

From Tom Tarver for Venture Nashville Connections (excerpts)

The appropriation of the ARRA stimulus dollars are spread across a wide variety of industry segments, and as you know, it involves a significant amount of federal dollars for healthcare. The stimulus dollars that are available for healthcare are specifically targeted to improve the quality and safety of patient care by aligning caregiver-related activities with "meaningful use" criteria as outlined in the HITECH initiative for hospitals and providers and also in the CTSA funding for biomedical research settings. An inherent component in these efforts involves changes in clinical workflow and capturing, retaining, and ultimately sharing patient-related information. In many cases, the enabling underpinning for these changes involves software enhancements, new technology, requires additional digital connectivity, compliance to standards, and additional HIPAA conformance.

Aside from the stimulus dollars flowing to healthcare as incentives, there are corresponding reimbursement penalties for non-compliance which are very significant. It is very much a carrot and stick scenario.

Nashville Tech Sector Opportunities

Tech Service Firms

Dependant upon the rate of adoption by hospitals and providers over the next 3 or 4 years, the magnitude of federal HITECH related expenditures could exceed \$1B dollars.

For physician practices, a significant portion of their spending will go towards the acquisition and implementation of an EMR system. For hospitals, the allocations are directly tied to implementations of meaningful use in defined areas. Most of the hospital spending is reliant on an underpinning of technology. At the state level, there is going to be a significant influx of dollars that will drive a lot of technology purchases which will create a huge local opportunity. You can extrapolate the opportunity nationwide for firms that market beyond the state level.

A smaller percentage of the opportunities will involve traditional, more generic, tech services - upgrades in infrastructure, additional bandwidth, and the installation of new user equipment. So for all tech-related firms offering those services, there is opportunity. The more significant tech opportunities require that tech firms have specific healthcare knowledge, experience, products, and services. Aligning with the right partners will also be critical for successful tech firms.

The opportunity gap for many local tech firms will be contingent on their having tech employees and services that are healthcare-specific as well as a healthcare-centric marketing effort that communicates effectively with potential clients. You must understand and speak the language of healthcare - healthcare has even more acronyms than the acronym-laden tech sector.

Geographic Advantage

Nashville technology firms are well positioned geographically given that our city remains the healthcare hub for the US. With the number of hospital and other healthcare-related firms headquartered in Nashville and surrounding areas, tech firms are in the right place at the right time to assist those impacted by the federal programs.

This also attracts intense competition from those tech firms outside of Nashville. Unfortunately, Nashville technology firms sometimes have to contend with the client impression that tech services are better if they are acquired from firms in larger cities or are offered by brand names in the industry. This is not the case. Nashville has tremendous talent and it is a great opportunity to overcome some of those barriers.

Local "Meaningful Use" Providers

Nashville has a significant number of firms that develop software for hospitals and physician practices. For those firms, there are the opportunities driven by HITECH for software enhancements and upgrades to existing clients and total system sales to new clients requiring newer features. The additional development within these supplier firms will drive needs for supporting work from Nashville tech firms. Examples of this type of work would include programming, deployment, integration, staffing, and ongoing tech support.

LBMC Approach

At LBMC, we have developed a comprehensive healthcare strategy for healthcare stimulus-related services. We have spent considerable time and effort to monitor and analyze the federal revisions and HITECH clarifications. If you closely examine the expertise required to successfully implement "meaningful use" projects, both technical and non-technical, we are uniquely positioned as a firm to provide these services. LBMC already offers a diversity of services targeted specifically for healthcare in the areas of compliance, security, technology, planning, strategy, project management, and integration. LBMC is headquartered here and has sister locations in Knoxville and Chattanooga although the LBMC healthcare services, in particular, have traditionally deployed nationwide.

Early on, we assembled the *LBMC Stimulus Swat Team* to analyze and address the requirements and needs evolving for the healthcare community associated with the funding. Beginning last fall, we realized there was a tremendous need for many healthcare organizations in understanding the requirements and details surrounding the federal programs. We have shared our analysis and insights of the guidelines through co-sponsored events and webcasts, both of which we intend to accelerate as the criteria become more defined and hospitals and physician practices accelerate their HITECH efforts.

Successful HITECH implementations will include a lot of planning and budgeting to ensure that the dollars are allocated appropriately. If a hospital has ten separate initiatives underway to achieve meaningful use criteria, it must ensure that some of the projects do not dominate and consume the overall funding at the expense of the other projects needed to secure the full HITECH allocations. New processes and workflows must be defined, implemented and enforced to ensure compliance. HITECH dollars are not paid upfront, so LBMC have been working with a number of financial partners to assist hospitals and physicians with interim dollars to initiate the projects until reimbursement occurs.

We see the overall HITECH process as assessing, planning, budgeting, defining, financing, evaluating/acquiring, implementing, along with assuring ongoing compliance. We offer a very affordable "get started" service that orients healthcare organizations and gets them started on the right track from day one. We also offer ongoing consultancy for each stage of the HITECH lifecycle.

HITECH Success Criteria

In summary, the successful companies will have strong healthcare experience in the areas of strategy, planning, and compliance as well as complementary technology experience in the areas of hospital systems, physician systems, and system interoperability. The best positioned firms will have strong expertise in those areas as well as a solid orientation and service portfolio aligned with the specific requirements for HITECH.