

HIEPI Finance Workgroup Meeting (Summit #3)

Meeting Owners	Shanthi Venkatesan Micky Tripathi
Minutes Author	Sean Kelly
Version	1

Date	26-Jul-10
Time	1-5pm EST
Location	Brown Building Rm 460

Goal of this Summit:

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

AGENDA

Topic	Led By
1. Roll Call & Opening Remarks	Shanthi/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

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

GUESTS

Name	In Attendance (Y or N)
Becky Wadel (Intern with Kathy Bizarro)	Y

* Via telephone

MEETING HANDOUTS

1. HIEPI Finance Summit Presentation.pdf

MEETING SUMMARY

Legal/Policy & Finance Cross-WG 1-2:30pm
The NH HIE Story To Date

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- Review of the story to date that will be part of the draft NH Strategic & Operational Plan including the outline and pieces of the story.
 - The first draft will be available for comment based on this discussion.
 - This story was reviewed earlier today by the technical and business operations team and accepted by that workgroup.
 - There is a short turnaround time, but comments are necessary, as we want to assure the details in the content match the expectations of the workgroups.
 - This is the last in-person summit but additional teleconferences and review of comments will be scheduled where appropriate.
 - August 6th is the target date for a first draft of the Strategic and Operational Plan.
 - The plan is due to ONC on August 31st, but that is a milestone and we can revisit issues that may not be decided yet.
 - We expect some comments and requests for clarification and revision from ONC, but it is highly doubtful that they will ask us to go back to the drawing board given our evolution to date.
 - If funding is approved, a business plan is due 1 year from now. The Strategic and Operational plans are more project-oriented. This means in the next year we need to identify revenue sources and the ability to remain sustainable.
 - Today's objectives are to review the unified approach, identify gaps/concerns with the straw man phasing and identify any cross-domain issues.
 - The \$5.5 million is a floor of health information exchange to enhance some meaningful use services for providers, focusing on lab results delivery, eRx, and summary care exchange.
 - This does not require specific technical infrastructure, as the funding can be used for governance and protocols rather than a specific HIE.
 - However, some common infrastructure may be required.
 - The general consensus is that NH should pursue the federal funds to lay an organizational and technical foundation and be sustainable and extensible.
 - There are robust enterprise networks to leverage in this HIE, and well over 50-55% of ambulatory physicians are employed by hospitals and affiliated physician practices. Also, well above 50% of the physicians are on electronic health records.
 - The connectivity with physicians is robust for those that are employed by a hospital, but for those that are affiliated it varies widely.
 - The affiliated physicians need to meet certain standards for meaningful use requirements.

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- For eRx, there is no need for the statewide HIE to provide eRx given the successful market solution.
 - Hospital-hospital communication is a gap, as is cross-state exchange.
 - The legal and policy environment also restricts what types of information can be shared and between what parties.
 - The audit is also an interpretation of the current law.
 - There will still be some integration issues no matter what standards we define with the infrastructure if we have strict interface requirements. If we expect the HIE to do more to expedite connectivity, the trade off is the complexity of the HIE and the management and sustainability of it.
 - So, to leverage the existing hospital enterprise networks we will create a network of networks concept to build out the state's infrastructure.
 - Phase 1, which includes the services that can be stood up efficiently and legally will be funded by the ONC award and the matching requirement.
 - Phase 2 requires either a change in law or a mature technical and organizational body needs to be established.
 - Phase 3 will include those that are low demand, more complex from organizational, technical, legal and governance perspectives, as well as cost estimates, or already have mature alternatives in the marketplace.
 - There will be a transition governance structure that will be used after phase 1.
 - The use case prioritization, in addition to legal evaluation included the NH Hospital Associations input as well as these planning workgroups.
 - The two exceptions to the NHA prioritization is the 'hospital discharge summary to 'other care settings' as we need to complete the business process to evaluate what those settings are.
 - We also need to continue to work through issues for the community record concept as it has cost and legal/policy issues that need to be addressed before it can be implemented.
 - There are 4 specific limitations that are limiting what we can institute, including the current law, the funding available and matching funding requirements, program/meaningful use support requirements, and the need for an organization to manage the HIE.

Domain Workgroup Updates:

- The Technical Infrastructure workgroup is working on secure routing and laying a technical foundation that can be used going forward (extensible for modular evolution as we move along other phases).
- The Governance workgroup is heading toward the recommendation of a public instrumentality 501(c) 3 to govern the HIE that is connected to the state for oversight and accounting purposes with an independent Board. This will require legislative approval, but may not be instantiated for another 12 months. There is

also an expectation that as the federal funding evaporates, a governance body is necessary to go forward and manage both public and private funds.

- The Finance workgroup is evaluating two funding streams, the upfront matching funds (approximately \$1 million), and the ongoing funding. The current matching concept is focused on a voluntary contribution based on sector. The ongoing operations is whittling down the operational models from transactions to subscription to mandatory funding as the HIE is a public good. The goal is to get everyone to participate in the network and contribute towards its funding. Charges will be based on categories of users/entities, etc and are still being evaluated.
- The Legal/Policy workgroup has focused on Audit requirements and secure routing within the spirit of the law. We expect a recommendation for a statute modification for mandatory public health reporting and possibly to enable CMS reporting for meaningful use requirements.
- The Business and Technical Operations workgroup identified the secure routing foundation and identified that the Master Person Index and Record locator service are also high demand services. The Business and Technical Operations workgroup will seek to integrate those into their efforts going forward.
- The phase 1 deliverables are building the technical infrastructure, building the organizational platform to sustain and manage the HIE projects, and building a multi-stakeholder process to refine the phase 2 and 3 services and shape the statewide HIE activities as well as the ongoing funding requirements for sustainability and new services.
- Feedback around the question of funding will need to continue to be solicited from the hospitals and hospital association. That issue can be separated into short-term funding versus long-term funding.
- Even some of the states that have ONC-approved plans do not have concrete funding. For example, New Mexico has the participation of its five largest insurance providers, but each company will only support the HIE initiative if all five are participating.
- We want to encourage bringing the health insurance companies to the table to discuss future funding.
- Getting legislative changes will require participation of the beneficiaries of the HIE.

Next Steps For Each Group

- Technical Infrastructure will provide phased infrastructure and cost estimates for the Finance workgroup.
- Governance workgroup will define recommendation for public instrumentality and a transition plan for that body once it is developed.
- Finance workgroup will provide recommendations for matching funds and public instrumentality and ongoing operations as well as how to use Medicaid, Public Health and Medicaid-specific funding.
- The Legal Policy workgroup will finalize recommendations and issues related to Master Person Index and Record Locator services, and develop the recommended changes to law for future phases.

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- The Business and Technical Operations teams will wrap up the use case phasing and approaches for accelerating the master person index and record locator services.

Finance WG Summit 2:45-5pm

- We began reviewing the escalating costs of the funding requirements as we move out closer to 2013. Roughly we need \$1 million for the match.
- We wanted to know if in-kind matching may be leveraged for certain services such as lab interfaces as that is a meaningful use requirement. The challenge will be how to document it and how to not double dip.
- The issue of how the match needed to be attained was raised, such as if it could be captured once at the beginning of a year rather than during the entire period of the ONC grant.
- One other possibility is whether a donation to the matching funds (from a hospital) could also be reported as a community benefit.
- Another alternative is to calculate in-kind time for everyone who is working on the HIE once the matching period begins. Shanthi and Micky will inquire about the ability to do this and meet ONC requirements.
- To frame our thinking, we discussed the funding requirements for during the grant period and after the grant period.
- During the grant period we expect approximately \$1 million, and for post-grant period (after 2013) we expect it to be defined by what the technical infrastructure and phases 2 and 3 objectives require.
- We discussed possible funding sources including contributions from payers/providers, or flat fees on a per hospital and Medicaid sector basis.
- For ongoing funding we discussed mandatory approaches such as payer or license or provider focused as well as voluntary/membership models.
- Using hospital size, there could be 3 sizes based on discharges to get approximately \$500,000.
- This would be a sliding scale based on size.
- This could be coupled with approximately \$500,000 from payers and Medicaid.
- Additionally, a 0.1% charge on premiums could yield an additional \$1.6 million.
- We also considered claims as the funding basis for ongoing charges.
- We discussed that the leadership team began meeting with Vermont, NEHIN, and Maine. The issue is how to deal with governance and any tradeoffs of using another entity's network.
- The issue of when value is achieved by the hospitals of different sizes was considered because larger hospitals may not receive much value in the near term whereas the smaller hospitals may receive it earlier.
- We discussed some mandatory fees for a short period of time and then shifting to a voluntary fee system to enable some standing up of the exchange.

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- Another alternative is to charge a higher fee to critical access hospitals as they are reimbursed via Medicaid.
 - Shanthi is evaluating the state issuing a revenue bond as an enticement to get hospitals to connect to the HIE. This may lead to some expectations for membership on any governance body.
 - We discussed another, and more likely alternative, which is to add an HIE component to an existing bond structure.
 - The New Mexico team said funding was very difficult to address. Their insight is that as much as they have an approach, they do not have a solid funding model. Two insurance companies took the lead, and New Mexico has some sample business plans that they have used to approach the stakeholders.
 - The voluntary approach likely will require significant support to articulate the value for each stakeholder group for funding support. We can develop one-pagers to support this.
 - If the value proposition can be that using the HIE can enable meaningful use incentive achievement, then the voluntary assessment may work.
 - We discussed keeping the state involved for funding in some aspects such as the revenue bond, as well as an option to have a one-time scaled fee schedule over the three years where the state contributes some funds from the IT budget that can contribute to the HIE match.
 - This is an important message to the providers that the state is offering some funding, not just asking for it.
 - Action Item: The key questions we need answered for matching are the ONC opinion on in-kind hours, as well as the revenue bond option. Shanthi and Micky will make inquiries to enable us to proceed.
 - We discussed the need to give the Hospital Association's C-level executives an update on the state HIE work and how the governance and financing will impact them. Specifically the CFOs and CIOs meet in September.
 - We did not add the community health centers and outpatient locations in the original assessment and budget projections. Since they are smaller, there is concern about what they really could contribute.
 - We discussed the need to take the draft plan out to a larger constituency of those who would receive value of the HIE even if they are not immediately contributing to the HIE.
 - We began to discuss that an alternative beneficiary of the HIE's continuity of care is the malpractice carriers who see reductions in risk and could also conceivably provide some funding for the received value.
 - Our goal is to create a subscriber model that would consider all potential beneficiaries who would receive value from the network.
 - We discussed a blended model with mandatory fees as well as a claims assessment (e.g. \$0.10), provider license (10% increase in) fees. This would of course be complex for the collection of the fees, and this could also require some legislative change.
 - An alternative to the previous 10% license surcharge is a flat fee that would be assessed.

- We discussed how claims are sent directly to the treasury and the state just confirms that the correct amounts are paid. However, the process is in place to review and collect the fees. This solution still requires changes in legislation and a designated fund within DHHS or some entity to hold the funds. Currently, there is also a 3-year window to develop an IT solution to facilitate the collection of the funds and required reporting.
- One alternative to get matching funding from the hospitals is that the Hospital Association could pay on behalf of the hospitals then transfer that to the hospitals in their dues. This will require some investigation.
- We discussed how any mandatory funding for certain segments such as hospitals will require a legislative change but those fee structures still need to be worked through.

ACTION ITEMS (FROM PREVIOUS MEETINGS AND NEW)

Item #	Raised By	Action Item Description / Comment	Assigned To	Due Date	Status/ Remarks
1	Micky	Get ONC clarification on in-kind funding with hours from volunteers during match period and the timing for when the matching is due.	Micky	As soon as possible	Assignment
2	Shanthi	Get clarification on revenue bond options	Shanthi	As soon as possible	Assignment
3	Kathy	Produce revenue model options to react to via e-mail into matching vs. ongoing funding options	Micky, Sean, Shanthi	As soon as possible	Assignment
4	Evalie	Can the Hospital Association contribute the hospital's assessment and then charge the hospitals in their respective dues.	Kathy	As soon as possible	Question

ISSUES IDENTIFIED

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

Decision #	Sponsor	Decision Description	Approved (Y or N)	Comments
1		<p>For the \$1 million in matching funds over 3 years, we will approach the hospitals and payers. Matching will be a voluntary as an approach to achieving meaningful use.</p> <p>For sustainability/ongoing funding, we will approach the larger constituency and layout a spectrum of who will be touched for funding, including those directly using the HIE as well as those benefiting from the HIE. Any mandatory funding for certain segments such as hospitals will require legislative change.</p>	Y	

