EXECUTIVE SUMMARY

BUILDING A SUSTAINABLE MODEL FOR HEALTH INFORMATION EXCHANGE IN PENNSYLVANIA

FEBRUARY 22, 2008

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Moving Healthcare Forward

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Establishing long-term sustainability for local, regional or statewide health information exchanges (HIEs) requires implementing a funding model, which is supported by the healthcare community it serves, and a business model that demonstrates the benefits and return on investment.

The trend statewide in Pennsylvania is to create an interconnected, electronic healthcare system that is driven by enhancing healthcare quality and effectiveness and reducing the cost of healthcare. Today, state leaders are recognizing that health information technology (HIT) and HIE can help address many healthcare challenges. However, the development of HIE has been for the most part, driven by local and grassroots efforts since healthcare services and patient healthcare experiences are primarily local. Health Information Exchanges are alive and doing well in Pennsylvania, and the momentum is growing, but until there is a critical mass of adoption as well as adequate funding to promote utilization, the ability to sustain the progress that has been made is tenuous.

Despite evidence that HIT and HIE, which together bring the assurance of interoperability, promises to transform the current healthcare system by ensuring that consumers have access to the highest quality, most efficient and safest care, giving healthcare providers access to the right information at the right time and reducing the overall costs of health care delivery, our nation's health care industry lags behind other industry sectors in IT investments. Establishing a successful HIE requires achieving sustainable vision, commitment, technology and infrastructure, adoption, financial support, collaboration and leadership.

A starting point for all HIEs in Pennsylvania is to establish and keep their purpose and mission at the forefront. High success comes with a strategy to implement the vision and plan in smaller incremental phases, rather than tackling the whole all at once. The best way to drive sustainable change is through smaller incremental steps.

State funding is crucial in the short term to sustain initial development and start up of key operational initiatives. Adequate funding must be provided from additional sources for development, deployment and ongoing operations. In the long term there must be a re-alignment of incentives.

Establishing and implementing a business model that creates incentives for use, and recognizes the need for funding from those stakeholders that derive value and benefits using technology to share health information among key healthcare providers is critical. Adding value to the healthcare system through improving efficiency of care delivery, reducing administrative burdens such as public health reporting requirements, ensuring affordability and access of healthcare and providing the right information to healthcare providers at the right time for more informed decision-making is an end-result of HIE sustainability.

Empowerment of a neutral organization with statewide collaborative capability to bring the diverse array of potential providers and consumers of HIE services to the table to establish common standards for HIE-related value-added services is a necessary initial step toward sustainability. Sustainability is dependent on staying the course, even when encountering

competing priorities. Given the complexity of the healthcare delivery system there will always be challenges in keeping resources from moving to other areas that need attention within their organizations.

Serious consideration and effort in establishing policies and principles around business transactions related to the sharing of information must be an area of focus. Some of the key questions to address in the establishment of the policies are: who has access to what, under what circumstances, and with what protections? Who shares what and who bears the liability? And how can you control access to your Information? Resolving areas of concern like patient consent, authorization, authentication, privacy and security early in the development of HIE will alleviate potential barriers down the road.

Developing a mechanism that reduces the administrative burdens of the current paper-based system and replaces redundant and time-consuming processes for reporting must be achieved. Solutions such as establishing a single standard consolidated data set that would satisfy all provider-related state data reporting requirements; and the ability to submit required reports to one state agency and distributed by that agency to other departments or agencies as appropriate create added-value and promote sustainability.

The state's approach to promoting and establishing widespread use of HIE for the purpose of improving the lives of Pennsylvanians is consistent with the guiding principles laid out in PAeHI's *'Connecting Pennsylvanians for Better Health'*.[2]

Guiding Principle 1: **Patients come first.**
Healthcare must be re-designed to better serve individual patients and entire populations first and foremost.

Guiding Principle 2: **Consumer Privacy, security and confidentiality are paramount.**
Without consumer trust and acceptance of the process, no matter how well the system or network is designed and executed, it will fail. While there is public support for health information exchange, it is also recognized that Pennsylvania citizens have a strong concern for privacy and security of their medical health records.

Guiding Principle 3: **Multi-stakeholder collaboration is needed to implement achievable and measurable initiatives in order to show early progress and value.**
Cooperation and collaboration on the implementation of Health Information Exchange will drive innovation and change within local HIE efforts as well as across the various stakeholders in the state. It is on this front in a local healthcare market where the average citizen will see the greatest administrative relief and impact. Multi-stakeholder involvement is needed to ensure the patient's health information is robust and to foster the sustainability and financial solvency of local HIE efforts.

Despite the significant promise of HIEs to improve the overall quality and efficiency of health care, there are no organizational entities at the federal, state, or local levels, or in the public or private sectors obligated to implement or sustain HIEs. The trend across Pennsylvania is for healthcare providers and provider groups to create an interconnected, electronic healthcare system that is driven by enhancing healthcare quality and effectiveness and reducing the cost of healthcare. Today, state leaders are recognizing that HIT and HIE can help address many healthcare challenges.

Experience indicates that without ongoing contributions from other constituents who could benefit from the HIE it is unlikely provider led efforts will achieve long-term financial self-sufficiency. To address this situation we recommend:

1. A mechanism for payers to support HIEs through a per transaction/usage fee model should be collaboratively designed with payer organizations and the state. We believe that this work is also tightly coupled with the subsequent development of high-value services in more mature phases of HIE development, as described below.

2. Empowerment of a neutral organization with statewide collaborative capability to bring the diverse array of potential providers and consumers of HIE services to the table to establish common standards for HIE-related value-added services (constituents include; state & local health departments, healthcare providers, pharmacies and pharmaceutical concerns, research and academic institutions, insurers, payers, employers, and consumers). In return for the provision of these services, constituent groups would commit to providing financial support to HIEs that can address the following needs:

- **Public health** – immunizations, other preventive services, pandemic and bioterrorism preparedness, reportable diseases, etc.
- **Quality and chronic care** – comprehensive reporting on quality, adverse events, medication reconciliation, disease registries, and chronic care management (supportive of the state's initiative for providers to implement the Chronic Care Model).
- **Cost effectiveness** – comparative effectiveness analysis (typically not sponsored by the pharmaceutical or medical device industries) to identify which treatments work best and are most cost-effective in order to guide future payment and coverage provisions.
- **Biomedical research** – medical device and pharmaceutical research.
- **Research related to redesign of the delivery system** – efficiently assessing the impact of new regulations, contracting, HIT, or provider payment mechanisms, etc. on delivery system performance.

3. Research should be commissioned to assess the feasibility of public utility or public authority models to help finance HIEs that meet minimum 'core' and/or value-added service standards.

4. In order to improve quality, provider payments must be realigned over the long run to appropriately reward and encourage use of HIE data to avoid complications of chronic illness, and eliminate unnecessary, ineffective, or redundant care.

5. Establish 'core' standards related to HIE implementation using the same collaborative mechanism as described in #2 above for value-added services. For example, a significant burden could be removed for HIEs if the state were to approve a standard form for use by citizens to authorize use of their healthcare data in HIEs.

6. Accelerate access to pharmacy-related data sources by HIEs to promote accurate medication reconciliation.

7. Develop a mechanism by which a single standard consolidated data set would satisfy all provider-related State data reporting requirements.