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### Health IT Stimulus: Obama's Dream or Nightmare

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In two previous issues, HIT presented an overview of plans by President Barack Obama concerning stimulation of health IT implementation in the US. To recap, the Obama vision relates to governmental support for IT adoption in health sector, and is worth some 15 billion Euros until the year 2013. The quintessence of the US President's approach to this subject can be obtained in his statement on January 8, 2009: "To improve the quality of our healthcare while lowering its cost, we will make the immediate investments necessary to ensure that within five years, all of America's medical records are computerized."

#### Principal Challenges

Current developments show that the key challenges related to the US health system reform concern its very foundations. The American public is clearly concerned about the huge additional financial burden of offering healthcare to some 40 million Americans without insurance or governmental health coverage (apart from the very limited services provided by Medicaid or Medicare).

Healthcare reform proponents, on their part, are directly targeting IT as a catch-all panacea for such concerns: health IT, in their view, should bring control to the whole healthcare system. We have no right to think that the then-Senator Obama's statement made back in 2005 at the Pritzker School of Medicine commencement is no more valid today. On that occasion, he emphasised, "too much care is still provided with a pen and paper."

To summarise: there are simply no means to efficiently control a huge system which affects 300 million people, using pen and paper! Poor control results in lower quality of services and increased costs. These drawbacks are substantially higher than the cost of stimulating healthcare IT adoption, and even the costs of broadening healthcare coverage!

This is the essence of the arguments which Obama and his team are now using to try to persuade and win over opponents of his proposed reforms.

Another controversy is the near 'genetic' disagreement that Americans have with governmental interventions in business, especially if it is paid from the taxpayers' purse. Given this, the idea behind the stimulation package was set somewhere halfway, and seems to be acceptable to the broader US public: that there will be no direct stimulation to the industry. Instead healthcare service providers (from GPs and clinics to hospitals) are the targets to be stimulated to adopt IT. The American public, it is believed, can digest such governmental interference because the money goes "to my physician or to the ward in my hospital and not to some IT company, which has enough profit anyhow!"

What are (and will be) the most important lessons for Europe from such a healthcare IT stimulation exercise in the US?

1. The US approach seems to be sounder and more efficient compared to other possible models for development in health IT: A strict market approach, direct investments in development projects (e.g. FP7 or EAHC), insurance company based developments or governmental ones.
  2. Planned computerization of medical records is a condition which is necessary, but not sufficient. What is sought is integration, so as to avoid millions of "islands of automation". The stimulus bill here is very clear, as noted in section 300
- (2): The term 'enterprise integration' means the electronic linkage of healthcare providers, health plans, the government, and other interested parties, to enable the electronic exchange and use of health information among all the components in the healthcare infrastructure in accordance with applicable law, and such term includes related application protocols and other related standards.

3. Threat for Europe. The adoption stimulation for healthcare providers will anyhow eventually flow into the purse of US IT manufacturers, primarily in the field of application software. This new challenge of a strengthened presence by

US manufacturers in EU health IT markets can, however, be converted into an opportunity: European companies have to enter the US market more aggressively, primarily taking care of compliance issues and thus piggy-backing themselves on the Obama strategic initiative.

#### **HITM Analysis**

In spite of healthcare reform being Obama's top domestic priority, controversies about its cost to taxpayers and its impact on the US budget deficit have cut into the President's approval ratings. Public disapproval of the President's handling of healthcare has leaped to 52 percent, according to an Associated Press-GfK poll in early September.

Three reform bills have been approved by committees in the lower House of Representatives, but no Republicans have backed them. At the time of going to press, progress in the Senate on the reforms has been completely stalled.



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