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**Testimony before the Illinois Senate Special Committee on Medicaid Reform
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Good morning. My name is Laura Zaremba and I am the Director of the Illinois Office of Health Information Technology. Governor Quinn established the Illinois Office of Health Information Technology in February 2010 by Executive Order 10-01 to support statewide efforts to accelerate electronic health records adoption and facilitate the secure exchange of that information. The Office is administering an \$18.8 million federal stimulus grant to promote the statewide adoption and exchange of electronic health records to improve health outcomes, enhance care coordination, reduce medical errors and redundant procedures, control health care costs and involve patients in their health care decisions. The federal grant funding, which runs through January 2014, will support Illinois' development of the statewide health information exchange that was authorized this year with the passage of the Illinois Health Information Exchange and Technology Act. This Act was an initiative of the Governor and passed with unanimous, bi-partisan support in both houses of the General Assembly.

The Office is coordinating health information technology initiatives among multiple State agencies and private sector stakeholder organizations to ensure that their goals and resources are aligned and that Illinois is able to take full advantage of the federal incentives made available under the HITECH Act provisions of federal stimulus law. Under those HITECH Act provisions, Medicare and Medicaid providers will be eligible for 100% federally-funded payment incentives, beginning in 2011, for the adoption and "meaningful use" of electronic health records. Illinois, like every other state, is participating in the Medicaid electronic health records incentive program to ensure that its hospitals and eligible professionals are able to qualify for the federal payment incentives. Medicare providers that do not become meaningful users of electronic health records by 2015 will be subject to payment penalties.

The Office of Health Information Technology is working very closely with the Illinois Department of Healthcare and Family Services on the development of the State's Medicaid HIT Plan, which must be approved by the federal government in order for the State to begin making incentive payments to Medicaid providers in 2011. Individual providers will be eligible for up to \$63,750 and hospitals payments are calculated by a multi-factor formula beginning with a base amount of \$2 million. Hospitals must have a Medicaid patient volume of 10% and individual eligible professionals must have a Medicaid patient volume of 30% (20% for pediatricians) to qualify. They must adopt, implement or upgrade a certified electronic health record system in their first year of eligibility in order to receive an incentive payment.



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After their first year of participation in the program, Medicaid hospitals and eligible professionals must meet increasingly more stringent criteria over time to continue demonstrating meaningful use and qualifying for the full incentive payments. These criteria are intended to increase health care quality, improve health outcomes and control costs over the life of the program. Federal CMS established the meaningful use criteria by federal rule and intends to modify them over time to reflect higher value quality, outcome and cost control goals.

The Illinois Office of Health Information Technology and Department of Healthcare and Family Services have been working with Medicaid providers for more than a year to prepare for the payment incentive program and ensure that as many Illinois providers as possible are able to participate. The payment incentives are intended to accelerate the rate of adoption of electronic health records and the secure exchange of patient information among clinicians to improve care and control costs. The electronic record systems must be interoperable to ensure that vital health data, including prescription drugs, patient allergies, current problem lists and diagnostic test results can be transmitted accurately and securely. The information must be available to patients to ensure that they are better informed in their health care decisions.

The use of electronic health record systems and exchange of information is a critical foundation for Affordable Care Act payment reforms that will incentivize quality care over volume and reduce the unnecessary procedures and avoidable adverse events that are driving health care cost increases today. Accelerating the adoption rate of electronic records among Medicaid providers is a key goal of Illinois' statewide health information exchange plan. As a result, we anticipate significant improvement in care coordination, patient care transitions as they move from one setting to another, and reduction in duplicate tests, medications and procedures, all of which control costs and improve health outcomes.

A copy of the State's Health Information Exchange Strategic and Operational Plan, which includes plans for the statewide health information exchange and a description of all Illinois' funding awarded under the HITECH Act, is available at www.hie.illinois.gov. Thank you for the opportunity to testify and we welcome any questions the Committee may have.