

# FCR 9

Office of the President  
February 22, 2011

Members, Board of Trustees:

## Ambulatory EHR Equipment/System

Recommendation: that the Board of Trustees approve the initiation of the “Ambulatory Electronic Health Record Equipment/System” (EHR) project and make a Declaration of Official Intent to use a future tax-exempt lease-purchase agreement to reimburse some of the capital expenditures.

Background: The federal Health Information Technology for Economic and Clinical Health (HITECH) Act and Patient Protection and Affordable Care (PPAC) Act, enacted in 2009 and 2010, respectively, include an initiative for every American to realize the benefits of an “Electronic Health Record” (EHR) by 2014. The PPAC Act included financial incentives for eligible hospitals and physicians to demonstrate meaningful use of an EHR. The Act also included penalties of up to three percent in reductions to Medicare reimbursement if an EHR is not established by 2014. In order to comply with the legislative requirements, maximize the financial incentives, and avoid penalties, UK HealthCare (UKHC) recommends initiating an EHR solution for outpatient care.

For the last decade, UKHC has been using Eclipsys’s software as its EHR and Computerized Physician Order Entry (CPOE) solution for inpatient care. From September through December 2010, a team of UK clinicians compared two solutions (Eclipsys and Allscripts) for outpatient care. The review team received feedback from over 50 physicians and recommended that UKHC purchase the Allscripts EHR for outpatient care and implement a single electronic patient record system for all ambulatory clinics. UKHC IT Governance supports the recommendation. During UKHC’s review, Eclipsys and Allscripts merged into a single company, further facilitating the implementation of the new EHR system.

The Allscripts EHR is estimated to cost \$51,767,000. UKHC expects to receive \$26 million in federal funds for demonstrating meaningful use of an EHR for outpatient care. The EHR will be funded with the federal incentive payments, \$15 million from a tax-exempt lease/purchase agreement, and \$11 million from UKHC operations.

At the September 11, 2007, meeting, the Board delegated to the Executive Vice President for Finance and Administration the responsibility for managing University debt related to the lease/purchase of equipment and information technology items costing less than \$200,000. However, acquisitions of major equipment and information technology items costing \$200,000

or more where the method of procurement involves debt in the form of capitalized lease obligations will be submitted to the Board for approval.

U.S. Department of Treasury regulations related to use of proceeds of tax-exempt bonds or notes require that the borrower make a Declaration of Official Intent to reimburse itself for capital expenditures made prior to the issuance of the debt (also known as a “Reimbursement Resolution”) if the issuer intends to reimburse itself from tax-exempt debt proceeds. Passage of this recommendation states intent to reimburse from a future tax-exempt borrowing.

The University’s Debt Committee has reviewed the proposed lease/purchase to assess the impact on the University’s debt capacity. The Debt Committee has determined that the proposed lease/purchase is consistent with the University’s Debt Policy.

Contingent upon approval by the Board of Trustees, this project will be submitted for approval to the Council on Postsecondary Education and the Capital Projects and Bond Oversight Committee.

---

Action taken:     Approved     Disapproved     Other \_\_\_\_\_