

# HIEPI Finance Workgroup Meeting (Summit #1)

<b>Meeting Owners</b>	Shanthy Venkatesan Micky Tripathi
<b>Minutes Author</b>	Sean Kelly
<b>Version</b>	1

<b>Date</b>	9-Jul-10
<b>Time</b>	1-5pm EST
<b>Location</b>	Brown Building Rm 232

## Pre-work:

Individuals were asked to review the various models from the UT, MD, and NM ONC-approved strategic and operational plans. Data Gathering with Tyler Brennan, draft financial model.

## Goal of this Summit:

Sharpen our financial model to identify those obligations that must be funded on an ongoing basis.

## AGENDA

<b>Topic</b>	<b>Led By</b>
1. Roll Call & Opening Remarks	Shanthy/Micky
2. Review of NH HIE Strategic & Operational Planning slide deck	Micky
3. Discussion of action items and data collected	Micky
4. Discussion of items in financial model	Micky
5. Review and ranking of revenue-generating models	Micky

## ATTENDEES

<b>Name</b>	<b>In Attendance (Y or N)</b>		<b>Name</b>	<b>In Attendance (Y or N)</b>
Shanthy Venkatesan (WG Lead)	Y		Evalie Crosby	Y
Micky Tripathi (Facilitator)	Y		David Choate	Y
Sean Kelly (Analyst)	Y		Kathy Bizarro	N
Jeff Watson	Y		Dick LaFleur	N
Tyler Brannen	Y		David Briden	Y
Barbara Richardson	Y		Catherine Golas	Y
Alisa Druzba	N		Mark Belanger	Y

## GUESTS

<b>Name</b>	<b>In Attendance (Y or N)</b>
Becky Wadel (Intern with Kathy Bizarro)	Y

\* Via telephone

## MEETING HANDOUTS

1. HIEPI Financial Model
2. HIEPI Strategic & Operational Planning Presentation
3. Finance Workgroup Agenda for Summit #2 9-Jul-10

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## **MEETING SUMMARY**

### Introduction & Roll-call

Reviewed Agenda (HIEPI Finance WG Agenda)

Review of Planning process slide deck provided by MAeHC team

- To add insurance representation, Shanthi has reached out to Anthem and they will participate but only via teleconferences. We will have a follow-up call with Anthem to meet about the tasks of the workgroups to date.

### New ONC Guidance

- ONC released further guidance via a PIN. This includes clarification that whatever the state does, the approach is less about creating an HIE, but rather to ensure that basic health information exchange is happening throughout your state. This means that the process should consider other tasks occurring outside of the HIE as well (e.g. via policy, etc).
- This also must allow at least 1 way for every provider to meet a Stage 1 meaningful use requirement, including eRx, electronic lab results delivery and clinical summary exchange.
- Since eRx is done via multiple market options, the HIE infrastructure doesn't need to prioritize that above other services such as electronic lab results and clinical summary exchange.

### Domain Workgroup Progress

- We discussed the latest use case prioritization and how the dimensions of analysis were difficulty, market demand, legality, feasibility. The phase 1 use cases represent the secure routing between providers for purposes of treatment. From a cost perspective, these may be the services that can be implemented with the projected ONC award and the appropriate level of staffing and operations.
- We will concentrate on the secure routing in our cost analysis to identify those costs associated with them.
- We briefly discussed how we are gather additional hospital CIO survey content for an environmental scan. This will provide some lay of the land from a technical perspective.
- David was inquiring about percent and volume of transactions that are conducted with his hospital system are sent outside their network and we can use for financial modeling.
- Is there a cost and/or policy implication for ensuring the participating providers are accurately who they say they are and are licensed, or otherwise authorized to use of the HIE. These are policy and infrastructure issues.

### Finance Model Strawman

- We discussed the development of a financial model. The current draft model will include estimated budgets for Phase 1 services and operational costs.
- We briefly discussed that options such as join, build or buy can be impacted by the budget, but for now it is an illustrative example of the costs parameters and categories.
- We will expand this list to a phased approach to include the services in phases 2 and 3.

### Licensing & Revenue Data

- Shanthi provided some revenue examples created with Tyler
- Mark mentioned the latest discussions with VA about possibly providing some revenue to our model for participation.
- The all payer database has 35% self-insured using commercial plans.
- The Covered lives annual fees will continue to be developed.

- Shanthi provided the number of licensees per board. There are over 66,000 licensees in the state. At 10% increase this would produce approximately \$475,000.
- Breaking down by the type of provider license is difficult to project as there are multiple permutations of provider licenses ranging from new licenses to recurring licenses.
- We discussed the licensing type by facility types. Changing this would require legislative change as well as overcoming a state threshold for state funding of these facility licenses.
- Medicaid claims are processed by the state whereas the insurance medical claims are part of the self-insured pool.
- We still could use some other Medicaid access, but Medicare is not part of this.
- The VA participation may be for soldiers being able to seek care from the community and therefore the VA facilities would be able to send summary records between VA facilities and private facilities.
- We need to think about the subscription fees some more before we can set a subscription fee schedule. We want to look at hospital size as small, medium, large for subscription fees.
- Any changes to these proposed fees, including covered lives, would require legislative change.
- For matching, we discussed going to the hospitals and medical societies, nursing home/long-term care associations for expediency to get the first year's match of over \$200,000 on a voluntary basis.
- We looked at the carrier membership throughout the state, identifying Harvard Pilgrim, Anthem and Cigna as the largest parties. Shanthi proposed approaching them for assistance with the matching and getting financial support.
- We need some estimates of the savings to the insurers to make our case to them.
- HIXNY in Upstate NY has a multi-source schedule by charging a transaction fee to the health plan.
- Because we cannot charge Medicare, there is a large portion of that would not enable a payer-based model.
- The spectrum of options runs from just charging one segment fees to some hybrid.

#### Matching Funds

- The requirement is \$800,000 minimum, 1.2 Million maximum. NH will cover the first \$200,000 for year 1.
- One proposal is to solicit citizens health kickoff with leading insurance providers and medical/hospital associations and other stakeholders (including those from the NH HIE domains) to join a signing and a photo op with the Commissioner's office.
- We need to develop a package soliciting funding from those representative entities and their membership. This could be an opportunity to generate up to the additional \$1 million for the matching. Approximately \$333,000 per year among hospitals, payers and employers using a 1/3 from each from hospitals, payers and employers each per year.
- An alternative is to approach a smaller subset for the first year, and then a larger segment for the subsequent years.
- We need to craft a message and articulate the plan for the ONC deliverable.
- Another constituency is to approach some endowments and foundations within the state.
- Action Item: We will define the value propositions for any sales pitch based on the concrete services with the NH HIE and the amount needed for seed funding (state matching).
- Jeff is also going to talk to the Business Industry Association (BIA) and will seek some insight into the employers to use.
- Alternatively the Local Government Center (LGC), who administers benefits for municipalities, could also be approach.
- Hospitals and health systems are the larger Lockheed Sanders, Lindt, Timberland are large employers to approach as well.
- We want to update the policy group about the evolution of the funding options we are considering as well.
- We discussed the importance of getting Medicaid onboard for both funding and as a larger payer.

- We will schedule some follow-up meetings to gauge party interest, and to build some cost estimates to use in these conversations.

#### Financing options

- We are passing on the premium tax for now
- We are passing on a covered life or flat fee to insurers.
- The subscription fee (charging all hospitals and nursing homes) provides pressure for the HIE to remain viable.
- A base fee may be the first solution to consider with certain transaction or specific service fees on top are viable.
- The flat fee for insurers is a solid candidate since there is no ceiling
- We proposed a flat fee for each type of benefiting entity, including hospitals, payers and employers, with each entity type having a fee based on its size.
- An alternative was some pro bono or in-kind donated time/resources for the network. This could be a model that an entity provides hosting, technical services for the HIE. This could raise the need for Memos of understanding, etc.
- In this model, the state would contract with multiple entities to host and manage the HIE services. In this model the state would have a process in place to oversee these systems and provide governance.
- We highlighted the subscription model, the flat fee and the claims model for further review.
- We need to identify who will get the most value from the HIE (e.g. payers vs. non-practice hospitals, etc). This will be an action item for the consulting team.

#### **ACTION ITEMS (FROM PREVIOUS MEETINGS AND NEW)**

Item #	Raised By	Action Item Description / Comment	Assigned To	Due Date	Status/ Remarks
1	Shanthi	Continue to engage Medicaid and other stakeholders.	Shanthi	Next summit	Assignment
2	Micky, Mark, Sean	Develop a Value proposition language and augment the financial model with secure routing and later phased services.	Sean, Micky, Mark	Next summit	Assignment
3	Micky, Mark, Sean	Refine the data with Tyler for financial model	Sean, Micky, Mark	Next summit	Assignment

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**ISSUES IDENTIFIED**

Issue #	Raised By	Issue Description	Assigned To	Due Date	Status/Remarks
1					

**DECISIONS MADE**

Decision #	Sponsor	Decision Description	Approved (Y or N)	Comments
1	Shanthi	We will not seek to implement the premium taxes, but like other hybrid models	Y	We will evaluate over the next two meetings.