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May 15, 2013   Joint Committee on Finance   Paper #363

Electronic Health Records for Care Facilities
(Health Services -- Care Facilities and Quality Assurance)

[LFB 2013-15 Budget Summary: Page 258, #8]

CURRENT LAW

The Department of Health Services (DHS) operates seven care facilities, including three state centers for people with developmental disabilities, two mental health institutes, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center. Each facility maintains several types of health records on each of the individuals they serve, including records of physical and mental health, medications, individual treatments, goal planning, and assessments. These records are maintained in several different systems, including various electronic files developed by each facility that use Microsoft applications (Excel, Access and Word) and paper files.

GOVERNOR

Provide $1,771,000 GPR and $1,721,900 PR in 2014-15 to implement an electronic health records system for the agency's care facilities.

DISCUSSION POINTS

1.   DHS identifies seven ways in which electronic health records (EHR) systems can improve efficiency in health care settings. First, by maintaining all information about a patient in a single location, the information on a patient's medical history, medication history and laboratory test results can be immediately available to anyone who is involved in providing care for the patient. Second, if all of the patient's records are available to a health care provider, it is less likely that tests and procedures will be unnecessarily repeated. Third, EHR systems improve coordination of care

between health care providers and other caregivers, as each has more complete information about the patient. Fourth, EHR systems can help identify early interventions that may be beneficial to patients with diagnosed conditions. Fifth, EHRs may improve the quality of care patients receive, as caregivers may spend less time retrieving and verifying records, permitting them to spend more time directly with patients. Sixth, an EHR system would reduce the number of lost or missing reports. Finally, the system may reduce variability of patient care.

2.   DHS cites several studies that indicate that health care providers and health systems that implement EHR systems can improve the quality of care patients receive and be cost effective. For example, EHR systems can provide information in a timelier manner to providers, increase coding and billing accuracy, improve documentation of patient encounters, and reduce administration and maintenance costs for institutions. It has also been argued that health systems that have adopted EHR systems may find it is easier to recruit and hire health care professionals who may prefer to work in systems that use these technologies.

3.   The administration's goal is to implement a comprehensive EHR system. However, DHS has not yet determined whether it would adopt a system that would meet all of the requirements of a comprehensive EHR system, as defined by the DHHS Office of the National Coordinator for Health Information Technology (ONC). ONC is the federal agency charged with supporting the adoption of health information technology and the promotion of nationwide health information exchanges to improve health care.

Some of the types of patient information that comprehensive EHR systems can record and document include the following:

- Appointment scheduling for providers and patients;

- Billings and collections;

- Computer provider order entry (CPOE), which is the electronic entry of medical practitioner instructions for patient treatment;

- Decision support and diagnostic services;

- Electronic medication administration records (eMar), which enables hospitals to administer medications in a real-time, fully-integrated electronic documentation system;

- Electronic patient charts;

- Individual assessment and program planning;

- Insurance claims;

- Minimum data sets, which are used to measure an individual's functionality;

- Patient education services;

- Progress notes; and

- Treatment plans.

4.   For these reasons, many health care systems have already adopted, or intend to adopt, EHR systems. According to a December, 2012, U.S. Department of Health and Human Services (DHHS), Centers for Disease Control and Prevention report, the estimated percentage of office-based physicians who use electronic medical records or EHR systems in Wisconsin is approximately 83%. The national average is 72%.

In March, 2013, the ONC reported that, nationwide, hospital adoption of at least a "basic" EHR system increased from 12% in 2009, to 44% in 2013 and the percentage of hospitals that had "certified" EHR technology increased from 72% in 2011 to 85% in 2012. Hospitals with "certified" technologies are hospitals that have EHR technologies that ONC has certified as meeting federal requirements for "meaningful use" objectives.

 The attachment compares the functions of a basic EHR system and a "comprehensive" EHR system used by hospitals, which ONC uses for the purpose of measuring the adoption and implementation of these systems.

5.   Besides the benefits of adopting EHR technologies, as described above, health care providers have financial incentives to adopt EHR technologies. Under the federal Health Information Technology for Economic and Clinical Health Act (HITECH), which was enacted as part of the federal American Recovery and Reinvestment Act of 2009, health care providers may receive financial incentives under the federal Medicare and Medicaid programs in the form of increased reimbursement for adopting this technology and demonstrating "meaningful use" of such technologies. DHS does not anticipate, or assume, that Wisconsin would qualify for financial incentives if it implements the EHR system, since it is not clear whether incentives will be available for these types of facilities, and whether it would be worthwhile to implement the reporting requirements facilities must meet in order to qualify for incentives.

5.   DHS estimates that the total cost of purchasing a comprehensive EHR system for all seven of the DHS facilities would be $10,850,000, which would be financed through a five and a half -year masterlease, with annual masterlease payments totaling $2,116,000 each year, beginning in 2014-15.   In addition, DHS estimates that the annual ongoing cost of the comprehensive system would be $1,378,700. The bill would provide $3,494,700 (all funds) in 2014-15 to fund the project. The allocation between GPR and PR funding for this item reflects the division between base funding for each DHS facility.

These cost estimates are based on DHS staff review of recent information technology (IT) purchases by the Wisconsin Resource Center and Brown County to replace previous systems for patient treatment planning and progress notes. Ongoing costs include systems maintenance, hosting costs, and data migration. "Maintenance" generally refers to keeping a server updated and running so that the computer network can operate as it is intended to operate. It includes preventive maintenance (for example, reviewing the server's performance, potential security risks, and backup protocols), and the installation of software updates. "Hosting" refers to renting a server to store data. "Data migration" generally refers to the translation of data from one format to another format, or from one storage device to another storage device.

6.   The Legislature has enacted provisions, under s. 16.976(1) of the statutes, which are

intended to ensure that it has sufficient information on the costs and benefits of new IT initiatives proposed by executive branch agencies. Under this provision, each executive branch agency is required to identify all proposed IT projects that serve the agency's business needs, the priority for undertaking such projects, and the justification for each project. In even numbered years, the plan must include identification of any IT projects that the agency plans to include in its biennial budget request.

Although DHS did not request funding for this item as part of its 2013-15 agency request, it identified this project in its April, 2012, report. The report noted that DHS will need to implement an EHR system for its facilities in order to meet federal requirements for exchanging health care information. In addition, the report noted that, since DHS has insufficient base funding in its operating budget to implement an EHR system, it could seek additional funding through the biennial budget process, and would continue to seek opportunities to obtain federal grants to fund the project. However, federal assistance is not available to support EHR costs for behavioral health, mental health and substance abuse professionals and facilities.

ALTERNATIVES

1.　　Approve the Governor's recommendations.

2.　　Delete provision. Reduce funding in the bill by $1,771,000 GPR and $1,334,000 PR in 2014-15.

ALT 2	**Change to Bill**
	Funding
GPR	- $1,771,000
PR	- 1,334,000
Total	- $3,492,900

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Attachment

ATTACHMENT

Comparison of Functions in Basic and Comprehensive EHR Systems -- Hospitals

Function	Basic EHR System With Clinical Notes	Comprehensive EHR System
Electronic Clinical Information		
Patient Demographics	x	x
Physician Notes	x	x
Nursing Assessments	x	x
Problem Lists	x	x
Medication Lists	x	x
Discharge Summaries	x	x
Advance Directives		x
Computer Provider Order Entry		
Lab Reports		x
Radiology Tests	x	x
Medications		x
Consulting Requests		x
Nursing Orders		x
Results Management		
View Laboratory Reports	x	x
View Radiology Reports	x	x
View Radiology Images		x
View Diagnostic Test Results	x	x
View Diagnostic Test Images		x
View Consultant Report		x
Decision Support		
Clinical Guidelines		x
Clinical Reminders		x
Drug Allergy Reports		x
Interactions Between Drugs		x
Drug-Lab Interactions		x
Drug Dosing Support		x

*Basic EHR adoption requires that each function is implemented in at least one clinical unit, while comprehensive EHR adoption requires each function to be implemented in all clinical units.

Source: DHHS Office of the National Coordinator for Health Information Technology.