December 29th, 2010

Aaron Sandeen
State HIT Coordinator
State of Arizona
Office of the Governor
1700 West Washington, Suite 300
Phoenix, AZ 85007

Dear Aaron,

Thank you for submitting Arizona's strategic and operational plans and PIN addendum for
Health Information Exchange (HIE) to the Office of the National Coordinator for Health
Information Technology (ONC) as part of the State HIE Cooperative Agreement Program (CAP).
ONC has reviewed Arizona's Plan and the Addendum submitted in October. We recognize the
hard work of your state in development of health information exchange and applaud your hard
work, innovation and achievements. However, we still have some concerns and unanswered
questions that require additional explanation or information before we can recommend
approval of your State Plan to the National Coordinator. As you are aware, before states may
use federal funding for implementation, each state must obtain approval of their State Plan
from ONC. The approval of a State Plan establishes evidence of alignment with the goals of the
CAP and allows ONC to maintain an appropriately structured cooperative agreement with each
state.

Please review the feedback contained in this letter and submit an updated State Plan to ONC
that addresses these items by January 14th, 2011. This resubmission date is negotiable so please
let us know if January 14th is not possible.

To set the context for the rest of this letter, ONC understands that Arizona plans to make
updates to the current state HIE strategy. ONC strongly agrees with Arizona's phased approach
to health information exchange starting with secured messaging to meet lab results delivery and
the exchange summary of care records as we have previously described in the Project
Information Notice (PIN) dated July 6th, 2010. In taking this approach, your plan should ensure
the state is not creating a "closed" network in which providers and other participants are locked
into a particular service offering for exchange. In using a secured messaging approach, ONC will
look for how the Provider Directory will be populated, who will be responsible for the provider

directory, how will security, encryption and message routing be handled and by whom (organization).   ONC will also encourage that the provider director be open and available to all other appropriate organizations and service providers who may want to use it to enable health information in the state. ONC will also look for the requirements for providers and others to participate in the secured messaging from a policy and technology point of view. ONC will also be interested in the state's efforts to encourage EHR vendors and labs to participate in the secure exchange approach.

In an effort to support the success of states participating in the program, ONC staff members work to identify strengths and weaknesses in every Plan. In this letter, please find examples of strengths and weaknesses identified in Arizona's Plan. The section labeled "Positive Aspects" notes exemplary content within the Plan; the section labeled "Issues and Concerns" notes key areas that need additional elaboration or clarification. ONC has technical assistance available to assist you in your work and we have contacted them to let them know you are interested in their help.

Positive Aspects
- The state's history on HIT and HIE is quite extensive, with partnerships with stakeholders and entities such as the Arizona Health-e Connection (AzHeC) and Health Information Network of Arizona (HINAz). There have been several funding efforts such as Medicaid Transformation Grant through the AHCCS (state Medicaid agency) and the recently awarded ONC funding for the Arizona Regional Extension Center (AREC). There have been state grants awarded as well.   Therefore, the Arizona Plan reflects a long history of public-private collaboration and significant commitment and input from both governmental and private sector stakeholders.

- The Strategic Plan notes that the State Public Health agency (ADHS) has developed an HL7 Integration Engine (IE) for health data exchanges, utilizing a HL7 accelerator which incorporates data types and segments for many message types in different HL7 standards (versions 2.2 to 2.6). The HL7 IE currently being used for automated electronic laboratory reporting for exchanges with ADHS and it appears that it can be utilized with the common state infrastructure which may become available as the NHIN interoperability functionality is being incorporated into the AzHIN.

- The Plan's environmental scan paints a clear picture of HIT adoption among providers and key data trading partners.

- Arizona's mix of geographically-oriented HIE and integrated delivery networks coupled with emerging Direct pilot project experiences provide important assets to leverage and build on.

- Previous HISPC work provides a reliable starting point for addressing Arizona's legal and policy environment, as well as consent management and interstate HIE.

- Arizona's Medicaid and State HIE programs are closely coordinating with each other.

<u>**Issues and Concerns**</u>

General
- Arizona's strategic approach is to have a vendor develop a statewide HIE platform which meets stage 1 meaningful use requirements, through a phased approach which develops core services and a policy framework building on two existing HIO's (AMIE and SAHIE). However, the plans do not provide enough specific details on this proposed strategy for ONC to approve the approach. ONC requires more detailed operational specifics on how this approach will be implemented.

Environmental Scan and Meaningful Use Attainment
- While Arizona's plans provided a gap analysis, the plans do not provide a comprehensive strategy to address the identified gaps in e-prescribing, receipt of structured lab results and sharing of patient care summaries across unaffiliated providers across the state. Per the ONC Program Information Notice dated July 6th, 2010, Arizona's Plan must include strategies to address the gaps in the three key HIE activities such that every eligible provider in the state has at least one viable option for these three HIE requirements in 2011. Strategies should be comprehensive and consider service offerings, cross program coordination efforts, policy and other related activities. Specifically the plans must:
    o Provide details to show how the state will encourage pharmacies and providers to participate in e-prescribe activities. The current plan lacks specific details other than to say that the selected vendor will participate in connection activities. Most successful strategies among the states include setting goals, monitoring, coordinating efforts between the regional extension center, Medicaid and the state HIE program. Successful strategies usually do not include creating an e-prescribing service, although states are not precluded from proposing it.
    o Describe a strategy to address adoption for both providers and labs to send and received structured lab results including "white space" areas. This seems to be mostly missing in the current plan except that the plan identifies more research and analysis to address gaps in areas of smaller labs being able to produce, deliver and receive structured lab results. Some state strategies approach lab adoption through a REC like service for labs approach.
    o Address strategies for sharing clinical care summaries across unaffiliated providers.

Technical Infrastructure
- As mentioned earlier in the letter, ONC requires implementation details in the State plan on Arizona's Direct pilot project and how that will help enable providers to meet stage 1 meaningful use requirements. ONC requires information about how the Provider Directory will be populated, who will be responsible for the provider directory, how will security, encryption and message routing be handled and by whom (organization). ONC will want to see details about how the provider director will be open and available to all appropriate organizations and service providers who may want to use it to enable health information in the state. ONC requires that the plan include the requirements for providers and others to participate in the secured messaging from both policy and technology point of view. The plans should also reflect how Arizona will

engage with EHR vendors and labs in adopting the secure messaging approach.
- The plan should include a more detailed description on how other HIE activities including those developed by IDNs will interconnect with each other.

Project Schedule and Management Plan
- Based on using secured messaging for stage one meaningful use and the phased approach to robust HIE, please provide an updated project schedule with milestones and other implementation details and resource assignments.
- Please also update the plan with a Risk Assessment based on the guidance provided in the State HIE PIN dated July 6th, 2010.

Privacy, Security and Policy
- Arizona's state plan makes a minor reference to the HHS Privacy and Security Framework, indicating that Arizona's principles for privacy and security are in line with the Framework. The Strategic Plan states that the statewide HIE will maintain the confidentiality of patient information by establishing privacy and security. However the plan does not provide the required level of detail demonstrating how Arizona meets the HHS Federal Privacy and Security guidelines.

ONC looks forward to working with Arizona to achieve an approved State Plan. In order to move into implementation, ONC needs to receive an updated Arizona's State HIE Plan that addresses the issues and concerns listed above. Please be sure to clearly and visually identify changes you make to the Plan to address these items.

Please feel free to contact your Project Officer or me via e-mail at Christopher.Muir@hhs.gov or phone at 202-205-0470 should you have any questions.

Regards,

Chris Muir
Program Manager
Office of State and Community Program