



October 2006

Mission: to transform the health care system through information and technology to improve patient safety and health care quality, lower costs, and coordinate care.

1. [FY07 Federal Appropriations Update](#)
2. [Rep. Patrick Kennedy Introduces PHR Legislation](#)
3. [GAO Finds Security Flaws in CMS Billing Systems](#)
4. [New Legislation Addresses Minority Health Issues](#)
5. [New Report Finds Health I.T. Adoption Rates Remain Low](#)
6. [New CMS Chronic Care Program Announced](#)
7. [ONC Announces "State Alliance for e-Health"](#)
8. [National Quality Forum Updates "Never" Events and Safe Practices Lists](#)
9. [The Leapfrog Group Names 59 "Top Hospitals"](#)
10. [Institute of Medicine: Medicare Program Should Phase In Pay-for-Performance](#)
11. [New Prometheus Payment Model Unveiled by Team of Experts](#)
12. [NCQA Report Highlights Improvements in Quality of Care](#)
13. [High Deductible Plans Lead Some to Skip Necessary Care, Study Finds](#)
14. [HHS Designates First Recognized Certification Body](#)
15. [IHI Promising Practice of the Month: Systems Change to Eliminate Infections](#)

FY07 Federal Appropriations Update

The U.S. Congress adjourned for the November elections and only passed two of eleven FY07 appropriations bills to fund the federal government. Only the Defense and Homeland Security funding bills (H.R. 5631 and H.R. 5441, respectively) were passed, with the other nine appropriations bills nowhere near passage. Congress plans to return on November 13 for a lame duck session, but there's no guarantee that it will approve all the remaining funding bills by the end of the calendar year. While only two FY07 appropriations laws were passed, these two account for about 50% of all discretionary appropriations totaling \$482,400,000. The other nine appropriations bills total approximately \$416,800,000. For appropriations outside the Defense and Homeland Security bills, Congress passed a continuing resolution (CR) that provides funding at the lower of the House- or Senate-passed version, or the FY06 funding level. In most cases, program administrators must compare the FY06 funding and the House-passed version; the Senate has not passed any FY07 appropriations bills outside Defense and Homeland Security. The Health and Human Services appropriations bill is a special case. There is no House- *or* Senate-passed version, and in this case the CR specifies that funding will be at the FY06 level. The current CR expires on November 17.

Rep. Patrick Kennedy Introduces PHR Legislation

Caucus Co-Chairman Patrick J. Kennedy (D-RI) introduced legislation on September 29 to accelerate the adoption of web-based, consumer-controlled personal health records (PHRs). The [Personalized Health Information Act](#) (H.R. 6289) would create a public-private PHR Incentive Fund to make incentive payments to physicians who use qualifying PHRs with their patients. By making PHRs useful and relevant to their relationship with their physicians, the bill can begin changing the dynamics of health IT, Kennedy asserts, beginning to create a consumer demand for the use of health IT.

GAO Finds Security Flaws in CMS Billing Systems

A [new Government Accountability Office report](#) details 47 weaknesses in the computer system CMS uses to transmit bills and communicate with health care providers. Former CMS Administrator Mark McClellan said before stepping down that the agency is working to fix the weaknesses but noted that the report "found no evidence that confidential or sensitive information had actually been compromised."

The report focused only on data transmission and did not evaluate the security of the servers used to store patient data. However, GAO auditors earlier this year reported that HHS had ["significant weaknesses" when it came to computer system security](#).

New Legislation Addresses Minority Health Issues

Caucus member Donna Christensen (D-VI) introduced the [Health Equity and Justice Act of 2006](#) (H.R. 6275) on September 29. The legislation proposes to address health disparities through the establishment of health empowerment zones, health workforce diversity, language access issues, and rural health. The same day, Senators Bill Frist (R-TN) and Edward Kennedy (D-MA) introduced a long-anticipated bill on the same subject, the Minority Health Improvement and Health Disparity Elimination Act (S. 4024). The bills may serve as starting points for consideration in the next Congress, but are not expected to receive consideration in the short lame-duck Congressional session that will follow the election.

New Report Finds Health I.T. Adoption Rates Remain Low

A new report finds that while physicians use of health information technology has crept up, fewer than one in ten use comprehensive systems. [Health Information Technology in the United States: The Information Base for Progress](#), a joint project of the Robert Wood Johnson Foundation (RWJF) and the federal government's Office of the National Coordinator for Health Information Technology (ONC), was released on October 12 at The National Press Club in Washington, D.C. The report found that approximately 25% of physicians now use some form of electronic medical records, but that less than 10% use systems with computerized physician order entry, e-prescribing, decision support, and other features capable of producing large gains in efficiency and quality. Flagging concerns about a two-tiered health I.T. system, providers treating large numbers of Medicaid patients were half as likely to use I.T. according to the study. It noted that EHR adoption rates remain very low due to multiple financial, technical and legal barriers and concluded that these barriers will need to be lifted if the health sector is to meet President Bush's desired goal of ensuring that most Americans have their medical information collected, stored, and organized in an EHR by 2014.

New CMS Chronic Care Program Announced

The Centers for Medicare and Medicaid Services (CMS) has announced a [new initiative](#) to pay physicians for the quality of the care they provide to seniors and disabled beneficiaries with chronic conditions. The new initiative is aimed at physicians practicing in solo or small to medium sized group practices. CMS has already implemented several other "pay-for-performance" demonstrations, including the Premier Hospital Quality Incentives Demonstration, which involves acute care hospitals, and the Physician Group Practice demonstration, which involves 10 large multi-specialty group practices across the country.

The new program, the Medicare Care Management Performance (MCMP) Demonstration was authorized under section 649 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). It will be implemented in four states: Arkansas, California, Massachusetts, and Utah in 2007. These four states also served as the four pilot states for the Doctor's Office Quality - Information Technology (DOQ-IT) project

which was implemented by CMS in conjunction with the Quality Improvement Organizations to promote the adoption of electronic health record systems and information technology in small to medium-sized physician practices and to help enhance quality of care.

ONC Announces "State Alliance for e-Health"

The Office of the National Coordinator for Health I.T. has awarded a contract for the creation of a ["State Alliance for e-Health"](#) to examine crucial questions around privacy, interoperability, governance, and sustainability of electronic information exchanges. The \$1.99 million contract with the National Governors Association is intended to establish state-based forums to complement the national work of America's Health Information Community, convened by HHS.

National Quality Forum Updates "Never" Events and Safe Practices Lists

The National Quality Forum (NQF) recently released significant updates to its lists of [serious reportable events](#) and [safe practices](#). In 2002, NQF endorsed a list of 27 adverse healthcare events that are serious, largely preventable, and of concern to both the public and healthcare providers for the purpose of public accountability. On October 16, 2006, NQF announced the addition of one new event to that list-artificial insemination with the wrong donor sperm or donor egg-and material changes to six events from the initial list. Accordingly, the new list now encompasses 28 serious reportable events. NQF has also announced updates to the list of 30 safe practices for better healthcare that it endorsed in 2003. These updates include the endorsement of three new practices and material changes to 23 practices from the initial list. In addition, NQF has announced the endorsement of national voluntary [consensus standards related to the quality of cancer care](#), including a framework for measuring and reporting the quality of symptom management/end-of-life care for patients with cancer; nine performance measures for accountability, internal quality improvement only, and/or surveillance; and 11 areas that urgently need research.

The Leapfrog Group Names 59 "Top Hospitals"

The Leapfrog Group has named 59 United States hospitals to its first [Top Hospitals list](#) based on results from the Leapfrog Hospital Quality and Safety Survey, a national rating system that offers a broad assessment of a hospital's quality and safety. The survey collects data from over 1,200 hospitals (56 percent of Americans live within 25 miles of three or more of these hospitals) on their progress toward implementing the 30 "Safe Practices for Better Healthcare" endorsed by the National Quality Forum. On the positive side, the findings show that nine in ten hospitals have implemented procedures to avoid wrong-site surgeries and eight in ten hospitals require a pharmacist to review all medication orders prior to giving medication to patients. However, many hospitals still have significant progress to make-more than nine in ten have not implemented computer physician order entry to Leapfrog's standard and seven in ten do not enlist intensive care

unit specialists to oversee ICU care. Results for each hospital can be viewed on the [Leapfrog Group website](#), which is updated each month with data from additional hospitals.

Institute of Medicine: Medicare Program Should Phase In Pay-for-Performance

A recently released Institute of Medicine (IOM) report titled, [Rewarding Provider Performance: Aligning Incentives in Medicare](#), finds that Medicare's current fee-for-service payment system does little to promote improvements in the quality of healthcare for its nearly 42 million beneficiaries. Instead, the report recommends that the U.S. Department of Health and Human Services gradually replace the fee-for-service system with a new pay-for-performance system-phasing the new system in over time in order to build on successes and avoid unintended negative consequences. For an initial period of three to five years, Congress should reduce base Medicare payments across the board and use the money to fund rewards for strong performance, while also evaluating other ways to fund bonus payments in the longer term. This report is the third in a series of IOM studies requested by Congress and funded by the Centers for Medicare and Medicaid Services. Previous reports recommend [specific measures for public reporting](#) of healthcare provider performance and ways to [strengthen Medicare's Quality Improvement Organizations'](#) technical assistance function.

New Prometheus Payment Model Unveiled by Team of Experts

On September 13, 2006, a team of experts in healthcare economics, law, policy, health plan operations, and performance measurement unveiled the establishment of [PROMETHEUS Payment, Inc.](#) PROMETHEUS aims to create a payment infrastructure that improves quality and distributes risk evenly between the clinical and insurance sides of the system. The system uses Evidence-Based Case Rates (ECRs) to determine the total resources required to deliver clinically appropriate care. An ECR is a payment rate based on what it will cost a provider to care for a patient during his or her entire episode of treatment, and includes adjustments for severity of disease. ECRs are expected to hold providers accountable for the efficient use of resources, but free them to manage those resources in any way they see fit, thus allowing for innovation. This model is going to be tested, evaluated, and refined by a set of pilot projects to be initiated in different market environments throughout the country.

NCQA Report Highlights Improvements in Quality of Care

Significant gains in healthcare quality were noted in the National Committee for Quality Assurance (NCQA)'s "[The State of Health Care Quality 2006](#)" report issued on September 27, 2006. Drawing on information on care delivered to the 70 million Americans enrolled in private health plans reporting to NCQA, the report found that

children have become nearly three times more likely to receive all recommended immunizations than eight years ago; diabetics are more than twice as likely to have their cholesterol controlled to recommended levels as in 1998; and more than 96 percent of patients who suffered a heart attack were prescribed beta-blockers to prevent a second heart attack-up from only 62 percent in 1996.

While advances have been made, enormous quality gaps remain, according to the report. NCQA estimates that if the entire health care system performed at the level of the top plans, between 37,600 and 81,000 lives would be saved each year. These quality gaps also lead to over \$10 billion in lost productivity and almost 65 million avoidable sick days. Findings are based on data reported by participating health plans, which cover 70 million people.

High Deductible Plans Lead Some to Skip Necessary Care, Study Finds

According to a new RAND Corporation [study](#) published in *Health Affairs*, high deductible "consumer-directed" health plans [reduce health care costs but lead beneficiaries to skip needed health care](#). The study found that most such plans, often linked to tax-favored health savings accounts, save employers at least ten percent. But the reductions in cost result in part from patient foregoing care they may require. For example, some patients do not fill prescriptions from their doctors or get follow-up care that their doctors recommend.

HHS Designates First Recognized Certification Body

From iHealthBeat:

HHS Secretary Mike Leavitt on Thursday announced that the Certification Commission for Healthcare IT is the first group to be selected as a Recognized Certification Body, [Government Technology](#) reports.

As a Recognized Certification Body, CCHIT will help accelerate health IT adoption by ensuring products' functionality, interoperability and security. CCHIT when certifying products will use standards developed and selected by the Health IT Standards Panel, *Government Technology* reports.

Electronic health record software is considered interoperable if it has been approved by a Recognized Certification Body a year before it is donated to a health care provider, according to HHS rules on anti-kickback safe harbors and the Stark law, *Government Technology* reports.

"Our certification will ensure that EHR products donated to physicians by hospitals, health plans and others deliver interoperability along with all its attendant benefits," said Dr. Mark Leavitt, chair of CCHIT (*Government Technology*, 10/26).

IHI Promising Practice of the Month: Systems Change to Eliminate Infections

U.S. hospitals are gaining the tools and expertise to combat infections once considered an inevitable byproduct of being hospitalized. Nowhere is this more evident than with a dangerous and frequently deadly infection, ventilator-associated pneumonia, or VAP. In IHI's 100,000 Lives Campaign, more than 30 hospitals have reported they're virtually eliminating cases of VAP in their intensive care units. For more information, click [here](#).

The House 21st Century Health Care Caucus thanks the following organizations for their contributions to this newsletter:

HIMSS (Healthcare Information and Management Systems Society) is the healthcare industry's membership organization exclusively focused on providing leadership for the optimal use of healthcare information technology and management systems for the betterment of human health. HIMSS frames and leads healthcare public policy and industry practices through its advocacy, educational and professional development initiatives designed to promote information and management systems' contributions to ensuring quality patient care. On the web at www.himss.org. (Items 1-6)

The Institute for Healthcare Improvement (IHI) is a not-for-profit organization leading the improvement of health care throughout the world. Founded in 1991 and based in Boston, MA, IHI is a catalyst for change, cultivating innovative concepts for improving patient care and implementing programs for putting those ideas into action. Thousands of health care providers participate in IHI's groundbreaking work. To find out more, go to www.ihl.org. (Item 15)

The National Quality Forum (NQF) is a private membership organization created to develop and implement a national strategy for healthcare quality measurement and reporting. NQF's mission is to dramatically improve quality of care. Its portfolio includes the endorsement of performance measurement consensus standards, educational programs for health care leaders on key environmental trends, and award recognition programs. NQF, a non-profit organization with diverse stakeholders across the public and private health sectors, was established in 1999 and is based in Washington, DC. [NQF's Executive Institute](#) works to assist healthcare leaders in making quality health care the key business strategy of their institutions and the healthcare enterprise overall. To find out more, go to www.qualityforum.org and www.NQFExecutiveInstitute.org. (Items 8-12)