



ICA Legislative Committee
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Economic Stimulus Package Includes Massive New Spending on Health Care

The unprecedented spending package signed into law by President Barack Obama on February 17th, with \$787 billion in spending and tax cuts, has major implications for health care, including individual providers, with \$150 billion in new spending attached. The huge stimulus package on which the new Administration has hung national hopes for economic revival has as its foundation \$288 billion in tax cuts, the largest item in the measure. In addition to major new Medicaid spending (\$87 billion), extended unemployment benefits and help with healthcare coverage targeted at the unemployed (\$24.7 billion to subsidize private health insurance for people who lose or have lost their jobs), the measure also massively expands healthcare information technology spending, a major item in candidate Obama's campaign platform.

The stimulus initiative includes \$19.2 billion in new spending for health information technology, with a goal of streamlining healthcare record keeping and administration and, above all, reducing rampant medical errors that presently cause at least 300,000 unnecessary deaths annually,¹ and cost the US health care system of upwards of 17 percent of all health care costs. It is estimated that pharmaceutical errors alone are costing Americans an estimated \$177 billion each year.²

Also incorporated into the stimulus were the provisions in the Health Information Technology for Economic and Clinical Health Act (HITECH). This section of the legislation establishes and defines the position of a national coordinator for health information technology, provides \$2 billion for discretionary spending, primarily for grants and loans, and sets a goal of "utilization of a certified electronic health record for each person in the United States by 2014." At the urging of critics of the current federal HIPAA privacy rule, the HITECH Act significantly expands privacy and security standards. Among the key additions to federal privacy policies for health care information, the new law now allows patients to request an "audit trail" showing all electronic disclosures of their health information and mandates that they be notified about any unauthorized disclosure or use.

President Obama is not the first national leader to call for major expansions of electronic health care records. In 2005, President George W. Bush called for a similar effort, although on a vastly smaller scale. "By computerizing health records, we can avoid dangerous medical mistakes, reduce costs and improve care."³ President Bush stated his goal was to get most Americans connected to electronic records by 2014, the same target date referenced by President Obama in the stimulus package.

A significant degree of optimism has begun to surround the computerization of health care records, with major hopes for error and cost reductions at the center of Administration objectives. The degree to which these hopes may prove to be largely elusive, like the hope that managed care would improve quality and reduce health care costs, remains to be seen. What such steps are likely to do, however, are to dramatically increase accountability and responsibility among providers and institutions, since information trails, prescription authority and critical care decisions can all be documented and followed back to who the decision-makers were and when decisions were made.

As one Member of Congress told ICA on this issue, "When a MD scrawls a barely legible prescription which a pharmacist has to interpret, the issue of who got it wrong is up in the air. In a computerized system, where the MD has to type the information, a trail of accountability is clear and indelible. This is a good thing." This is, indeed, a good thing when according to a report published in the *Journal of American Pharmaceutical Association*, "Sadly, estimates indicate that more than eighty percent of life-threatening medication incidents are the result of physician error."⁴

The implications for the individual chiropractic practitioner in this drive to computerize include possible federal financial help to convert clinic records to an electronic format. Beginning in 2011, incentives will be made available to convert paper records to accredited electronic formats. According to one major software concern, "the Centers for Medicare and Medicaid Services (CMS) will pay physicians between \$44,000 and \$64,000 over five years, beginning in 2011, for deploying and using a certified Electronic Health Record to care for patients. The stimulus package is expected to ignite significant job growth in the information technology sector and, according to a Congressional Budget Office review of the legislation's impact, drive up to 90 percent of US physicians to adopt Electronic Health Records in the next decade...Physicians who have not adopted certified Electronic Health Record systems by 2014 will have their Medicare reimbursements reduced by up to 3 percent beginning in 2015."⁵

This is an area that will require considerable regulatory and procedural development and will be closely watched by the ICA legislative team.

The stimulus package included a massive \$10 billion for the National Institutes of Health, for chronic disease and other research, representing a one-third expansion of NIH funding, the previous annual budget for which was \$29.5 billion. This increase was added at the insistence of Pennsylvania Republican Senator Arlen Specter, whose personal health experiences include a brain tumor, intestinal cancer and two episodes of Hodgkin's disease. Senator Specter was one of the three Republicans in Congress who voted for the legislation.

The wide-ranging health spending in the stimulus bill included an additional \$500 million for health professions training programs, making a modest gesture in the direction of recognizing the looming health provider shortage. Also significant was the inclusion of \$650 million to support prevention and wellness activities targeting obesity, smoking, and other risk factors for chronic diseases. This component, which will need to be fleshed out by the US Department of Health and Human Services policy makers, holds some prospects for enhanced chiropractic participation and will require aggressive follow-up in Washington by the chiropractic profession to secure a meaningful role for the unique contributions chiropractic can make in this vital area.

Perhaps the most controversial and most widely commented on and opposed element in the stimulus plan was the inclusion of a large-scale “Best Practices” component. The package included \$1.1 billion in federal funding to investigate how different treatments compare, with some predicting that money will likely go to comparing drugs, devices, and medical procedures. The bill also establishes a new 15-member council which will make recommendations about what to study and coordinate research between three existing federal agencies: the Agency for Healthcare Research and Quality, the National Institutes of Health, and the Department of Health and Human Services.

This provision sparked a wave of almost hysterical protests on the Internet and through the newswires, alleging that this was the first step towards establishing an all-powerful board of health care commissars who would dictate what people can and cannot receive as far as treatment was concerned. This wave of near-hysteria was largely driven by the drug companies and the medical device industry who sought to strip the provision from the final version of the bill, without success. Conservative commentators, in often shrill tones, vehemently argued that such information as the proposed panel might gather would be used to intrude on citizens’ healthcare choices and decision-making by enforcing rigid guidelines and treatment protocols such a program would generate. There is no element of this section of the stimulus bill that provides for anything other than the gathering of clinical effectiveness data, a process which the heavily entrenched drug and medical device industries are not in a hurry to see happen. Their reluctance stems from often flimsy support for many of the substances and devices that contribute to their multi-billion dollar revenue streams. This is a direction which all in chiropractic, where our science is relatively well-researched and documented, should support.

Like it or not, the stimulus package is law and we all must hope that it does what it is intended to do. We are all responsible, ultimately, for the price tag, which in contrast to the approximately \$1 billion spent by the federal government on all aspects of chiropractic, including Medicare, is, at least in terms of new health care spending, a pretty big gamble.

¹ Starfield B. Is US health really the best in the world? *Journal of the American Medical Association (JAMA)* 2000 Jul 26;284(4):483-5. Starfield B. Deficiencies in US medical care. *JAMA*. 2000 Nov 1;284(17):2184-5

² Gurwitz, J.H., Field, T.S., Harrold, L.S., et al, “Incidence and preventability of adverse drug events among elderly persons in the ambulatory setting, (*JAMA*) 2003;289(9) 1107-1116.

³ President George W. Bush, State of the Union Address, February, 2005.

⁴ Gurwitz, J.H., Field, T.S., Harrold, L.S., et al, “Incidence and preventability of adverse drug events among elderly persons in the ambulatory setting, (*JAMA*) 2003;289(9) 1107-1116.

⁵ *Allscripts News, PR NewsWire*, February 17, 2009.