



News Release

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CALIFORNIA LAUNCHES \$1.4 BILLION ELECTRONIC HEALTH RECORDS INCENTIVE PROGRAM WITH HOSPITALS

Doctors and Other Health Care Professionals Begin Participation in December

SACRAMENTO – The Department of Health Care Services (DHCS) today announced the launch of the first phase of its Medi-Cal Electronic Health Records (EHR) Incentive Program, which will deliver as much as \$1.4 billion in federal incentive payments over the next 10 years to eligible hospitals and health care professionals (physicians, physician groups and clinics).

The program, part of the American Recovery and Reinvestment Act, will reward providers and hospitals for adopting, implementing or upgrading to certified EHR technology in year one of the program and demonstrating meaningful use of the technology in the years thereafter. Hospitals began participation this week, and other providers will be able to apply when phase two of the program launches December 15. The use of EHR technology is key to improving efficiency and outcomes in the health care setting, saving money and potentially reducing overall health care costs.

“This is an important step for DHCS and for Medi-Cal beneficiaries and providers,” said DHCS Director Toby Douglas. “Electronic health records allow us to easily share clinical data in a way that improves the quality of health care delivery throughout the system, all in a secure, digital environment. The incentive payments will help expand the use of EHR more quickly.”

To participate in the program, health care providers must register through the federal Centers for Medicare & Medicaid Services (CMS). Next, they will enroll with the State-Level Registry hosted by DHCS at <http://medi-cal.ehr.ca.gov/>.

DHCS expects about 250 hospitals to apply and qualify for the program. In order to help expedite the application process for eligible hospitals, DHCS offered a three-week “pre-qualification” period in September, during which hospitals could submit their eligibility packages for review. Thirty-eight hospitals took advantage of this opportunity, representing more than \$128 million in potential incentive payments. Approximately \$64 million of that amount will be distributed by the end of 2011. Eligible professionals may each receive up to \$63,750 over the six years that they choose to participate in the program.

Hospital payments begin with a \$2 million base payment. Ensuing payments will be delivered over four years and paid as follows: 50 percent of the amount will be distributed the first year for the adoption, implementation or upgrade to certified EHR technology, another 30 percent will follow in year two, 10 percent for year three and 10 percent for year four. The final year a Medicaid-eligible hospital may begin participating in the program is 2016.

“We are excited to participate in this program because the incentive payments will be critical in helping our hospital upgrade its technology and equipment to facilitate the effective use of EHR,” said Yvonne Waggener, Chief Financial Officer of Mountains Community Hospital (MCH) in Lake Arrowhead. “The pre-qualification process was especially helpful, as DHCS assisted us with our application and answered all of our questions. MCH’s use of EHR will secure electronic protected health information for our patients and improve their quality of care.” MCH expects to receive \$450,000 in year one of the incentive program.

Among the important benefits of the use of EHR is greater access to medical data, which is especially important to primary caretakers in families that manage the care of their elder relatives. Those in the foster care system will also benefit greatly from continued access to their immunization histories.

“California is working to fully utilize federal funding opportunities in the area of health information technology that will significantly improve patient care and reduce health care costs,” said Douglas. “Expanding health information technology is critical to any health care reform effort, and these incentive payments will help move our efforts forward.”

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