Arizona Health Information Exchange (HIE) Program Sustainability Plan (2013 Update)

CFDA #: 93.719

Opportunity #: EP-HIT-09-001

Updated: 05/31/2013

Prepared By: The Arizona Strategic Enterprise Technology Office
Table of Contents

Conditions for Sustainability of Health Information Exchange ........................................ 3
Strategies/ Actions/ Initiatives to Create Business Drivers .................................................. 3
   Policy Levers .................................................................................................................. 3
   Contracting Levers .......................................................................................................... 3
Business Sustainability of Services Directly Offered or Enabled ........................................ 5
   Arizona Principles for HIE Business Sustainability ......................................................... 5
   Arizona Health-e Connections (AzHeC) HIE Marketplace ............................................. 6
      Description of Services and Fees – Direct Offerings ..................................................... 7
      Evidence of Demand for Services ................................................................................. 8
      Description of On-going Public or Private Contribution to Support Exchange Services .. 9
Health Information Network of Arizona (HINAz) ................................................................. 10
      Business Model Framework ......................................................................................... 10
      Description of Services and Fees .................................................................................. 11
      Evidence of Demand for Services ................................................................................ 14
      Description of On-going Public or Private Contribution to Support Exchange Services ... 15
Appendix ............................................................................................................................ 15
   AzHeC Board of Directors ............................................................................................. 15
   HINAz Board of Directors ............................................................................................. 17
   HINAz Participants .......................................................................................................... 17
Conditions for Sustainability of Health Information Exchange

Objectives

The ONC high level objectives are to create the business drivers for:
- Safe and Secure Health Information Exchange
- Support Care Transformation
- Provider Achievement of Meaningful Use

Strategies/ Actions/ Initiatives to Create Business Drivers

The following policy levers and contracting levers will be used in Arizona to promote the exchange of health information.

Policy Levers

- Remove barriers to HIE through State policy levers
- Collaborate with state health policy makers to ensure state policies and regulations support health information exchange in Arizona (SOP pg. 45)
  - Support efforts to update medical records laws to allow for electronic health information exchange – such as HB 2620 and HB 2369
  - Implement HB 2620 (SOP pg. 71) updated as HB 2369

Contracting Levers

- Create demand for HIE through additional incentives
- Use Medicaid funds to encourage HIE participation (SOP pg.47)
  - AHCCCS HIE Discount Program
    - AHCCCS will pay a proportional cost of the first year participation in an HIE for a subset of Medicaid providers
  - Inclusion of HINAz in the Arizona Health Care Cost Containment System (AHCCCS) Request for Proposal for Acute Care and Children with Special Health Care needs starting 10/1/2013.

- Use grant funds to encourage HIE participation and care transformation
  - Unconnected Providers Program
  - ASET will create a grant program to assist those not eligible for Meaningful Use incentives to connect to HIE – initially focusing on Long Term Care and Behavioral Health
• ASET created a second grant program to accelerate health information exchange (HIE) for health care organizations and payers that are working to make clinical data more available to their providers. The grant supports organizations that are creating, developing, or maturing their IT environment to increase data exchange to adapt to change in reimbursement methods or to help providers meet meaningful use requirements.

• E-prescribing Incentive program for pharmacies
• Enhanced HIE Marketplace program to include incentives for adoption of Direct (up to 1000 accounts free for 1 year)

- Leverage and enhance State HIE infrastructure to support Meaningful Use
- Align the State HIE cooperative agreement activities and the Medicaid health information technology plan (SMHP) (SOP pgs.36-38)
- Invest in state agency infrastructure to facilitate health information exchange (SOP pg. 18, 19,38,47)
  - Enhance Syndromic Surveillance Capabilities in Support of Meaningful Use
  - Implementing Direct for Immunizations at ADHS
  - Arizona State Laboratory Interoperability Project at ADHS (project cancelled)

- Provide for Consumer / Stakeholder education and participation
  - Signed SOW for consumer outreach and communication campaign in April 2013. Effort will be led by the Health Information Network of Arizona with Arizona Health-e Connection working as a sub-contractor.

- Leverage previous investments (SOP pgs. 18,25,30,64,65,69). Partner with Regional Extension Center as the "public facing" entity for any HIE market-based activities.

  - Educate and engage consumers in the exchange of health information
  - Electronic Prescribing (e-prescribing) Outreach and Technical Assistance Initiative
  - Increase provider engagement and adoption

- Enable a range of technology solutions that supports providers who are at varying levels of electronic maturity with the long term goal of robust exchange.

- Leverage Direct for connecting the unconnected providers (SOP pg. 11,13)
  Take incremental approach to build state level HIE capabilities (SOP pg. 48)
  - Leverage a Market-based approach to HISP vendors and other health information organizations
Business Sustainability of Services Directly Offered or Enabled

Arizona has chosen a “market-based” approach to health information exchange to give providers choices in how they will meet their Meaningful Use goals and HIE needs. ASET is working with Arizona Health-e Connection (AzHeC) to establish the Arizona Health Information Exchange (HIE) Marketplace. The purpose of the HIE marketplace is to be a trusted source where health care providers can review viable health information exchange options.

As of May 17, 2013 AzHeC has 798 DIRECT accounts enrolled three HISP's have been approved to operate (GSI Health, Inpriva, and Care360). There are longer term plans to establish a vetting process to list robust HIE or query based models for inclusion in the marketplace.

The Health Information Network of Arizona (HINAz) is the organization contracted by ASET to provide state level HIE technical and governance services. HINAz was chosen as the organization to provide these services due in part to their having been in existence for some time, their multi-stakeholder board, their standing relationships with providers, payers, and ancillary providers, and their proposed sustainability model.

Arizona Principles for HIE Business Sustainability

- ONC monies should be leveraged as a one-time investment to achieve a sustainable business model
- The participants in the statewide HIE will be willing to pay fees relative to the value they gain from using the exchange
- The value of EHR adoption and HIE participation by providers and hospitals has been markedly increased by the Medicare and Medicaid payment incentives for Meaningful Use
- The financial model should not rely on grant funding, even though grants may be available for future projects and expansions
- Revenue should not be sought disproportionately from any one stakeholder or group of stakeholders
- Properly developed subscription fee models that incentivize higher utilization of HIE services can provide stability in revenue planning
- Inclusion of health plans as key stakeholders with information that drives improved efficiency and quality
- Identify appropriate model to include AHCCCS participation
Arizona Health-e Connections (AzHeC) HIE Marketplace

ASET is working with Arizona Health-e Connection (AzHeC) to establish the Arizona Health Information Exchange (HIE) Marketplace. The purpose of the HIE marketplace is to be a trusted source where health care providers can review viable health information exchange options. Health information service providers (HISPs) will be invited to submit an application to be a participant in the marketplace and will be evaluated and selected based on established criteria. This will create a single point where consumers and stakeholders can go for neutral information regarding HIE options.

Established in 2007, Arizona Health-e Connection (AzHeC) is a not-for-profit organization whose mission is to lead Arizona’s establishment of health information exchange (HIE) and adoption of health information technology (HIT). Initially, AzHeC was a state-led initiative called upon by the Governor to comprehensively review issues and develop recommendations with respect to HIT and HIE.

In 2008, an Executive Order was signed directing State Agencies to work with AzHeC on an e-prescribing initiative to improve patient safety and control costs. AzHeC’s program, EAzRx, was a multi-year initiative to work with key stakeholders to promote the adoption of e-prescribing by health care providers and pharmacies and reduce barriers to adoption. The EAzRx initiative’s activities were led by a steering committee, which was co-chaired by the CEO of the Arizona Pharmacy Alliance and an e-prescribing physician advocate from Northern Arizona.

Along with the support from the executive order, AzHeC was awarded a $100,000 grant from UnitedHealthcare to support e-prescribing promotion and data analysis for one year. AzHeC was able to provide additional e-prescribing outreach and track e-prescribing adoption as a result of this grant. AzHeC also coordinated all of its e-prescribing activities with the Arizona Partnership for Implementing Patient Safety (APIPS). Through APIPS, several e-prescribing workgroups were convened. Collaboration between AzHeC and APIPS continues today as a result of this project. This work accelerated Arizona’s adoption of e-prescribing and Arizona remains a national leader.

In April 2010, AzHeC was awarded a grant by the Office of the National Coordinator for Health Information Technology (ONC) to develop a regional extension center (REC) to assist Arizona health care providers with EHRs and Meaningful Use. The Arizona Regional Extension Center (REC) serves as an unbiased, trusted resource with national perspective and local expertise. To date, the REC is directly assisting over 2,100 primary care providers in Arizona achieve the Meaningful Use criteria, and is also serving as an unbiased, information resource for all types of providers around the state.

As a “trusted” entity for providers, AzHeC is a natural fit for ASET to work with to create the HIE Marketplace – to match health care providers with HIE options and be the public facing entity for the marketplace. Specific technical and operational policies were developed for the HISPs vendors, as was, and continues to be done, for EHR vendors through the REC’s Vendor Alliance Program. The HIE Marketplace was the natural next step towards enabling health information exchange activities throughout the state.

AzHeC also provides unique benefits that are not easily replicated or available at any other organization. These unique benefits include:
• Existing processes, procedures, marketing, known presence, and vast network of over 2,300 primary care providers in Arizona. This will allow for reduced procedural and outreach costs for this effort that would otherwise be very costly.
• AzHeC has a deep-rooted and established presence with healthcare providers throughout the State.
• Experienced in running similar campaigns in Arizona with healthcare providers with great success.

**Description of Services and Fees – Direct Offerings**

Arizona has chosen a “market-based” approach to health information exchange to give providers choices in how they will meet their Meaningful Use goals and HIE needs. AzHeC will establish the HIE Marketplace as a trusted neutral source where health care providers can review viable health information exchange options. Health information service providers (HISPs) will be invited to submit an application to be a participant in the marketplace and shall be evaluated and selected based on established criteria. These HISPs will then be added to the HIE Marketplace website as a “vetted” Direct Exchange service provider. Each HISP will individually set their pricing, terms, and conditions. AzHeC will not be providing or billing for the Direct account services.

**Services - Direct Offerings**

<table>
<thead>
<tr>
<th>Services to be Offered</th>
<th>Segments that will use</th>
<th>Fees*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct account</td>
<td>Providers, Labs, FQHCs, Community Health Centers, Arizona Corrections Facilities, other providers that serve the uninsured, underinsured and underserved communities</td>
<td>$0-$100/yr./acct $5-$15/mo./acct Discounts may apply</td>
</tr>
<tr>
<td>Direct account</td>
<td>Hospitals</td>
<td>$0-$100/yr./acct $12.75/mo./acct ($1000/mo./min. for hospital) Discounts may apply</td>
</tr>
<tr>
<td>EMRs/EHRs Integration</td>
<td>Hospitals, Providers, FQHCs</td>
<td>$10,500 $3,000 (if subsequent validation)</td>
</tr>
</tbody>
</table>

* Fees are set by the HISP vendor. The HIE Marketplace was launched 4/12/2012 and by October 2012 had reached over 600 accounts. This milestone enabled Arizona to move from its Phase 1 to Phase 2 spending authorization for the ONC HIE Cooperative Agreement program.

Arizona has established HISP to HISP interoperability by requesting each HISP maintain DIRECT TRUST standards. Testing has been completed to confirm interoperability is working between the vendors.
As part of the contract with the Health Information Network of Arizona, HINAz is required to provide a standards-based way for other organizations (specifically HIE Marketplace HISPs) to interface to the Directory Services (Provider Directory) being deployed through the contract efforts. While there is no requirement for HISPs participating in the HIE marketplace to obtain this level of interoperability, there is a requirement for HINAz to have this functionality available. Documentation for how organizations, such as HISPs, make these interface connections to the Directory should be publicly available this quarter. Fees associated with these Directory Services interface efforts are not yet available but HINAz sees this as an opportunity for additional sustainability revenue long-term.

**Evidence of Demand for Services**

**Segments that will adopt Direct and the tasks will they perform**

<table>
<thead>
<tr>
<th>Service Offering</th>
<th>Segments that will use services</th>
<th>Example Use Cases Supported</th>
</tr>
</thead>
</table>
| Direct account   | Providers, FQHCs, Community Health Centers, Arizona Corrections Facilities, other providers that serve the uninsured, underinsured and underserved communities | • Send immunization records and other public health reporting  
• Send/receive patient care summaries  
• Send/receive referrals  
• Send lab orders  
• Send/receive structured lab results |
| Direct account   | Hospitals                        | • Send/receive patient care summaries  
• Send/receive referrals  
• Receive lab orders  
• Send/receive structured lab results |
| Direct account   | Labs                             | • Receive lab orders  
• Send structured lab results |
| Direct account   | ADHS                             | • Receive immunization records and other public health reporting  
• Receive lab orders  
• Send/receive structured lab results |

Direct is in demand as a solution for providers to meet Stage 1 and Stage 2 Meaningful Use requirements, as well as, future public health Meaningful Use requirements. As of May 2012, over 300 letters of interest from Arizona providers have been received requesting follow up regarding establishing Direct accounts.

In January 2013, ASET highlighted the work of the Little Colorado Hospital and Winslow Indian Health Service (IHS) organizations using DIRECT to improve information sharing between the Emergency Department and a primary care provider. In March 2013, the Regional Extension
Center did a REC Bulletin on this example. The Health Service Advisory Group (HSAG) is a Direct Technical Assistance provider to the Regional Extension Center and starting in May 2013, they are going to implement a DIRECT utilization program to provide one-on-one support to practices with Direct Accounts. Through this process, HSAG will identify use cases and assist the practices with workflow to promote the adoption of DIRECT exchange.

**Description of On-going Public or Private Contribution to Support Exchange Services**

As demonstrated in the sections above, AzHeC is on the path to sustainability without federal grants. AzHeC is a membership organization being run as a business with solid participation from community leaders. AzHeC demonstrates diversity in the composition of its support and governance structure. AzHeC has an annual fee structure which ranges from $500 for a government body to $15,000 for large corporations.

Since last year, there have been no changes to AzHeC’s dues structures and they have maintained their dues paying membership board. They have also raised funds thru their hosting of an annual summit and other events they hosted in 2013.

**Arizona Health e-Connection Membership Dues**

<table>
<thead>
<tr>
<th>Organization Types</th>
<th>Adjusted Gross Revenue</th>
<th>Annual Dues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Body</td>
<td>N/A</td>
<td>$500</td>
</tr>
<tr>
<td>Colleges (including colleges within universities)</td>
<td>N/A</td>
<td>$2,500</td>
</tr>
<tr>
<td>Nonprofit Association</td>
<td>$5 million or more</td>
<td>$4,000</td>
</tr>
<tr>
<td>Nonprofit Association</td>
<td>$4,999.99 to $1 million</td>
<td>$2,000</td>
</tr>
<tr>
<td>Nonprofit Association</td>
<td>Less than $1 million</td>
<td>$750</td>
</tr>
<tr>
<td>Corporate Organization</td>
<td>$1 billion or more</td>
<td>$15,000</td>
</tr>
<tr>
<td>Corporate Organization</td>
<td>$100 million to $999.99million</td>
<td>$10,000</td>
</tr>
<tr>
<td>Corporate Organization</td>
<td>$10 million to $99.99 million</td>
<td>$5,000</td>
</tr>
<tr>
<td>Corporate Organization</td>
<td>$1 million to $9.99 million</td>
<td>$2,000</td>
</tr>
<tr>
<td>Corporate Organization</td>
<td>Less than $1 million</td>
<td>$750</td>
</tr>
</tbody>
</table>

The AzHeC Board of Directors is composed of Arizona’s leading health care executives and leaders, with representation from hospitals, laboratories, health plans, employers, consumers, higher education and other key health care stakeholders. See Appendix for listing of AzHeC Board members.

AzHeC continues to develop revenue producing offerings that contribute to their sustainability plan, such as holding both free and fee-based education sessions across the state and an annual Western States Health-e Connection Summit & Trade Show. They are currently in the process of launching a comprehensive sustainability plan for the REC, which will include REC membership fees, HIT/HIE consulting services and an REC Member Value Program, for which the initial offering will be privacy and security services.
Health Information Network of Arizona (HINAz)

The Health Information Network of Arizona (HINAz) is the organization contracted by ASET to provide state level HIE technical and governance services. HINAz was chosen as the organization to provide these services due in part to their having been in existence for some time, their multi-stakeholder board, their standing relationships with providers, payers, and ancillary providers, and their proposed sustainability model. HINAz brings ASET the leading hospitals and health plans in Arizona who are already committed to supporting and paying for the exchange of health information.

HINAz was formed by the merger in 2010 of two previously separate Arizona HIOs – Arizona Medical Information Exchange (AMIE) and Southern Arizona Health Information Exchange (SAHIE). The HINAz Board currently represents hospitals (over 60% of all acute hospital beds), community health centers, commercial and Medicaid health plans (over 60% of the covered lives in Arizona), healthcare providers, the largest laboratory provider, and other stakeholders, who serve the underserved, rural, and urban parts of Arizona. See Appendix for listing of HINAz Board members.

Business Model Framework

The financial sustainability plan for HINAz is dependent upon a consistent subscription model which is described in the following paragraphs. At its outset, HINAz adopted a business model and plan based on the plans developed by the Southern Arizona Health Information Exchange (SAHIE) through the latter part of the 2000’s.

The business model, in brief, is as follows:

1. Health Information Exchange services provide tangible benefits in the form of a range of savings including reduction in unnecessary care, reduction in duplicated services, reduction in complications from medical decisions, savings from timely case management and care coordination, and savings from more efficient workflow in the typical provider environment.
2. The value of these benefits are computable, and are allocable to the type of benefitting institution – health plan, hospital, community provider, and ancillary service provider.
3. The computation was carried out at a very granular level by SAHIE, with data inputs from and final review by stakeholder hospitals, group practices, and health plans.
4. The analysis was validated in three ways: first, stakeholder entities supplied their internally-validated, entity-specific information as inputs in the computation; second, each stakeholder entity reviewed the benefit/cost analysis relative to themselves, and validated them; third, the actuarial department of a leading health plan in the State did a detailed review of the analysis by way of final validation. As final proof of validation, funding by stakeholders in SAHIE between 2008 and 2010 followed the distribution suggested by the empirical analysis.
5. The analysis was reviewed by the HINAz Board in 2010. It was resolved that on the principle of proportionate benefit: the major cost of the HIE should devolve evenly on the community of health plans on the one hand and the community of hospitals on the other.
6. When the total anticipated costs of implementation and operation of HINAz were developed, it was divided into two components and allocated to the two communities as stated above.

7. Within the hospital community, the total was distributed in proportion to licensed beds. The health plans divided the total among themselves in proportion to premium revenues.

8. Entities that only supplied data (labs, radiology companies) were not enjoined to contribute to the cost other than board fees.

9. Community physicians, as primary users of the system, have been invited to join the HIE for a small annual subscription that will go largely towards building the capital base of HINAz. They are not expected to carry the major part of the costs.

10. This subscription system, which will keep HINAz solvent and self-sustaining, is a commitment from the subscribers for a period of the first three years, with annual renewals thereafter.

Description of Services and Fees

Initially, for Phase 1 of this grant, HINAz has been approved for funding to provide:

- Data Storage, Hosting, Administration and Support Environment Setup
- Marketing and Communications Plan
- Test Environment Implementation
- Interfaces with all currently active Marketplace participants
- System Testing and User Acceptance
- Production System Go-Live
- Sustainability Plan Acceptance
- 8500 Providers in the ILPD

Upon approval for Arizona to move to Phase 2 of this grant – contingent upon reaching 587 Direct users and the approval of the update to the SOP – HINAz will be funded to provide:

- Master Patient Index (MPI),
- Record Locator Service (RLS)

As mentioned earlier, the State of Arizona was approved by ONC to move to its Phase 2 of the ONC Cooperative Agreement Program on October 4, 2012.

These services support the core services required for Meaningful Use Stage 1 – specifically lab order and results and care summary exchange. While e-prescribing can also be provided through HINAz, it is not considered a core capability for HINAz since there are other alternatives available for that service. However, EMR ePrescribing functions can use HINAz to route the prescription.

Initially, the HINAz HIE system will have the following data available to all participants:

- Medication History from Surescripts
- Lab reports from Sonora Quest Labs*
- Radiology results (not images) from Phase I hospitals
- Care Summaries from Physicians
- Admissions, Discharges and Transfers from Hospitals
*Note: Sonora Quest Labs has over 50% of the laboratory market in Arizona and will provide two years’ worth of data to HINAz as an initial load with ongoing updates thereafter.

Access to this data will satisfy the Stage 1 MU requirement for exchanging clinic information among providers of care and patient authorized entities electronically.

**Revenue Model**

HINAz revenue is generated through:

- Initial interface connection – one-time fee
- On-going software subscription fees
- On-going administrative/membership fees
- Pilot program funding
- Grant funding

While Arizona was approved to move to Phase 2 of the ONC cooperative agreement in mid-October, HINAz had to work over the course of two months to develop a sustainability deliverable document that ASET could sign off on.

The HINAz board held an offsite strategic planning meeting in February and as a result a plan was put in place to provide a full organizational assessment, gap analysis and action plan for the organization. The Arizona Health-e Connection CEO, Melissa Rutala was asked to serve as an Interim CEO of HINAz and led the assessment process. In May, the HINAz Executive Committee was presented with findings and has since approved an action plan to fill any gaps found. More information is expected to be shared publicly about the action plan, but for now the recommendations are not public for ASET to share.

As part of the ongoing work of the action plan HINAz expects to work with its stakeholders to review and update its revenue models and subscription fees. This work is not anticipated to occur before Q3 2013.

**Software Subscription Fees**

HINAz has contracted with Axolotl, an Optum company, to provide the technology components needed to run the Exchange. Both hardware and software are being provided by Axolotl on a Software-as-a-Service (SaaS) basis.

The SaaS pricing consists of two parts:

1. A one-time charge for setting up the interface between a participant and the HIE.
2. A quarterly SaaS subscription usage fee for the service

The one-time set up charge varies depending on the size of the participant. It ranges from $12,500 to $50,000, and is paid by each participant.

The quarterly usage fee is tiered based on the size of the hospital. The fees will be matched by participating health plans as a group.

There are 40 hospital systems in the State, accounting between them for close to 90 hospitals. Assuming all join the Exchange, the annual cost at the hospital level will be about $1.7 million.
Administrative/Membership Fees

In addition to the subscription fee, each participant also pays an administrative/membership fee to support the operating costs of HINAz. This commitment is included in the Participation Agreement.

The HINAz subscription fees and administrative/membership fees are tiered and are shown in the table below. HINAz is going to be going through a review of its business plan and strategy later this year as part of their strategic planning work. These fees are what are in place at the time of this submission.

HINAz HIE Revenue Model (2012 costs – under review and subject to change)

<table>
<thead>
<tr>
<th>Provider Type</th>
<th>One-Time HIE Interface Fee</th>
<th>Quarterly Technology Use Fee</th>
<th>Quarterly Administrative/Membership Fee</th>
<th>Estimated Cost Year 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Hospital</td>
<td>$50,000</td>
<td>$50,730</td>
<td>$7,500</td>
<td>$282,920</td>
</tr>
<tr>
<td>Medium Hospital</td>
<td>$25,000</td>
<td>$2,805</td>
<td>$7,500</td>
<td>$66,220</td>
</tr>
<tr>
<td>Small Hospital</td>
<td>$12,500</td>
<td>$330</td>
<td>$3,000</td>
<td>$25,820</td>
</tr>
<tr>
<td>CAH</td>
<td>$12,500</td>
<td>$330</td>
<td>$3,000</td>
<td>$25,820</td>
</tr>
<tr>
<td>IHS and Tribally Operated</td>
<td>$12,500</td>
<td>$330</td>
<td>$3,000</td>
<td>$25,820</td>
</tr>
<tr>
<td>FQHC/RHC</td>
<td>$4,500</td>
<td>$3,375</td>
<td>$7,500</td>
<td>$48,000</td>
</tr>
</tbody>
</table>

Those paying the subscription fees have agreed on a distribution methodology they believe is fair. Hospitals and health plans have agreed to split the costs, and within those groups, the costs are allocated in proportion to hospital beds or premium volume, respectively.

Every hospital and health plan that joins the Exchange signs a Participation Agreement that commits the entity to the fee base. Thus, all current participants have committed to a basic fee as described above. The commitment is for three years, renewable on review at the end of the period. This provides for a planned revenue stream for HINAz.

Since its inception, HINAz has received subscription fees of almost $912,000 from stakeholder entities who agree with the business model. Many of these have either signed, or are in the process of signing, Participation Agreements that commits them to larger subscription fees over the next three years.

Anticipated Participants

Stakeholder commitment to HINAz is shown not only by the composition of the Board and the sustained funding that has been provided, but also by the number of institutions that have
signed or are ready to sign the Participation Agreement. See the appendix for a list of participants. HINAz participants include hospitals, health plans, FQHC’s, community physicians, and public agencies (such as prison systems administered by County Administrations) that deliver care.

Projected Growth

Several potential participants have already signed Participation Agreements with HINAz or have committed to do so in the near future. Estimating an accelerating pace at which other entities will join the system in the next two years, the table below provides an estimated trajectory of the expected membership growth in HINAz over the first three years.

Estimated Growth of Participants in the First 3 Years

<table>
<thead>
<tr>
<th>Entity</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital systems</td>
<td>8</td>
<td>25</td>
<td>40</td>
</tr>
<tr>
<td>FQHC’s &amp; rural centers</td>
<td>5</td>
<td>15</td>
<td>26</td>
</tr>
<tr>
<td>Major health plans (commercial and AHCCCS)</td>
<td>4</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>Community Physicians</td>
<td>150</td>
<td>1000</td>
<td>4000</td>
</tr>
</tbody>
</table>

HINAz and its predecessor organization, SAHIE, built a business model using the method developed by the Center for Information Technology Leadership in 2005 (Walker J., Pan E., Johnston D., Adler-Milstein J., Bates DW, Middlelon B: The value of health care information exchange and interoperability. CITL 2005). This approach was tailored specifically for the conditions in Southern Arizona. The analysis, which was done rigorously and vetted by the actuarial department of one of the leading health plans in the State, was proof enough to bring a large community of 17 funding institutions to the SAHIE stakeholder group and a larger community to the HINAz board.

Evidence of Demand for Services

While the availability of reimbursement from ARRA and Meaningful Use has given a fillip to the support that HINAz has and is receiving, there is no doubt that Participants and stakeholders see value in the business model even after the Meaningful Use funding period comes to an end.

- During the first two years of its existence, HINAz has remained solvent through the application of administration/membership fees. It expects that this will hold true for the future as well.
- HINAz has received over 20 letters of commitment from large Arizona health care stakeholder organizations
- HINAz has already demonstrated its ability to secure funding from multiple diverse Arizona health care stakeholders.
- HINAz demonstrates diversity in the composition of its Governance structure
Description of On-going Public or Private Contribution to Support Exchange Services

- AHCCCS pays HINAz a quarterly planning fee of $7500
- AHCCCS is considering a pilot with HINAz in the fee for service area of Medicaid

Appendix

AzHeC Board of Directors

The AzHeC Board of Directors is composed of Arizona’s leading health care executives and leaders, with representation from hospitals, laboratories, health plans, employers, consumers, higher education, and other key health care stakeholders. Additionally, per AzHeC bylaws, the board has permanent seats for representation from the Office of the Arizona Governor, Arizona Health Care Cost Containment System (AHCCCS), Arizona Department of Health Services (ADHS), Arizona Department of Administration (AzDOA), Arizona Hospital and Healthcare Association (AzHHA), Arizona Medical Association (ArMA) and Arizona Osteopathic Medical Association (AOMA)

Board of Directors (as of April 2013)

- Arizona Office of the Governor
- Arizona Health Care Cost Containment System (AHCCCS)
- Arizona Department of Health Services (ADHS)
- Arizona Department of Administration (AzDOA)
- Arizona Hospital & Healthcare Association (AzHHA)
- Arizona Medical Association (ArMA)
- Arizona Osteopathic Medical Association (AOMA)
- Blue Cross Blue Shield of Arizona
- Schaller Anderson, An Aetna Company
- CIGNA
- UnitedHealthcare
- Banner Health
- Maricopa Integrated Health System
- Arizona Chamber of Commerce & Industry
- Arizona State University
- Sonora Quest Laboratories
- Arizona Pharmacy Association
- Banner Health (provider)
- Health Information Network of Arizona
- Your Partners in Quality (consumer)
- University of Arizona, College of Medicine (telemedicine)
- Health Services Advisory Group (Medicare QIO)
- Cambiare, LLC (provider)
Cardiovascular Consultants (provider)
Arizona Nurse Practitioners Council
Leading Age of Arizona
Phoenix Area Indian Health Services
Intel- Large Employer
HINAz Board of Directors

The HINAz Board currently represents hospitals (over 60% of all acute hospital beds), community health centers, commercial and Medicaid health plans (over 60% of the covered lives in Arizona), healthcare providers, the largest laboratory provider, and other stakeholders, who serve underserved, rural, and urban parts of Arizona.

Board of Directors

Arizona Health Care Cost Containment System
Arizona Health Sciences Center
Banner Health
Blue Cross Blue Shield of Arizona
Carondelet Health Network
Critical Access Hospitals, Benson
El Rio Community Health Center
HealthNet
Marana Health Center
Maricopa Integrated Health System
New Pueblo Medicine
Northwest Medical Center
Phoenix Children's Hospital
Pima County
Pima County Medical Society
Schaller/Aetna/Mercy
Sonora Quest Laboratories
Southern Arizona Leadership Council
St. Joseph's Hospital and Medical Center
TMC HealthCare
The University of Arizona Medical Center - University Campus

HINAz Participants

<table>
<thead>
<tr>
<th>Hospital Systems &amp; Providers</th>
<th>HealthPlans</th>
</tr>
</thead>
<tbody>
<tr>
<td>El Rio Community Health Center</td>
<td>Aetna &amp; Mercycare</td>
</tr>
<tr>
<td>Banner Health</td>
<td>BCBS of Arizona</td>
</tr>
<tr>
<td>TMC HealthCare</td>
<td>United Health Group</td>
</tr>
<tr>
<td>Carondelet Health Network</td>
<td>Phoenix Health Plans</td>
</tr>
<tr>
<td>Casa Grande Regional Medical Center</td>
<td>CIGNA</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>The University of Arizona Health Network</td>
<td>HealthNet</td>
</tr>
<tr>
<td>Northwest Medical Center</td>
<td>HealthChoice</td>
</tr>
<tr>
<td>Phoenix Children’s Hospital</td>
<td>Humana</td>
</tr>
<tr>
<td>Marana Health Center</td>
<td>Care1st</td>
</tr>
<tr>
<td>Maricopa Medical Center</td>
<td>Bridgeway</td>
</tr>
<tr>
<td>Northern Arizona Healthcare</td>
<td>MediSun</td>
</tr>
<tr>
<td>Tucson Medical Center</td>
<td>Maricopa Plan</td>
</tr>
<tr>
<td>AZ Critical Access Hospitals</td>
<td>The University of Arizona Health Plans</td>
</tr>
<tr>
<td>Catholic Healthcare West - AZ</td>
<td>SCAN</td>
</tr>
<tr>
<td>Sonora Quest Laboratories</td>
<td>Pima Health</td>
</tr>
<tr>
<td>New Pueblo Medicine</td>
<td></td>
</tr>
</tbody>
</table>