Working to Make RECs Sustainable

By Chris Dimick

The regional extension centers—created through federal grants to help small providers and hospitals select, implement, and use health IT—have several years remaining on their contracts. However, they are already considering business models that would make them self-sustainable long after their federal funding runs out.

The Office of the National Coordinator for Health IT, which created the program, has always considered the grants as start-up funding, intending that the RECs find their feet and continue assisting providers past the length of the contracts. This past January it relieved some of the pressure by modifying the funding to provide greater support for the centers in the second half of the contracts.

Saving Money for Implementation

The REC grants cover a four-year period ending in 2013. Originally ONC planned to reimburse the extension centers for 90 percent of the costs per provider in the first two years of the contract. The RECs would be responsible for the remaining 10 percent. In the second two years that ratio would flip, with ONC covering 10 percent, and the RECs responsible for 90 percent.

However, ONC soon realized it had underestimated the time it would take the RECs to become self-sufficient. In January 2011 the office announced it would pay 90 percent of the costs per provider throughout the full four years of the program.

ONC did not issue additional grant money. It only adjusted the rules for how it will pay out the money. The change means that RECs will receive steady funding throughout four years, but without additional money, they need to reconfigure their budgets. They must spend less money on the front end or work with fewer providers.

The extension was meant to ensure RECs had sufficient funding during the last two years of their contracts, when the majority of their actual implementation work with providers would occur. (RECs have spent their first year becoming operational and recruiting providers to the program.)

ONC says the change was also made to take the burden off of providers, who likely would have been charged higher fees by the RECs to make up the funding difference. A number of competing priorities such as ICD-10 and the HITECH modifications to the HIPAA privacy rule have stretched most small providers thin, and ONC recognized a change in funding was needed.

“We wanted to make sure that we took off financial pressures, especially given these tough economic times, from providers [who] were already putting a lot in,” says Mat Kendall, director of provider adoption support at ONC. “We didn’t want to overtax them and wanted to do everything in our power to make sure that [the RECs] were successful.”

RECs also needed more time to get their operations streamlined and develop tried and true methods for working with providers before funding was reduced, says Sarah Cottington, MHA, RHIT, CPHQ, the quality improvement advisor at the Iowa-based Telligen HIT Regional Extension Center.

“I think all of us felt like to really get the job done and provide real help to providers, [funding] was going to have to be more than just a year,” she says. “Everyone could see that it was going to take more time than that.”

Independent industry analysis also praised the contract revision. The change was a good sign that ONC and the RECs were committed to the mission and that ONC would not let the RECs “die on the vine,” says Jennifer Covich Bordenick, CEO of healthcare industry group eHealth Initiative (eHI).

"We're in a really difficult economy right now, and there are a number of competing priorities," Bordenick says. "Doing this is hard anyway, even in the ideal conditions, when the wind's blowing your way and everything going great. Even in those conditions this implementation and adoption is difficult."

Becoming Sustainable

Now that solid funding has been spread over the initial four years of the program, the RECs' ultimate goal is to develop self-sustainability models that allow them to remain open well past the length of the grants. That will be the biggest challenge RECs face as they near the end of their fourth year in 2014, Bordenick says.

The RECs "have to find a really valuable service that physicians want to buy, so they need to be providing technical assistance or help that is valuable, that doctors are talking to each other about, because there are a lot of groups that can help with this—vendors, consultants, et cetera," she says. "So the RECs need to distinguish themselves."

eHI's 2011 REC survey showed that RECs are considering several approaches to sustainability. The most popular is a paid membership model offering consulting services for physicians and specialists that include training, assistance with practice management, and quality improvement.

"I think there are a lot of different models that are being developed right now that we are looking to see, looking to test, itemize best practices, and then launch," Kendall says. "Implementing the system is just the first step. We always said it is about meaningful use, and we think meaningful use is the first step in a longer process toward quality improvement, improved healthcare efficiency, and improved population health."

Some RECs are tying their model into federal national quality strategy programs that will soon launch. RECs would charge for services to help providers become accountable care organizations and patient-centered medical homes, help facilities meet upcoming pay-for-performance quality measures by offering quality analytics, and act as a consultant on the later stages of meaningful use.

Some RECs like Telligen HITREC may seek to expand their client base. They would continue to recruit providers for EHR and meaningful use consulting, but move beyond the small and rural providers targeted in their ONC grants and open up services to physicians and hospitals of any size.

For more on the RECs' first year, see "RECs on a Mission." For the role of HIM in the REC's work, see the "REC Connection."

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