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Stimulating Efficiency

In February, President Obama signed into law the economic stimulus, the American Recovery and Reinvestment Act of 2009 (ARRA). One aspect of the law — the Health Information Technology for Economic and Clinical Health (HITECH) Act — provides funds for hospitals and healthcare providers to implement electronic health records. The first of these funds were granted in August, with the U.S. government announcing grants of almost \$1.2 billion to help hospitals and healthcare providers establish and use electronic health records. In total, \$19.5 billion for healthcare information technology.

When used effectively, experts believe EHRs can enable providers to deliver healthcare more efficiently. The economy will benefit from an investment in health IT; according to research by IBM and the Information Technology and Innovation Foundation, investing \$10 billion in EHR and other health-related IT projects would create 212,000 jobs. Deloitte reported earlier this year that investing in e-prescribing and electronic medical records, along with better coordination of patient care through primary-care doctors, would result in 10-year savings of \$530 billion.

Experts say patients will benefit from an investment in health IT as well. When used properly, EHR systems can help keep patients safe by alerting clinicians to harmful drug interactions or allergic reactions to prescribed medicines and helping clinicians manage the health of patients with complex chronic conditions.

But very few providers — as of 2006, about 12% of physicians and 11% of hospitals — have adopted it, according to a May 2008 report by The Congressional Budget Office. The CBO reports says several factors may explain the low rate of adoption, including the challenges that arise in implementing the systems, the inability of providers to capture all of the financial returns of the health IT systems, and uncertainty about the value of the advantages to be gained. But an April 2009 report by the Healthcare Information and Management Systems Society finds that almost 70% of U.S. hospitals are only two steps or less away from having the health IT applications necessary to meet the objects of ARRA. Among physicians, 4% physicians report having an extensive, fully functional electronic-records system, and 13% report having a basic system, according to a survey reported by the New England Journal of Medicine in July 2008.

As discussed by our experts in the Forum on page 10, this HITECH law will impose new privacy and security requirements on covered entities. Some experts predict that HITECH is likely to be disruptive to the pharma industry, especially with regard to clinical development and health economic outcomes research. There is potential to shorten R&D cycles, by having the ability to find and recruit patients faster and faster and easier documentation of trials. In addition, interoperability will enable faster reporting of adverse events.

But Deloitte experts stress that to fully take advantage of the benefits of electronic records, companies will have to address their traditionally siloed organizational structure, which leads to antiquated technology infrastructures with compatible data sources.

A technology stimulus