

Challenges Track: Business and Financing Issues

Connecting Rural Health Communities Through Information Technology

Janet Marchibroda
Chief Executive Officer
eHealth Initiative and Foundation
October 3, 2005

Overview of Discussion

- Environmental Landscape for Financing of HIT and Health Information Exchange
 - National – Administration and Congress
 - State, Regional and Community Levels
- Key Take-aways for Rural Communities in the U.S.

Survey of Over 100 State, Regional and Community-Based Initiatives

- 109 respondents from 45 states and the District of Columbia
- Covered aspects related to goals, functionality, organization and governance models, information sharing policies, technical aspects, funding and sustainability

Key Findings from Survey

- Securing funding to support initial start-up costs and ongoing operations is still recognized as the greatest challenge for all health information exchange initiatives and organizations. Following citing very or moderately difficult
 - 91% cited securing upfront funding
 - 84% cited developing a sustainable business model
 - 80% cited accurately linking data
 - 74% cited engaging health plans

Key Findings from Survey

- Funding sources for both upfront and ongoing operational costs still rely heavily upon government funds but alternative funding sources for ongoing sustainability are beginning to emerge.
 - 46% of all respondents cited federal government contracts as current revenue source
 - 48% of advanced stage cite federal government as source for ongoing operations
 - Other sources are emerging for ongoing operations including advance payments from hospitals (38%), physician practices (33%), public health (19%), labs (15%), payers (15%), and purchasers (9%)

Understanding the National Agenda

- Emerging momentum around tackling the financing of HIT and health information exchange
 - Congress
 - Administration
 - National Employers and Healthcare Purchasers

Increasing Interest in Pay for Performance and Quality

- Senate Finance Committee and House Ways and Means introduced bills on P4P
- Large private sector purchasers and CMS increasing interest in quality within ambulatory care... *Bridges to Excellence* a key player
- National Quality Forum getting consensus on ambulatory care measures
- MedPAC recommends pay for performance

Increasing Interest in HIT

- Members of Senate and House have also introduced legislation related to HIT
- President created sub-cabinet level position – National Coordinator for Health Information Technology and David J. Brailer, MD, PhD appointed in July 2004
- Secretary Leavitt has made interoperability and HIT a *key part of his agenda over the coming year*

Congressional Activity

- S. 16 - Affordable Health Care Act (Kennedy, D- MA) 1/05
- HR 747 - National Health Information Incentive Act (McHugh, R-NY and Gonzalez, D-TX) 2/5
- S. 544 - Public Health Service Act (Jeffords, Gregg, Enzi, Bingaman, Frist and Murray) 3/05
- Budget Reserve Fund included in Budget Conference Report 4/05
- HR 2234 - 21st Century Health Information Act (Kennedy D-RI, Murphy R-PA) 5/05
- S 1227 Health Information Technology Act of 2005 (Stabenow D-MI and Snowe R-ME) 6/05

Congressional Activity

- S 1262 - Health Technology to Enhance Quality Act of 2005 (Frist R-TN, Clinton D-NY) 6/05
- S 1355 - Health Information Technology Quality and Improvement Act - (Enzi R-WY, Kennedy D-MA) 6/05
- S 1356 - Medicare Value Purchasing Act (Grassley R-IA, Baucus D-MT) 6/05
- S 1416 – Wired for Health Care Quality Act (Enzi, Kennedy, Frist, Clinton, Grassley, Baucus et al (marked-up bill) 7/05
- HR 3617 – Medicare Value-based Purchasing for Physician Services Act (Johnson R-CT) 7/05
- Health Information Technology Promotion Act (Johnson R-CT): draft-7/05

Common Themes of Legislation

- The need for standards—public-private sector collaboratives designed to achieve consensus on and drive adoption of interoperability standards
- Grant and loan programs, for providers and regional health information technology networks – most link to use of standards and adoption of “quality measurement systems”
- Value-based purchasing programs – measures related to reporting of data, process measures including HIT, and eventually outcomes
- Role of government – catalyst, driver of change

Administration Leadership

- Leadership on all Sides
 - Office of Secretary of DHHS
 - Agency for Healthcare Research and Quality
 - Centers for Disease Control and Prevention
 - Centers for Medicare and Medicaid Services
 - Department of Defense
 - Department of Veterans Affairs
 - Office of the National Coordinator for HIT
 - Office of Personnel Management

Centers for Medicare & Medicaid Services Linking Quality and HIT

- Section 649 – Pay for Performance Demonstration Programs – link payment to better outcomes and use of HIT – launched in early 2005
- Quality Improvement Organizations playing a critical role.... Doctors Office Quality – Information Technology Program (DOQ-IT) – technical assistance for HIT in small physician practices included in eighth scope of work
- Chronic Care Demonstration Program – linking payment to better outcomes – IT a critical component
- Section 646 “area-wide” demonstration just released early September

CMS Section 646 – CMS Demonstration

- Five year project to find ways to identify, develop, test and disseminate major and multi-faceted improvements to health care systems at the area or regional level
- Purpose is to test models of health care delivery system redesign, coupled with alternative payment models
- CMS expects that a significant component of delivery system redesign will involve use of health information technology

CMS Section 646 – CMS Demonstration

- Demonstration aimed at fostering significant quality improvements via major health care delivery system redesign involving entire patient population
- Expectations for use of HIT within practice settings, promotion of clinical data exchange across and among practices and prototypes for national health information network
- Physician groups, integrated delivery systems, or regional coalitions of such groups or systems expected to apply
- Proposals accepted in two groups—1/06 and 9/06
- Funded through Medicare Trust Funds

Private Sector Initiatives

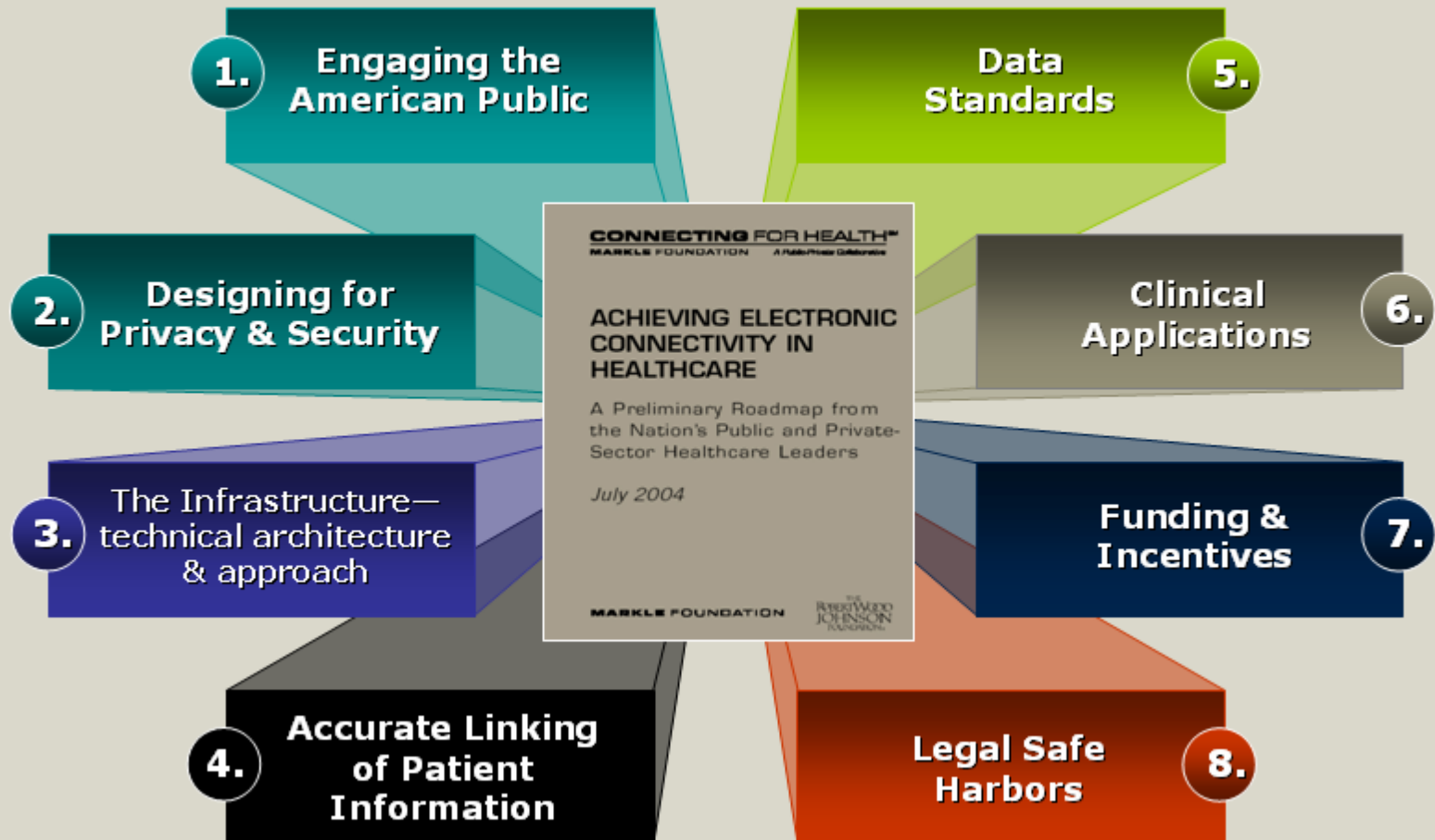
- Connecting for Health, funded by Markle and Robert Wood Johnson Foundations
- eHealth Initiative's Connecting Communities for Better Health Program conducted in cooperation with HRSA
- Incentive Programs such as Bridges to Excellence are Growing Fast!

What is *Connecting for Health*?

- A public-private collaborative committed to the creation of an interconnected, electronic health information infrastructure to improve health care.
- Broad Participation - More than 100 collaborators
 - Physicians, hospitals, and other providers
 - Patient and consumer groups
 - Payers
 - Accreditors
 - Government agencies
 - Researchers
 - IT systems manufacturers
- Founded and lead by the **Markle Foundation**, with additional support from the **Robert Wood Johnson Foundation**
- See www.connectingforhealth.org

CONNECTING FOR HEALTH™
MARKLE FOUNDATION A Public-Private Collaborative

Eight Key Areas of Roadmap Recommendations



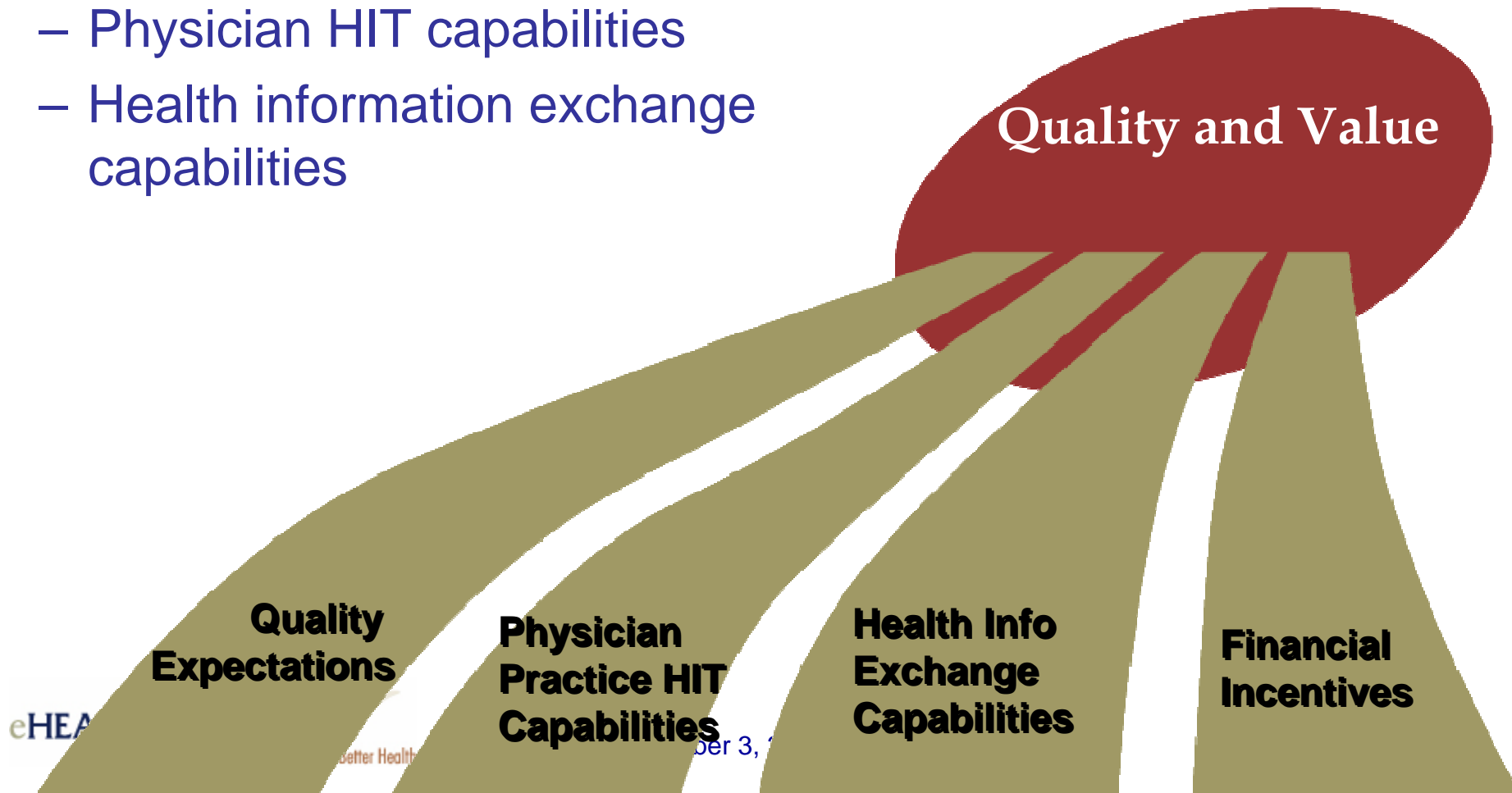
CONNECTING FOR HEALTH™
MARKLE FOUNDATION A Public-Private Collaborative

eHealth Initiative's Connecting Communities for Better Health Program

- Funded by DHHS - HRSA
- Provides seed funding to regional and community-based multi-stakeholder collaboratives that are mobilizing information across organizations
- Mobilizes pioneers and experts to develop and disseminate resources and tools to support health information exchange: technical, financial, clinical, organizational, legal
- **Key focus of this year's awards – testing and evaluating common principles for sustainability for health information exchange networks**

eHI's Parallel Pathways: Aligning Incentives with Improved Quality and Value

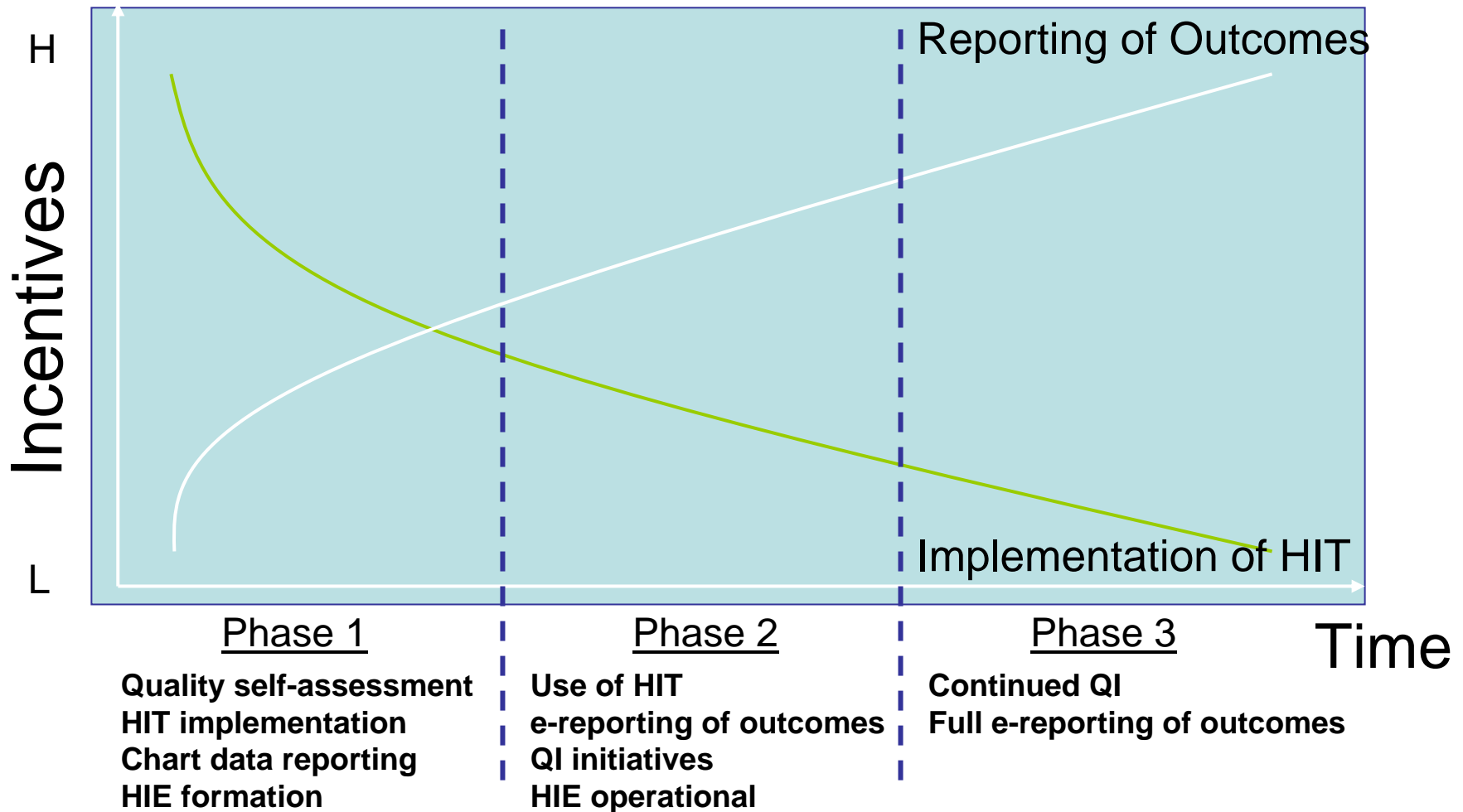
- Aligning Incentives with
 - Quality capabilities
 - Physician HIT capabilities
 - Health information exchange capabilities



Parallel Pathways and Progression

Area of Focus	Phase I	Phase II	Phase III
Quality Capabilities	<ol style="list-style-type: none"> 1. Create an environment that supports improvements in quality and safety 2. Agree on and report common set of standardized measures to be reported over the three phases 3. Leverage claims data and manual chart abstraction 	<ol style="list-style-type: none"> 1. Expand capabilities to utilize clinical information 2. Report measures that leverage expanded clinical data capabilities 	<ol style="list-style-type: none"> 1. Report achievement of certain outcomes and processes
Physician Practice HIT Capabilities	<ol style="list-style-type: none"> 1. Direct usage of HIT by physicians with certain basic functionalities 	<ol style="list-style-type: none"> 1. Direct usage of HIT with expanded functionalities 2. Secure, standards-based connectivity between HIT and clinical data sources 	<ol style="list-style-type: none"> 1. Robust IT-supported clinical environment supporting chronic care management 2. EHR with integrated decision support and ability to accept and integrate structured, computable data from other organizations
Health Information Exchange Capabilities	<ol style="list-style-type: none"> 1. Engage practicing clinicians, hospitals and other providers, purchasers, payers and consumers in HIE initiative 2. Launch HIE capability utilizing agreed upon technical and information sharing standards 3. Develop sustainable model based on agreed-upon services 	<ol style="list-style-type: none"> 1. Operate secure health information exchange, making available to all authorized healthcare organizations who agree to terms for information sharing 2. Send standardized data to physician practices and quality reports to purchasers and payers with consent. 	<ol style="list-style-type: none"> 1. Expand services to provide value to users as appropriate.
Financial Incentives	<ol style="list-style-type: none"> 1. Reward use of standards-based HIT 2. Reward reporting of subset of measures based on data derived from manual chart abstraction and claims. 	<ol style="list-style-type: none"> 1. Reward use of interoperable HIT with connectivity with clinical data sources 2. Reward reporting of expanded set of performance measures that require clinical data sources 	<ol style="list-style-type: none"> 1. Reward electronic documentation of improved clinical outcomes and processes 2. Phase out rewards for HIT

Aligning Quality with HIT and HIE Capabilities



The Private Sector has Many Programs in Place

- Hospital-based – The Leapfrog Group has launched a new national program that rewards good outcomes and adoption of CPOE systems
- Physician-based:
 - Bridges To Excellence has a program focused on adoption of systems of care, including HIT
 - The Integrated Healthcare Association in CA rewards physician groups for ambulatory POE and eRX systems

Bridges to Excellence

- Initiatives in over 10 states, covers more than 2 million people
- Developed by employers, physicians, health care services researchers and other industry experts to create programs realigning incentives around higher quality health care
- Current programs include:
 - [Physician Office Link](#) enables physician office sites to qualify for bonuses based on their implementation of specific processes to reduce errors and increase quality.
 - [Diabetes Care Link](#) enables physicians to achieve one-year or three-year recognition for high performance in diabetes care.
 - [Cardiac Care Link](#) Enables physicians to achieve three-year recognition for high performance in cardiac care.
- Patients can also receive financial bonuses for adhering to prescribed care regimens.
- Yielding positive initial results - 13% savings estimated in caring for patients with diabetes.

Many Communities Across the Country Have Programs in Place

- Massachusetts – there are a few programs in MA that are spreading HIT adoption to whole communities through up-front grants
- New York – an emerging health information exchange initiative in the Taconic Valley is rewarding eRx today and moving to rewarding EHR use
- Both utilizing Bridges to Excellence Framework

Many Health Plans have Incorporated Incentives as Well

- CareFirst BCBS – they licensed BTE and are expanding their program to reward many practices in the DC & Virginia areas
- UHC, CIGNA, Aetna – they are all recognizing physicians that adopt and use HIT to varying degrees

Key Take-aways for Connecting Rural Communities

Key Take-aways

- Must create value for the community as well as for each stakeholder interest....particularly those who will share in bearing the cost
- Every stakeholder needs to have skin in the game
- Look for incremental value gains – projects that will immediately return value – as you move towards your longer-term goal

Key Take-aways

- Look for grants and loans...yes....but more importantly **you must think through your sustainable business model**
- States, regions and communities are getting innovative and providing “services”
 - Developing and implementing standard interfaces and implementation guides for implementation
 - Supporting physician adoption and HIT and usage of the network
 - Providing reporting services for physicians, purchasers and payers

Janet M. Marchibroda
Chief Executive Officer
eHealth Initiative and Foundation

www.ehealthinitiative.org

1500 K Street, N.W., Suite 900
Washington, D.C. 20005
202.624.3270

Janet.marchibroda@ehealthinitiative.org