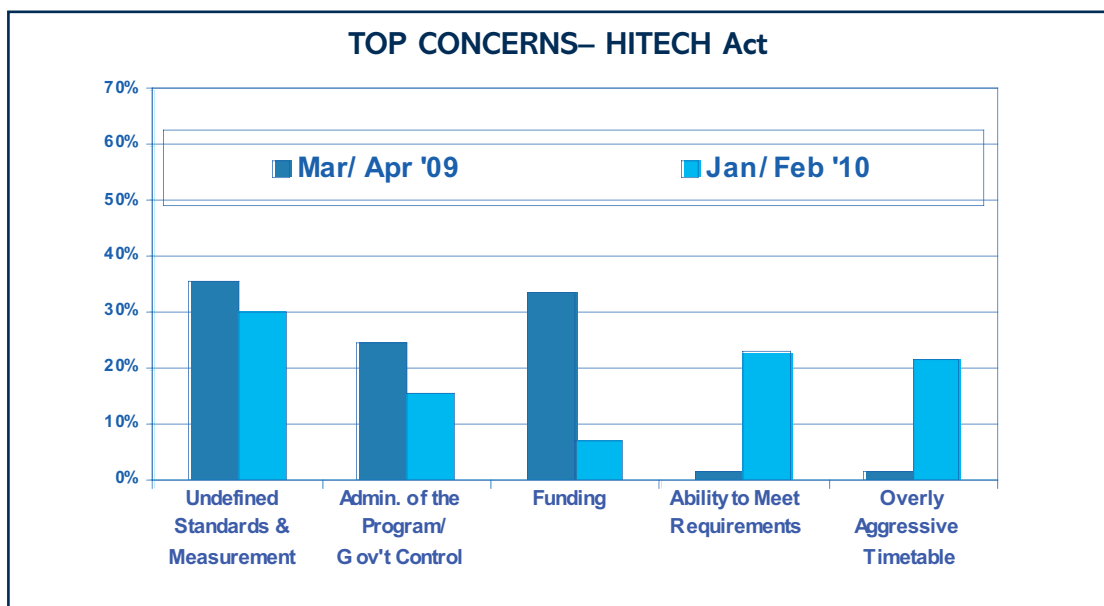
Includes the use of “electronic prescribing is connected in a manner that provides the electronic exchange of health information, and submits information on clinical quality and other measures.”

Contributors that were at least somewhat knowledgeable about the details of the HITECH Act were provided with a brief definition of a qualified EHR summarized from the initial legislation. Upon reading the definition, just over 71 percent stated that they believed it was appropriate, and 30 percent indicated that their organization already had an EHR meeting the definition.

Only 23 percent felt their organization utilized its EHR in a manner consistent with the early meaningful use requirements published with the HITECH Act.

Next, the survey worked to understand respondents' greatest concerns related to the HITECH Act. In both 2009 and 2010, more than 30 percent were most concerned about the “Undefined Standards & Measurement.” As one CIO put it, understanding “the exact applications and processes that qualify a facility for the stimulus money and prevents future penalties” is a challenge.

In 2009 nearly 34 percent of respondents were concerned about the details of the level of “Funding” available, compared with on 7 percent of respondents in 2010. By contrast, there was a more than 20 percent increase in those concerned about



their “Ability to Meet Requirements” and the “Overly Aggressive Timetables” following publication of the expanded meaningful use requirements in 2010.

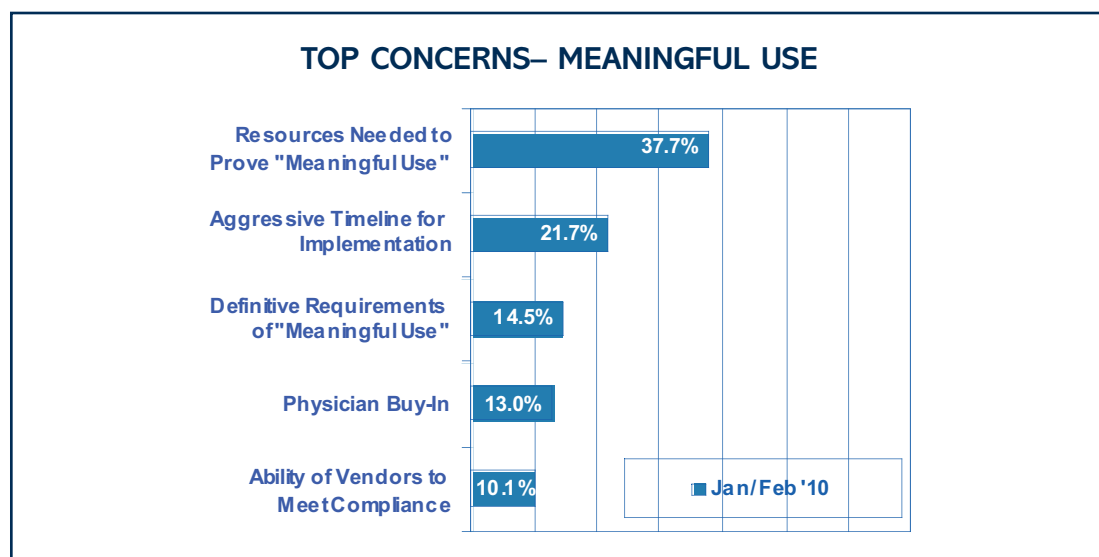
From release of the initial legislation through the proceeding nine months, hospital executives have become more proactive in personally learning about the HITECH Act legislation. In addition, their concerns have shifted from questions about funding availability to anxiety about their ability to meet requirements and timetables.

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## Proposed Meaningful Use Requirements

On December 30, 2009, the Centers for Medicare and Medicaid Services (CMS) issued a proposed concept of meaningful use of EHR technology. The second phase of the research began by querying as to respondent knowledge about the details of the documentation. Overall, nearly 80 percent indicated they were at least somewhat knowledgeable, and 45 percent agreed with the meaningful use requirements published to date.



Asked what their top concerns were related to achieving meaningful use adoption, 37.7 percent cited resource concerns, by far the most significant. A participating Director of IT noted that simply finding "competent resources" to get the job done can be challenging.

Similarly, another 21.7 percent talked about the aggressive timeline required for implementation. "(The) timeline and resources to implement everything to achieve meaningful use" is a chief concern, stated one CIO.

Despite the significant challenges facing hospitals and other providers pursuing funding, most survey participants indicated their organization would pursue funding. In fact, more than 76 percent responded positively in both 2009 and 2010, with most of the remainder continuing to evaluate their options.

On average, approximately half of all hospital executives interviewed described the measures as under-funded. Specifically, more than 42 percent with ability to answer the question expect incentives to cover less than a quarter of the total costs, and another 22 percent estimate coverage at less than half. Smaller hospitals survey – those under one hundred beds – do anticipate a higher percentage of coverage. On average, 70 percent surveyed expect the incentives to cover at least half of their total anticipated costs.

Certainly, the pressures required for reimbursement are significant. So, why are hospitals aggressively pursuing meaningful use adoption on pace with demands mandated through the legislation? The next section of the research explores perceived impact of the HITECH Act.

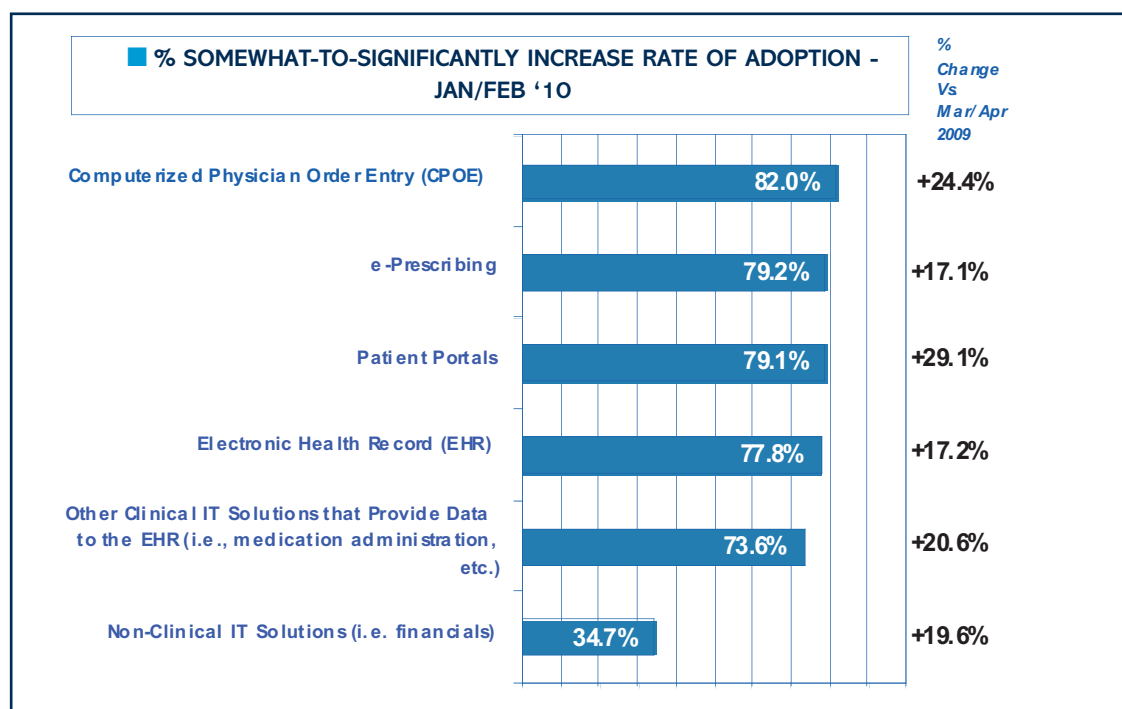
## Perceived Impact on the Provider Market

Shortly following passage of the ARRA legislation, respondents were asked what impact the HITECH Act would have on their organization's healthcare information technology strategy. Nearly 67 percent described the impact as moderate to significant. Nine months later, following publication of the expanded meaningful use definition, that number has increased significantly to over 80 percent. How have plans changed?

Roughly 24 percent of 2010 respondents indicated that their current IT strategic plan meets the requirements outlined to date. Almost half – 46 percent - stated that they must revise their implementation plan to meet requirements. Another 11 percent are considering a wholesale change to their strategic direction and replacement of their current vendor.

Early fears about the HITECH Act were related to concerns hospitals would put decisions on hold until more details about incentives became available. Those fears were warranted. Nearly 35 percent of the respondents in 2010 indicated they had put IT decisions on hold, representing a slight overall gain when compared to 29 percent in 2009. Decisions for clinical and interoperability software solutions were most common, put on hold by 22 percent. Infrastructure and financial software were only somewhat impacted, at 14 percent and 8 percent respectively.

However, the research suggests that for every decision put on-hold, at least two more were accelerated.



Of the hospitals surveyed, most predicted an increased rate of adoption for specific technologies related to achieving meaningful use. In 2010, 82 percent noted a somewhat to significant rate of adoption for CPOE, a 24 percent increase compared to 2009.

In addition, nearly 80 percent noted an increased rate of adoption for ePrescribing, Patient Portals, and EHRs. These numbers are nearly 20 percent higher than those responses collected in 2009 before expanded meaningful use requirements were published.

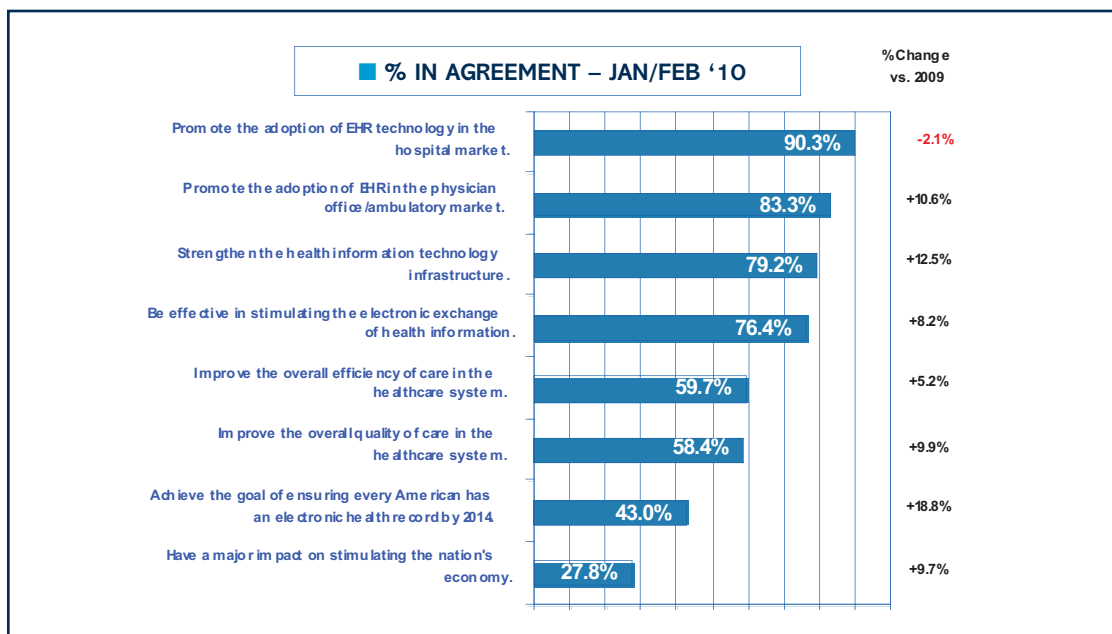
Finally, respondents were asked to indicate how strongly they agreed with a series of statements related to potential impacts of the HITECH Act.



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The strongest agreement was related to the HITECH Act promoting the adoption of EHR technology in the hospital and physician office/ ambulatory market, at 90 percent and 83 percent respectively. Nonetheless, only 43 percent think the Act will achieve the goal of ensuring every American has an electronic health record by 2014.

More than three quarters of respondents believe the legislation will strengthen the health information technology infrastructure and be effective in stimulating the exchange of health information.



Despite these beliefs, a smaller percentage – less than 60 percent – believe the efforts of the HITECH Act will improve the overall efficiency and/ or quality of the healthcare system.

And although survey participants believe they will have to increase resources and rate of adoption to meet the demands of the HITECH Act, only 28 percent believe the legislation will have a major impact on stimulating the nation's economy. While responses indicate that the impact of the legislation is significant enough to dictate movement locally, there is some doubt as to whether the full impact will be felt nationwide.

### Perceived Impact on Healthcare IT Vendors

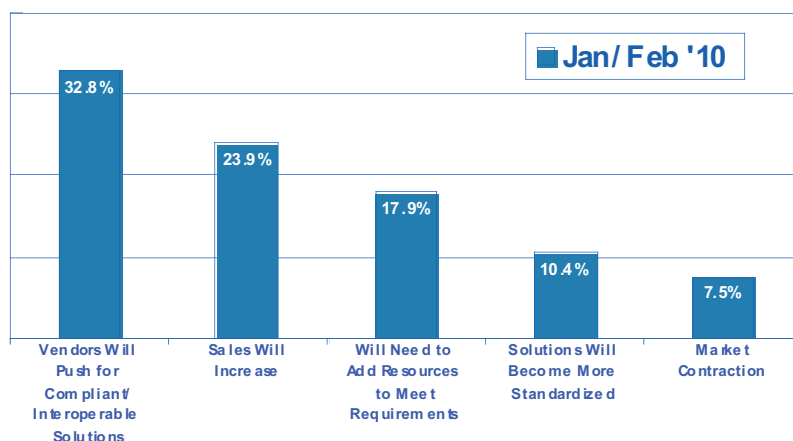
While providers are scrambling to take advantage of funding made available through the HITECH Act, vendors are working to ensure certification and their acceptance as a viable solution. When asked what impact the HITECH Act will have on healthcare IT vendors, 96 percent of respondents described it as moderate to significant.

While 24 percent simply believe the most significant impact will simply be increased sales, 33 percent believe vendors will push towards compliant and interoperable solutions. One CIO believes vendors “will be forced to spend more programming hours around the interoperability and security of their software versus the primary function which is taking care of patients and making it easier for clinicians to utilize.”

Nearly 18 percent believe vendors will be required to add resources to meet requirements. A participating CEO stated, the vendors are “scrambling to write code to meet requirements (and) they do not have enough qualified resources to install all of the systems that (are) required.”

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**PERCEIVED IMPACT ON HEALTHCARE IT VENDORS**



Finally, respondents were asked a series of questions to better understand the dynamic of vendor to customer communications over the past nine months. While 64 percent indicated that their vendor adequately communicated implications of the HITECH Act and meaningful use with their facility, only 38 percent indicated they're comfortable with the plan their vendor put into place to meet demands.

Most importantly, less than 20 percent of healthcare executives believe that vendors will be able to keep up and meet the demand required by rollout timeframes. "They will become over extended. They will be forced to hire new people without implementation skills. Vendors will not be able to keep pace without sacrificing quality," felt one participating CIO.

**Vendor Communication & Preparedness**

**% Responding "Yes"**

Has your vendor (or vendors) communicated adequately with your organization regarding implications of the HITECH Act and meaningful use on your facility?	63.9%
Are you comfortable with the plan your vendor (or vendors) has put into place to meet customer demands as it relates to the HITECH Act and meaningful use?	37.5%
Do you believe that vendors will be able to keep up and meet the demand required by the rollout timeline? (i.e. system certification, implementation resources/rollout, etc.)	19.4%

**Conclusions**

Certainly, the research indicates that providers are eager to mobilize to meet the demands of the HITECH Act. Considering the upfront investment of capital software and resources to get the job done, the legislation was successful in stimulating investment in the industry. While adopting technology and pushing towards interoperability, providers will stretch for funding and resources to meet aggressive timeframes and meaningful use criteria sometimes viewed as "too much too soon." Some providers question whether they're motivated by potential incentives or, ultimately, the threat of penalties down the road.



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Meanwhile, vendors that survive consolidation will face some new and increased competition as the struggle for limited resources within a finite market grows. Pressures of meeting CCHIT will drive a push to interoperability, but will a significant increase in demand and a shortage of qualified resources adversely impact quality?

On May 20, 2009, Dr. Blumenthal stated that, "this is not about the technology, and ultimately I hope it's not about the money." He continued, "if we can show physicians and hospitals that they can be better at their basic work with this technology than they could ever be without it, if we can show the value that it provides day in and day out in the provision of patient care, if we can show that same thing to the American public, then I think the money will be a sweetener but not a determinant of adoption."<sup>2</sup>

Providers believe that the HITECH Act will accelerate both hospital and physician adoption of EHR and other meaningful technology. However, the research suggests concerns exist about the ultimate impact of adoption on the efficiency and quality of the healthcare system.



<sup>2</sup> Reichard, John. "Health IT--and Blumenthal--Step into the Spotlight." <http://www.commonwealthfund.org/>. The Commonwealth Fund. May 20, 2009. March 1, 2010.

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## **About Billian's HealthDATA**



Billian's HealthDATA provides healthcare market intelligence data. It is the only business information provider that covers the entire healthcare continuum, including hospitals, assisted living facilities, long term care facilities, ambulatory surgery centers, IDNs, and managed care (HMOs, PPOs, etc.)

As the leading provider of healthcare business information, HealthDATA facilitates its clients' marketing and customer profiling campaigns with up-to-date, accurate data on healthcare facilities' key personnel, financials, statistical information, affiliations, and more.

From the Hospital Blue Book® to the Billian's HealthDATA Portal, an on-line tool that allows customized searches and downloads of healthcare business intelligence, Billian's HealthDATA delivers the solutions and formats to suit all organizations' healthcare information needs.

**[www.billianshealthdata.com](http://www.billianshealthdata.com)**

## **About Porter Research**



Porter Research helps its clients become high performance businesses within their industries by delivering actionable market intelligence and research insight.

Porter diligently works to understand and assess each client's unique needs and build a customized research program to achieve the desired goals. Combining unparalleled experience, proven methodologies and knowledge-based analysis, Porter provides the unbiased results that clients need to make informed strategic business decisions.

Over the past 20 years, Porter's research team has conducted over 150,000 interviews with executives in the healthcare space. With significant experience working with Fortune 500 healthcare companies, the Porter executive team has built a significant practice in the healthcare technology, provider, payer and life sciences sectors.

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