

FACT SHEET

Health Information Technology

Issue: Our health care system is plagued by rising costs and declining quality of care. The adoption of modern information technology in health care, including electronic medical records, is the single most important step that can be taken to reduce costs and improve quality.

- By 2014, total health spending is projected to constitute 18.7 percent of gross domestic product, an increase from 15.3 percent in 2003.¹
- The Institute of Medicine estimates 45,000-98,000 people die every year from hospital medical errors -- more than motor vehicle accidents or breast cancer.
- According to the Department of Health and Human Services and the American Health Information Management Association, digitizing health information could save as much as \$300 billion in unnecessary expenses being paid for the wrong treatments.
- A recent study by the U.S. Department of Health and Human Services' Centers for Disease Control and Prevention found that only 31 percent of hospital emergency departments, 29 percent of outpatient departments, and 17 percent of doctors' offices use electronic medical records.
- RAND Health, a nonprofit research organization, estimated that implementing health information systems in 90 percent of hospitals and doctors' offices would cost about \$8 billion per year over 15 years; savings from efficiency and health benefits could be \$81 billion to \$161 billion or more per year.

Federal Role: In 2003, the Federal Government paid 33 percent of personal health care expenditures while State and local government paid 11 percentage.² As the largest payer of health care costs, the federal government must lead the way in the adoption of health IT by providing federal financial incentives and assist in the development and implementation of nationwide interoperability standards.

Congressional Action:

1. **Codify and fund the Office of the National Coordinator.** In 2004, the Administration created the Office of the National Coordinator for Health Information Technology (ONCHIT) to develop a national strategy on health IT and an implement an interoperable health IT network. Congress should enact federal legislation to make the office permanent and provide adequate funding to fully cover the operational needs of the ONCHIT.
2. **Encourage the development of interoperability standards.** A nationwide health IT system will only achieve its maximum benefit if an electronic medical record can travel with a patient from provider to provider. Health IT must be interoperable to be effective. Federal legislation should establish a framework for developing a minimum, but necessary set of interoperability standards for the secure exchange and use of electronic health IT and ensure the federal government adopts the standards in a timely manner.
3. **Reduce financial barriers.** Broad adoption of an interoperable, standards-based health information network will depend on financial incentives for the providers who implement and use health information technology systems to improve the quality of patient care. Congress should explore reimbursement options for providers in the Medicare program that will facilitate the use of health information technology for quality improvement, and evaluate the benefits of providing grants and loans to providers to help reduce the barriers to investment in future health IT solutions.

For More Information:

¹ Stephen Heffler, Sheila Smith, Sean Keehan, Christine Borger, M. Kent Clemens, and Christopher Truffer. "U.S. Health Spending Projections For 2004–2014." *Health Affairs*, 24 (2005): w74-w85 (published online 23 February 2005; 10.1377/hlthaff.w5.74).

² National Center for Health Statistics. *Health, United States, 2005 With Chartbook on Trends in the Health of Americans*. Hyattsville, Maryland: 2005

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