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## Washington Update

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# WASHINGTON UPDATE: THE ECONOMIC RECESSION AND THE GOVERNMENT'S RESPONSE

## Health Information Technology in the *American Recovery and Reinvestment Act of 2009*

Molly Conway

Health Information Technology ("Health IT") is the electronic compilation of medical records to create a comprehensive management system of individuals' health information. The *American Recovery and Reinvestment Act of 2009* (H.R. 1) allots more than \$19 billion for the creation of a national central Health IT system. This legislation will provide incentives to medical institutions and physicians who currently utilize electronic

infrastructure needed to further the use of Health IT. Finally, a significant portion of the Health IT funding is set aside for Medicare and Medicaid.

Currently, an individual who has several doctors may unnecessarily undergo the same test for each doctor. With EMR, the results can be disseminated to all doctors who request the same test so as to save the patient time and money. It is expected that the utilization of EMR in Medicare and Medicaid will save more than \$12 billion over the next decade.

Most notably, the legislation creates the Office of the National Coordinator for Health Information Technology within the Department of Health and Human Services. This Office will ensure security of information while implementing a central entity to review policies and recommend changes for a seamless process.

It is expected that in the next decade, 70% percent of hospitals and 90% of physicians will utilize electronic health records. The advent of a national Health IT program is only the first step in health care cost savings and will ensure that individuals receive the best care possible.

## The *American Recovery and Reinvestment Act* Impacts COBRA Benefits

Kathryn Coniglio

With the number of unemployed workers in the United States reaching record highs, new policies are being implemented to accommodate the healthcare needs of the newly jobless. Since 1985, the Consolidated Omnibus Budget Reconciliation Act (COBRA) has allowed employees who have lost their jobs to maintain healthcare benefits for eighteen months, as long as they had coverage



medical records ("EMRs") and those who decide to follow suit. Additionally, funds are provided for Indian Health Services to further telehealth initiatives and provide physicians access to state-of-the-art procedures. This package also creates a pool of money for grants to physicians and training institutions and allocates funds for

prior to being laid off and were not terminated for misconduct.

The American Recovery and Reinvestment Act, signed into law February 17, 2009, has greatly affected the COBRA program. The Act contains a number of COBRA revisions, effective immediately. Previously, employees paid COBRA premiums out-of-pocket. Under the new law, the government will subsidize 65% of costs. Employers will be required to pay the subsidized portion directly to the government and will be reimbursed through reduced remittance of payroll taxes withheld from employees.

Anyone laid-off on or after September 1, 2008 will have 60 days to retroactively enroll in COBRA at 35% of the original cost. Employers must notify terminated employees of a “second chance” at this health care coverage. Reduced premiums will be available for those laid off through December 31, 2009. COBRA benefits will last for nine months, until the individual becomes eligible for another health plan, until the 18-month coverage period expires, or until the individual fails to contribute his 35% share, whichever date comes first. Those individuals who choose to utilize subsidized COBRA benefits will not face increased income taxes unless the individual falls into a high-income bracket.

Healthcare experts have already voiced concerns that the expansion of COBRA will discourage employers from offering health insurance. Although employer contributions will be reimbursed quarterly, companies already strained by the economic downturn may choose to eliminate healthcare benefits rather than “loan” the government COBRA payments for each laid off employee who elects coverage.

## **An Overview of Health Sector Spending in President Obama’s Stimulus Package**

*Walakewon Blegay*

Within the first 100 days of his presidency, President Barack Obama’s “American Recovery and Reinvestment Act of 2009 (ARRA),” a \$787 billion economic stimulus package, passed both Houses of Congress and was signed into law. ARRA has a number of provisions directed towards changes in the healthcare system, funneling approximately \$150 billion to a number of major health care initiatives. States will receive an additional \$87 billion of matching funds to bolster their Medicaid programs over a 27-month period.

Additionally, the National Institute of Health (NIH) will receive \$10 billion for research grants in areas such as cancer, Alzheimer’s disease, heart disease, stem cells, and for renovation of research facilities. The Department of Veterans Affairs will receive \$1.2 billion to construct and renovate healthcare facilities and national cemeteries. The package allocates the Department of Defense \$2.3 billion to fund construction of military health and dental clinics. ARRA will distribute \$1.1 billion between the Agency for Healthcare Research and Quality, NIH, and the Department of Health and Human Services to compare the effectiveness of medications and medical devices. In addition, prevention and wellness programs will receive \$1 billion to address the issues of obesity, smoking, and other risk factors for chronic disease and immunization.

President Obama noted that an estimated 45.7 million Americans are uninsured, and pledged that ARRA was the first step to insulating Americans from what he called “the crushing cost of health care.”