Arizona Health Information Exchange (HIE) Program Sustainability Plan

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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

- ❖ 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
    - E-prescribing Incentive program for pharmacies
    - Enhance HIE Marketplace program to include incentives for adoption of Direct

- ❖ 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

❖ Provide for Consumer / Stakeholder education and participation

❖ 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.

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 HISP 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

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

 * Fees are set by the HISP vendor. The HIE Marketplace was launched 4/12/2012.

Evidence of Demand for Services

Segments that will adopt Direct and the tasks will they perform

Service Offering	Segments that will use services	Example Use Cases Supported
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.

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.

Arizona Health e-Connection Membership Dues

Organization Types	Adjusted Gross Revenue	Annual Dues
Government Body	N/A	$500
Colleges (including colleges within universities)	N/A	$2,500
Nonprofit Association	$5 million or more	$4,000
Nonprofit Association	$4,999,999 to $1 million	$2,000
Nonprofit Association	Less than $1 million	$750
Corporate Organization	$1 billion or more	$15,000
Corporate Organization	$100 million to $999.99 million	$10,000
Corporate Organization	$10 million to $99.99 million	$5,000
Corporate Organization	$1 million to $9.99 million	$2,000
Corporate Organization	Less than $1 million	$750

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)

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

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 HIE Revenue Model

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

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

Entity	Year 1	Year 2	Year 3
Hospital systems	8	25	40
FQHC's & rural centers	5	15	26
Major health plans (commercial and AHCCCS)	4	8	15
Community Physicians	150	1000	4000

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, Middlleton 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.

Board of Directors

Arizona Office of the Governor
Arizona Health Care Cost Containment System (AHCCCS)
Arizona Department of Health Services (ADHS)
Arizona Department of Administration (ADOA)
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
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

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

Hospital Systems & Providers

El Rio Community Health Center

Banner Health

TMC HealthCare

Carondelet Health Network

Casa Grande Regional Medical Center

The University of Arizona Health Network

Northwest Medical Center

Phoenix Children's Hospital

Marana Health Center

Maricopa Medical Center

Northern Arizona Healthcare

Tucson Medical Center

AZ Critical Access Hospitals

Catholic Healthcare West - AZ

Sonora Quest Laboratories

New Pueblo Medicine

HealthPlans

Aetna & Mercycare

BCBS of Arizona

United Health Group

Phoenix Health Plans

CIGNA

HealthNet

HealthChoice

Humana

Care1st

Bridgeway

MediSun

Maricopa Plan

The University of Arizona Health Plans

SCAN

Pima Health