Washington State Health Care Authority

Report to the Legislature

The Washington State Health Care Authority
in collaboration with OneHealthPort

Secure Exchange of Health Information
2012 Progress Report

As Required by Substitute Senate Bill 5501
Chapter 300, Laws of 2009

December 1, 2012

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I. Executive Summary

SSB 5501, enacted as Chapter 300, Law of 2009, directs the lead organization (OneHealthPort), with the Health Care Authority (HCA) Administrator, to prepare a progress report for the Legislature by December 1. This progress report is designed as a companion document to the first three progress reports dated December 1, 2009, December 1, 2010 and December 1, 2011. As such, this report will not repeat the background information on SSB 5501, Health Information Exchange (HIE), the lead organizations, or the State HIE Strategic and Operational Plan work accomplished in 2009, 2010 and 2011. Some very limited information from the first two reports is repeated in this document to assist the reader. This report will focus exclusively on the progress made during the implementation phase of the statewide HIE from January 1, 2012, through November 1, 2012 (the time at which this report was prepared). In this report the statewide HIE will be described as "the HIE".

Implementation activities are overseen by a Community HIE Oversight Board, formed by the Foundation for Health Care Quality (FHCQ). This Board oversees selected aspects of the work of the HIE lead organization (OneHealthPort). It reviews and approves the HIE pricing model, privacy and security policies and accessibility, and provides an annual report, including an assessment of HCA's implementation of the State HIE Cooperative Agreement, as part of its charter. The 2012 Annual Assessment is included as an Appendix to this report.

A. Key elements of progress in 2012

1. The basic Governance model is unchanged from 2011. In 2012 the HCA, OneHealthPort and the Foundation for Health Care Quality continued the smooth and complementary working relationship that characterized their work to date. With another year of experience each organization matured their operation.

2. OneHealthPort continues to work closely with its technology partner, Axway, the technology solutions vendor selected under the State HIE Cooperative Agreement project, to strengthen the HIE infrastructure and the operational model.

3. The single most important determinant of the success of the HIE over the long term will be adoption. If the HIE gains adoption by a critical mass of information Trading Partners the probability of success is high, if not, failure is the likely outcome. Progress to date has been mixed. As of the date of this report, there are 192 organizations that have executed an HIE Participation Agreement and 141 organizations representing over 64,000 patient lives that are implemented with the HIE and able to exchange information. The significant majority of these implemented Trading Partners are with the National Renal Administrators Association. In 2013 the HIE will work aggressively to implement more Washington state organizations.

4. Financially, HCA and OneHealthPort have been very prudent with their use of the American Recovery and Reinvestment Act (ARRA)/ Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH) funds. While the ARRA/HITECH grant funding ends September 30, 2013, the HIE is well positioned to support its expenses through at least 2015. Revenue is just beginning to come in as Trading Partners are being implemented. As

of the date of this report, total revenue for the HIE in 2012 is $509,605 of which $349,200 is annually recurring revenue.

5. Going forward the HIE will be impacted by a number of transitions occurring in Washington state and elsewhere. The end of the ARRA/HITECH program, changes in the delivery and payment systems, advances in the HIE/HIT marketplace, the evolution of health care reform and the pace of HIE/HIT standards adoption will all have significant impact on the health information exchange environment in Washington state. It is unlikely that the HIE will be the market maker. It is far more likely that the HIE will be a market taker. As such, it is less about picking a direction and more about watching, learning and retaining the flexibility to shift direction. If adoption is the key, this ability to understand Trading Partner needs, be aligned with the emerging technical/standards environment and be capable of responding rapidly and effectively when opportunities arise will likely dictate the long term success of the HIE. As all these trends develop slowly, it will also be critical for the HIE to have the patience and financial endurance to sustain itself through the lengthy adoption cycle.

II. Introduction

SSB 5501 directs the lead organization (OneHealthPort), with the Health Care Authority (HCA) Administrator, to prepare a progress report for the Legislature by December 1. This progress report is designed as a companion document to the first three progress reports dated December 1, 2009, December 1, 2010 and December 1, 2011. As such, this report will not repeat the background information on SSB 5501, Health Information Exchange (HIE), the lead organizations, or the HIE Strategic and Operational Plan work accomplished in 2009, 2010 and 2011. Some very limited information from the first two reports is repeated in this document to assist the reader.

This report will focus exclusively on the progress made during the implementation phase of the statewide HIE from January 1, 2012, through November 1, 2012 (the time at which this report was prepared). In this report the statewide HIE will be described as "the HIE".

The Washington statewide HIE is being deployed in responsive to three different drivers:

- **State Legislation** – SSB 5501 directs HCA and OneHealthPort to accelerate the secure exchange of high value health information in the state; the HIE is the means to accomplish this objective.
- **ARRA/HITECH** – SSB 5501 directs the HCA and OneHealthPort to pursue federal funding opportunities that support the bill's goals. The HIE Cooperative Agreement executed by HCA provides $11.3M in support of HIE in Washington state. In return, OneHealthPort and HCA are required to pursue a number of HIE activities including Meaningful Use and other related objectives.
- **The Market** – Both SSB 5501 and ARRA/HITECH ultimately rely on public and private sector organizations in the state's health care community to adopt and pay for HIE services.

The report that follows describes how the HCA and OneHealthPort are integrating and blending these three drivers in the process of implementing the HIE.

III. Progress on Implementation

This section describes the progress made implementing the statewide HIE in the first ten months of 2012.

A. Governance

There are three organizations that play a primary role in HIE governance:

- OneHealthPort, a private company that acts as the lead HIE organization
- The HCA, that serves as the recipient of the federal ARRA/HITECH grant funds, coordinates state agency participation and has high level oversight of the HIE
- The Foundation for Health Care Quality, a 501 c-3 organization that oversees the HIE's privacy/security, access and pricing policies along with the HCA's administration of the ARRA/HITECH funds

The basic Governance model is unchanged from 2011. In 2012 the three organizations continued the smooth and complementary working relationship that characterized their work to date. With another year of experience each organization matured their operation. The HCA also had some changes in key personnel. Nathan Johnson, the HCA Assistant Director of Health Care Policy, was appointed by Governor Gregoire to fill the position of State Health Information Technology (HIT) Coordinator, replacing Richard Onizuka who now serves as the Chief Executive Officer of the Health Benefit Exchange. Nathan will be supported as the State HIT Coordinator by the newly created position of Deputy State HIT Coordinator, filled by Melodie Olsen. Melodie has been the Health IT Manager for the HCA's Medicaid Electronic Health Record (EHR) Incentive Program and other Health IT technical projects, plus coordinator of the Office of the National HIT Coordinator (ONC) Meaningful Use Acceleration initiative across HITECH programs.

The HCA, the Foundation and OneHealthPort worked together in 2012 on a variety of Governance activities including:

1. OneHealthPort and the HCA made regular reports to the Foundation on the privacy/security policies, access, pricing and administration of the ARRA/HITECH cooperative agreement. In addition, OneHealthPort and the HCA offered general updates to the Foundation to provide context.
2. OneHealthPort advised the Foundation of "edge cases" that might impact previously determined policies. The Foundation discussed each issue and approved OneHealthPort's recommendations. These edge cases included:
    - Modifications to the state Department of Health's (DOH) participation agreement to account for the fact public health information exchange is governed by a legal framework different than HIPAA
    - Development of an HIE-to-HIE (H2H) umbrella exchange agreement to facilitate inter and intra state exchange among HIEs in Washington, Alaska and Idaho
    - Pricing and contractual modifications in the National Renal Administrators Association (NRAA) HIE agreement to reflect the NRAA's role as a national aggregator
3. OneHealthPort and the HCA collaborated in their ongoing engagement with the ONC through the ARRA/HITECH work. This effort involved the following:

- Completion of regular monthly and quarterly reports to the ONC
- Hosting of the annual ONC site visit
- Development of monthly and quarterly goals
- Participation in ONC seminars, meetings, and Communities of Practice
- Ongoing financial management of the HIE Cooperative Agreement project expenditures

4. The HCA continued its effort to coordinate work across all of the ARRA/HITECH programs in the state. This coordination effort included regular communication, joint outreach activities, shared presentations and where relevant; collaborative project work. The ARRA/HITECH programs include:
   - The statewide HIE
   - The Beacon Community of the Inland Northwest (BCIN)
   - The Washington and Idaho Regional Extension Center (WIREC)
   - The Bellevue College Health Information Technology Workforce Training Development
   - The Medicaid EHR Incentive Program

B. Infrastructure

In 2012 OneHealthPort continued to work with its technology partner Axway to refine and strengthen the HIE infrastructure. This effort includes a number of components:

1. Migrating from using the secure hosting facilities of Hewlett Packard (HP) to the Amazon Cloud. This move was recommended by Axway based on some challenges they experienced with HP and their assessment of the Amazon Cloud hosting option.
2. Continued refinement of the Nationwide Health Information Network (NwHIN) Connect implementation with the National Renal Administrators Association (NRAA) HIE. OneHealthPort and its partners at the Centers for Medicare and Medicaid Services (CMS), NRAA and the individual renal dialysis facilities continue to test and improve the HIE linking all the parties through the Connect standard.
3. Learning how best to on-board trading partners. As the NRAA and other Trading Partners move from testing to implementation, OneHealthPort and Axway have the opportunity to gain experience on-boarding HIE Trading Partners. Over time, the process will be improved for all parties.
4. Finding the optimal blend of operational staffing. OneHealthPort continues to enhance its understanding of the Axway infrastructure and how the different teams at Axway operate. In the shorter term OneHealthPort has purchased hosting and managed services from Axway. Over the longer term OneHealthPort will make a determination about how much of Axway's services they will continue to purchase and how much of the work they will bring in-house. The goal is to find the most cost-effective operational model for the long term.

Most of this work will continue in 2013 as the HIE ramps up its operational pace.

C. Adoption

The single most important determinant of the success of the HIE over the long term will be adoption. If the HIE gains adoption by a critical mass of information Trading Partners the probability of success is high, if not, failure is the likely outcome. It is difficult to make a single

concise statement about the adoption trend of the HIE in 2012; instead there are series of different data points:

1. Signed Contracts: One goal of the HIE has been to get a critical mass of Washington state organizations to execute HIE participation agreements. Exhibit A below lists the Washington state health care organizations that have executed HIE Participation Agreements. Signing the Participation Agreement is an important first step in building critical mass. However, it is only an interim step toward implementation. While the list of Washington State organizations that have executed HIE Participation Agreements is impressive and some are in testing, very few of these organizations have moved to full implementation. Getting these organizations and others implemented is the most important task for the HIE in 2013.

Exhibit A
Washington State Organizations Who Have Signed HIE Participation Agreements
(Does Not Include NRAA Organizations)

1. HCA/Medicaid
2. PTSO of Washington
3. Group Health Cooperative
4. NorthShore Medical Group
5. Virginia Mason Medical Center
6. PAML
7. Skyline Hospital
8. (Yakima) Memorial Physicians
9. Yakima Valley Farm Workers
10. United General Hospital
11. Yakima Memorial Hospital
12. Kadlec Regional Medical Center
13. Wenatchee Valley Medical Clinic
14. Evergreen Healthcare
15. Puget Sound Family Physicians
16. Kittitas Valley Community Hospital
17. Multicare Health System
18. Department of Health
19. Overlake Hospital Medical Center
20. DESC (Shelter, Housing and Services for Homeless Adults in Seattle)
21. Sound Health Care Center
22. Prosser Memorial Hospital
23. Seattle Children's
24. Sound Family Medicine
25. Sound Mental Health
26. CMI-EDIE (Emergency Department Information Exchange)
27. Three Rivers Hospital
28. CIGNA
29. Molina Healthcare
30. Premera

2. NRAA: OneHealthPort provides operational capacity for the NRAA HIE. The NRAA is of significant importance to the HIE:
   - Operationally, the NRAA provides valuable experience in on-boarding and implementing Trading Partners
   - The exchange between NRAA members and CMS is accomplished using NwHIN Connect standards, this gives OneHealthPort valuable knowledge of this emerging national standard

- The basic NRAA transaction is a quality report from the end-stage renal dialysis (ESRD) facilities to CMS, this gives OneHealthPort useful experience in this reporting function expected to be a growing use of HIEs going forward
- Financially, the NRAA contract provides a significant source of ongoing revenue to help sustain the HIE
- Seven organizations and twenty-eight ESRD facilities in Washington state use and benefit from the HIE

Exhibit B below lists the current implementation status of the NRAA HIE

Exhibit B
NRAA HIE Implementation Status

Indicator	Metric to Date
Contracted Organizations	162
Contracted Facilities	749
Contracted Lives	67,552
Implemented Organizations	138
Implemented Lives	64,007

3. Filling the gaps: The HIE is designed to be "an" HIE not "the" HIE for Washington State. There is a significant amount of health information technology (HIT) being deployed in the state and a variety of paths for organizations to enable HIE. The statewide HIE is one such path and the strategic positioning of the HIE could best be described as "filling the gaps." The statewide HIE targets those Trading Partners and those information exchange needs not being addressed by other means. In this context, the push for adoption is to some degree a process of testing the market to determine where the gaps exist and where Trading Partners are ready to connect. Currently, the highest priority gaps being addressed, in addition to the NRAA, are the following:

    - *Point-to-Point Exchange:* There are organizations that have identified at least one other organization they want to trade with, are ready and able to connect and have a data set they want to trade. The HIE can help reduce the cost of connection, translate between different systems and facilitate the two organizations solving their exchange problems. There are a variety of conversations along these lines currently underway. Examples include:
        - Skyline Hospital and NorthShore Medical Group who are in production and are the first Trading Partners to use the HIE to exchange Lab Results
        - Group Health Cooperative and Overlake Hospital who are currently testing an Admission, Discharge, Transfer (ADT) data set
        - Prosser Hospital and the Emergency Department Information Exchange (EDIE) who are currently finalizing a connection to exchange ADT information
    - *Admit/Discharge Notification*: Hospitals are required to notify health plans of admissions and discharges. Currently that is done using a variety of non-standard paper, telephone

and electronic approaches. One of the requirements of SSB 5501 (the "Admin Simp" bill) is standardization of the admit/discharge notice process. A pilot is underway with four participants; two health plans and two hospitals (Seattle Children's Hospital, Virginia Mason, Premera and CIGNA) to test a standardized approach to admit/discharge notification using the HIE. This pilot offers great promise to bring hospitals and health plans to the HIE, increase administrative efficiency and open an important channel for medical management of in-patient hospital care. The pilot is scheduled to kick-off in mid-November.

- *Public Health Gateway*: The HIE is working with the state Department of Health (DOH) to serve as a gateway between the Department and their Trading Partners for some key transactions including; immunizations, reportable labs, new born screening and syndromic surveillance. These are high value transactions and interest is increasing due to the inclusion of select public health reporting requirements in Stage 2 Meaningful Use for eligible hospitals and providers seeking EHR incentives. There are a number of issues that have to be addressed before the gateway can be implemented including standards questions, the readiness of both parties and resource constraints within DOH. The parties are currently working with each other and HCA to address these questions.
- *Epic-to-Non-Epic Exchange:* There is a significant and growing installed base of Epic EHRs in Washington State. Most of the Epic sites will use internal Epic capability to exchange information with other Epic systems. However, it is more difficult for Epic systems to exchange information with non-Epic systems and vice versa. The HIE is working with Epic and the enterprises using Epic to develop a strategy for connecting Epic systems to the HIE. At this time it looks like the HIE will be unable to easily connect to Epic until 2013 when Epic makes some additional enhancements.

4. *Meaningful Use:* The top priority of the ONC for the HIE program is supporting Meaningful Use. Specifically, the ONC encourages all the HIEs it funds to:

    - Provide at least one path for providers to use to support the exchange requirements for Meaningful Use. While the HIE has communicated extensively with providers and others that it stands prepared to support Meaningful Use, in Stage 1, there has been limited need for, and interest in, this capability. The HIE expects this to change as Stage 2 of Meaningful Use rolls out. This is one reason for prioritizing the Public Health Gateway.
    - Emphasize the use of the HIE for exchange of ePrescribing transactions, structured lab results and patient care summaries. While the HIE has built out the transactions in question, done significant outreach and is conducting ongoing market research, to date there has been limited interest in lab results and no uptake for ePrescribing. There is interest in patient care summaries as described in some of the "Gap Filling" strategies described above. The HIE will continue to explore opportunities to accelerate the exchange of lab results and ePrescribing transactions in 2013, but prospects remain uncertain.
    - Prioritize at least one other transaction that supports health reform objectives. The HIE has selected the NRAA Quality Reports described above for this other priority.

In summary, as of the date of this report, there are 192 organizations that have executed an HIE Participation Agreement and 141 organizations representing over 64,000 patient lives that are implemented with the HIE and able to exchange information. The significant majority of these implemented Trading Partners are with the NRAA. In 2013 we will continue to move forward with implementation in the priority areas discussed above and other targets of opportunity as identified.

D. Finance

From a financial perspective, the HIE is a "hybrid" activity. It is heavily subsidized by the ARRA/HITECH funds, OneHealthPort and the Washington Healthcare Forum initially, yet over the longer term the HIE is expected be self-sustaining. The sections below describe these different aspects of the HIE finances:

1. ARRA/HITECH: The HCA administers the ARRA/HITECH funds. Because of the multiple entities involved there are a number of calendar periods used to account for the expenditures. For purposes of this report, results from the federal fiscal year (FFY 2012) October 1, 2011 – September 30, 2012 will be reviewed. During this time period:
   - Total federally reimbursed expenditures for FFY 2012 (October 1, 2011 – September 30, 2012) are $3,031,735.22
     - Prime (HCA) = $279,263.65
     - Sub-Recipient (OneHealthPort) = $2,752,471.57
   - As the Lead Organization OneHealthPort has agreed to go at risk for adoption. No ARRA/HITECH funds have been paid to OneHealthPort to cover any of its internal costs. The funds paid to OneHealthPort as the Sub-Recipient are reimbursements for out-of-pocket expenditures directly related to the HIE (e.g., the technology partner Axway, consulting, ONC related travel, etc.). Total subsidy to the HIE from OneHealthPort and the Washington Healthcare Forum during this time period was approximately $800,000.00.
   - Federal grant funds remaining for the final 12 months of the ARRA/HITECH Cooperative Agreement are $2,856,729*
     **The remaining total is based on the federal reimbursement completed as of October 1, 2012 which does not include the obligated expenditures as of that date of $112,526.93.*

   OneHealthPort and HCA continue to revise and refine the budget for the final year of federal support. Both organizations are confident that the remaining funds will be spent and are working carefully to ensure that stakeholders receive maximum benefit from these investments in the HIE.

2. Operating Expenses: Exhibit C below describes current projections for Annual HIE Operating Expenses.

Exhibit C
Annual Operating Expenses

Annual Expenses -- Fully Burdened		
Contract		
Hosting		$200,000
Managed Service		$300,000
Pro Fees		$100,000
Oversight		$200,000
Other		$50,000
Sub-total contract		**$850,000**
OneHealthPort		
Staff and Overhead		$500,000
Software Maintenance		$300,000
Depreciation		$350,000
Sub-total OneHealthPort		**$1,150,000**
Total Expenses		**$2,000,000**
Annual Expenses -- Start Up Phase		
Contract		
Hosting		$200,000
Managed Service		$300,000
Pro Fees		$50,000
Oversight		$150,000
Other		$0
Sub-total contract		**$700,000**
OneHealthPort		
Staff and Overhead		$0
Software Maintenance		$300,000
Depreciation		$0
Sub-total OneHealthPort		**$300,000**
Total Expenses		**$1,000,000**

The expense items in both tables are high-level estimates assumed to be accurate within a reasonable degree. The fully burdened table assumes an operating business that is paying all of its expenses. The start-up phase assumes the business is not generating sufficient revenue to pay OneHealthPort for its services, fund depreciation or cover all its other operating costs, but

assumes it does pay all the out-of-pocket costs owed to third parties in order to keep the doors open.

3. Pricing: The basic pricing model for the HIE is unchanged from the pricing model that was approved by the Community HIE Oversight Board in February of 2010. Exhibit D below describes the basic pricing model. For the NRAA which is an aggregator and has significant numbers of non-Washington state Trading Partners the HIE made some modifications to basic model. The two primary changes included a set-up fee for some unique features the NRAA needed and the requirement that the NRAA pay the original Axway licensing charge so the HIE did not have to access the limited supply of subsidized licenses paid for with the ARRA/HITECH funds granted to Washington state.

Exhibit D
OneHealthPort HIE Pricing Model

The OneHealthPort HIE Pricing Schedule has three components:

- ***One-time license fee*** – A one-time license fee charged to the Participant to license HIE Software.
- ***Mapping fees*** – A charge for the professional services required to map the Participant's data to the Canonical Guide.
- ***Annual subscription*** – An annual fee based on size of the Participant operation.

1. **One-time License Fee**. The Participant shall pay to OneHealthPort a one-time license fee based on the following schedule:
   - B2Bi (required) waived for early adopters, no cost
   - Web Trader (optional) waived for early adopters, no cost
   - Activator (optional) waived for early adopters, no cost

2. **Mapping Fees**. If the Participant's data needs to be mapped to the Canonical Guide, the Participant may map the data using their own resources. If the Participant needs data mapping and elects to use OneHealthPort resources, the Participant shall pay to OneHealthPort mapping fees as charged. The mapping fees charged by OneHealthPort shall reflect the actual hours worked by OneHealthPort's contractor plus 5%. The mapping fees shall be billed to the Participant on a monthly basis as the work is performed. Prior to initiating data mapping, OneHealthPort shall provide the Participant with a proposed statement of work and an estimate of mapping fees that must be approved by both parties.

3. **Participant Annual Subscription**. The Participant shall pay OneHealthPort an annual subscription for use of the HIE. The annual subscription rates shall be derived from the schedule below. The annual subscription will be billed to the Participant at the time the Participant goes live with the HIE and on each annual anniversary date thereafter. The Participant's annual subscription fee will be:

Subscription Level	Organizational Metrics (all revenue figures are annual)	Annual Subscription
Entry	Revenue < $10M	$600
Small	Revenue $10M-$100M	$6,000
Mid-size	Revenue $100M-$500M	$12,000
Large	Revenue $500M-$1B	$24,000
Leadership	Revenue $1B+	$48,000

Notes:

1) The one-time license fees are waived for early adopters based on the ARRA funds subsidizing a limited number licenses. After the subsidized licenses are gone, the price will be the vendor's best volume rate + 5%.
2) These rates are charged for standard trading partners and standard services. OneHealthPort has discretion to create unique pricing models for aggregators like the NRAA or other similar arrangements.

4. Revenue: Revenue is just beginning to come in as Trading Partners are being implemented. As of the date of this report, total revenue for the HIE in 2012 is $509,605 of which $349,200 is annually recurring revenue.

IV. Opportunities and Challenges Going Forward

When examining the path forward for the HIE, there is one word that summarizes both the opportunities and the challenges – transition. On a number of fronts the HIE will be operating in a very dynamic environment and seeking to successfully navigate through a series of changes:

1. ARRA/HITECH: Under the most current set of assumptions provided by the ONC, OneHealthPort and the HCA are planning for the ARRA/HITECH funding of the HIE to end on September 30, 2013. Under the rules of the program, all expenses have to be paid by September 30, 2013. As such, program activity will need to wrap up by early August 2013. HCA and OneHealthPort have been very prudent in their use of the program funds. For this reason the HIE is in a strong financial position through 2015. However, the end of the program will require the HIE to fund some of the operating expenses that have to date been subsidized by the ARRA/HITECH funds. Based on the revenue currently booked, the HIE should be able to sustain itself financially well past the end of the funding. In addition to wrapping up the administration of the program and funds successfully, the end of the program presents three other challenges and opportunities:
   - SSB 5501 directs the HCA to oversee the work of the Lead Organization. The ARRA/HITECH program has provided an excellent vehicle to facilitate that oversight. In the absence of the program, the HCA and OneHealthPort will have to redesign the nature of their collaborative work.
   - HCA has delegated to The Foundation for Health Care Quality some of their oversight responsibility and funded that work with ARRA/HITECH funds. With the end of that funding source, the Foundation, the HCA and OneHealthPort will have to revisit the feasibility of the present arrangement and consider alternative arrangements.

- Under ARRA/HITECH ONC has exerted considerable influence on the HIE. While the ONC, the HCA and OneHealthPort have enjoyed a strong cooperative relationship, there have been amicable discussions to maintain a common program direction and resolve competing priorities. The end of the program will give OneHealthPort and the HCA greater discretion over the strategic direction of the HIE.

2. The Health Services Community: The HIE does not operate in isolation, quite the contrary--the HIE is designed to anticipate and serve the needs of the larger health services community in Washington state. As such, the form and nature of that community have profound impact on the HIE. While there are disagreements about what type of change will ultimately occur, how fast that change will occur and what the end destination will be, there is consensus that significant change is underway. Three particular transitions may impact the HIE:
   - *Reorganizations* – mergers, consolidations and other forms of affiliation demand the attention of leadership and consume significant resources. In addition, the integration of internal HIT systems is often a key part of the process. All of this may serve to lengthen time lines for focusing on external exchange and adopting the HIE.
   - *Medical Home/Accountable Care Organizations* – there is much discussion and at least some action around new models of care delivery. Medical Home and Accountable Care Organizations (ACO) are the two most common. By potentially putting delivery systems at risk for outcomes and emphasizing the need for coordination of care across enterprises, these new models may help accelerate demand for cost effective forms of health information exchange.
   - *Health care reform* – Different components of reform including meaningful use and the expansion of Medicaid provide potential levers to increase demand for the HIE.

3. HIE Market: There is no clarity around how health information exchange will occur in the longer term. There are a number of variables in play:
   - *Geography* – currently, most HIEs are local in nature, this trend could continue or there could be consolidation resulting in a small number of large national players dominating the landscape.
   - *Type* – some HIEs emphasize a central repository, others focus on secure exchange. What type of functionality will perform best in conjunction with the expanding base of EHRs remains to be seen.
   - *Ownership* – today there are HIEs owned by the states, by commercial entities, by private not-for-profits and by health care enterprises. Going forward, one or more of these models could prevail or the industry could continue to feature a blend of entities.
   - *EHR Vendors* – it takes at least three parties to forge a useful connection; two Trading Partners and the HIE. To date, the HIE has rarely been the rate limiting step. A significant component of the connection process involves working with the Trading Partners' EHR vendors. EHR vendors have different approaches to standards, different business models, different priorities for HIE and different capabilities to forge connections. All of these factors impinge on Trading Partner readiness to connect to the HIE.
   - *Drivers* – HIEs today are often intermediaries that facilitate exchange among those who deliver services of one type or another. As EHRs, other forms of HIT and standards proliferate; it is possible that enterprise systems will be able to exchange information

directly with no need for an intermediary. Another provocative concept that has been suggested is that ultimately consumers will use their own devices to drive exchange.

- *Standards* – the single most critical variable affecting the progress of health information exchange is adoption of standards. A critical role for the HIE is to accelerate the adoption of contemporary national standards. The faster and more thoroughly the adoption of national standards occur, the easier it will be to exchange health information across the system. While long term prospects appear good for pervasive standards adoption, the short term path is less well defined. It appears likely progress will be slower over the next 3-5 years and it will be vital for the HIE to help lead the effort locally.

How these variables play out will have significant impact on the health information exchange environment in Washington State. It is unlikely that the HIE will be the market maker. It is far more likely that the HIE will be a market taker. As such, it is less about picking a direction and more about watching, learning and retaining the flexibility to shift direction. If adoption is the key, this ability to understand Trading Partner needs, be aligned with the emerging technical/standards environment and be capable of responding rapidly and effectively when opportunities arise will likely dictate the long term success of the HIE. As all these trends develop slowly, it will also be critical for the HIE to have the patience and financial endurance to sustain itself through the lengthy adoption cycle. OneHealthPort and the HCA are committed to continued development of the HIE capabilities in these directions in order to help improve the health of patients and communities in Washington state. Both organizations are pleased to respond to any questions the Legislature may have about HIE.

Appendix A. Community HIE Oversight Annual Assessment

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2012 Community Health Information Exchange (HIE) Oversight Board Annual Report and Assessment of HCA Implementation of the ARRA State HIE Cooperative Agreement Executive Summary

The Community HIE Oversight Board works directly with OneHealthPort (OHP) and HCA in Washington State to provide a community and consumer perspective oversight of policies/procedures that will impact how this area accomplishes HIE through the state and in partnerships with others. Key topics such as HIE access options, privacy and security of consumer health information and pricing models all affect how progress will be received. Meetings are open to interested parties and joint work is done on progress reports so that all parties are clear and communication assures that consensus is in place as needed.

The plan, the work and model is a prescription for progress and is a sturdy foundation. The structure and overall approach for sustainability is now outlined for HIE in Washington State. This foundational work accomplished will serve as a critical piece for ongoing success. There is a sense of progress in the work we initially set out to do. While some of the work is not yet tangible it will play a critical role going forward.

HIE Oversight Board members see representation to their constituents as a key strategy in advancing the understanding of the HIE values. This entire effort assisted Board members in forcing efficiencies in their respective organizations and feel it is important to ensure more leaders have access to key pieces of information that has been found helpful to Board members in this process. Providing systems alternatives that improve the overall movement of health information will better support care continuity and potentially reduces costs.

This work has developed working relationships and a sense of trust between parties. There is a desire to relay the sense of trust that we have developed for each other as this effort continues into the future.

Looking forward to 2013 and beyond the overall goal is to ensure there is sufficient interest so the system is used. The focus is to continue to identify needs/gaps, promote specific activities that will ensure adoption and more the data moving through the exchange. There is a commitment to assist in moving this forward together.

2012 Annual Report and Assessment

Community Health Information Exchange (HIE) Oversight Board Annual Report and Assessment of HCA Implementation of the ARRA State HIE Cooperative Agreement

The Community Health Information Exchange Oversight Agreement effective July 1, 2010 by and among OneHealthPort, Inc., (OHP) the Washington State Health Care Authority (HCA), and the Foundation for Health Care Quality (FHCQ) includes the responsibilities of completing an assessment deliverable (e) and participation in the preparation of the annual report to the legislature deliverable (f) in the contract.
The 2012 annual report and assessment deliverable guidelines based on the Agreement are outlined as follows:

1. Major accomplishments and deliverables are within established milestones.
2. There is an effective system, process, and tools for issues, challenges and opportunities identified, documented and appropriately adjudicated.
3. There is an effective process to identify and pursue opportunities that promote health IT resources or further promote HIE or Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH) program goals.
4. There is an effective State HIE Cooperative Agreement grant administration system and tools with accurate financial, accounting, and administrative record of funds received and expenditures made and a process to confirm that expenditures made are in line with planned activities and budgets. In 2012 a Strategic and Operational Plan update was completed which included a sustainability plan.
5. HCA makes available all reasonable information and assistance to facilitate the "Assessment".

The FHCQ Community HIE Oversight Board was established as envisioned and described in the Community HIE Oversight Agreement.

Major Accomplishments and Deliverable are within Established Milestones

- **Community HIE Oversight Board Membership**: Membership of the board remained as originally constituted with seven members representing user constituencies and consumer perspectives. Board member composition included one member specifically identified as a consumer representative. Board tenures ranged from 1 year to 3 years with reappointment options specified. Two board members each completing 2 year appointments starting in November 2010 accepted reappointments at the September 28, 2012 board meeting according to the specifications. Board meetings were held on February 3, 2012, May 4, 2012 and September 28, 2012. Terms and conditions of the Community HIE Oversight Organization Agreement were re-reviewed by all board members at the February 3 2012 board meeting. Board Roster: www.onehealthport.com/hie/oversight

- **Scope of Work** The scope of work remained as originally agreed to in the July 1, 2010 Community HIE Oversight Agreement. The Community HIE Oversight Organization Agreement called for the board to perform: 1) specific review and approval on the Lead

Organization's HIE Utility Services Pricing Model; 2) review and approval on the HIE Utility Services Common Security and Privacy Policies; 3) review of the openness of access to the statewide HIE maintained by the Lead Organizations; 4) monitoring of the HCA's implementation of the ARRA State HIE Cooperative Agreement; and 5) participation in preparation of an annual report to the Washington State Legislature regarding the HIE Utility Services. Work also included efforts to identify and pursue opportunities to further promote HIE and/or HITECH program goals. Calendar: www.onehealthport.com/hie/oversight

- **Board Products** At the February 3, 2012 meeting the board reviewed the Community HIE Oversight Organization Agreement including a review of the 2011 accomplishments and setting direction for the work for 2012. After review, the board accepted the charge for 2012. Board products included completion of 2012 Annual Report and Assessment of HCA Implementation of the ARRA State HIE Cooperative Agreement and initial review of access policy and approach to monitoring. The initial monitoring of access included the following: 1) OHP to submit annual accounting of HIE participants by name, type, location, etc. to Oversight Board; 2) Oversight Board to assess patterns, determine if there are stakeholder groups being denied access; 3) OHP to notify HIE Oversight Board whenever a request to participate in the HIE is refused or if a Trading Partner is terminated; and 4) Community HIE Oversight Board review the individual cases and decide if there is inappropriate denial of access. At the time of this report there have been no access issues to report. The board monitored policies and practices related to initial pricing and common policies and received information on unanticipated events that occurred during the deployment of the HIE or commonly referred to as "edge cases". Meeting minutes for illustration of board action: www.onehealthport.com/hie/oversight In addition to policy review and monitoring, two board members were interviewed by the National Opinion Research Center (NORC) and provided input into ONC's multi-year evaluation of the State HIE Cooperative Agreement Program. Washington State was selected as one of 27 states to provide input under the NORC.

- **Progress Reports**: Regular written progress reports and presentations were provided to the board on HCA and OHP activities. All progress reports and associated communications to the board were provided according to timelines specified in the agreement and/or according to board requests. Board minutes and actions were provided to HCA and OHP leadership and also posted on the website for the HIE stakeholder community. The Community HIE Oversight Board completed review and approval for deliverables according to the Agreement and the agreed upon master calendar for 2012. Examples of progress reports included presentations at each board meeting, quarterly performance reports, financial reports, dashboard, newsletters, monthly reports, among other formats of reports. Reports: www.HealthIT.wa.gov and www.onehealthport.com/hieindex.php for HIE Project Library.

Effective System, Process and Tools for Issues, Challenges and Opportunities

- **Board Access to Partners**: Access to HCA and OHP representatives was provided through formal board meetings and through additional conference calls set up to assure there would be adequate time for any explanations or details. HCA and OHP representatives also made themselves available pre and post board meetings for board

members as well as encouraged follow-up phone calls or e-mail communications should questions and/or concerns arise between the formal board meetings. FHCQ staff was also a conduit for access to HCA and OHP representatives.

- **Oversight Processes and Procedures:** The Community HIE Oversight Board oversight/approval process was grounded in a systematic model in which information was presented on scheduled deliverables in advance of actions required. Board materials were distributed to board members one week of advance of each meeting allowing adequate time for review prior to the meeting. HCA and OHP scheduled progress reports documented activities completed and provided key announcements and status on HIE developments. As noted in the February 3, 2012 meeting minutes, the 2011 Annual report and Assessment document was an illustration of effective oversight system sighting the fact a draft was presented to the board and after review board members requested additional detailed information, expertly provided by HCA staff. These resources and the systematic approach kept board members informed and provide ongoing opportunities for board members to identify questions or concerns, and seek clarification on proposed and current practices. Board minutes circulated for follow-up confirmation afforded another opportunity for questions from participants.

- **HCA/OHP/FHCQ Staff:** Nathan Johnson, the Assistant Director of Health Care Policy succeeded Health Benefit Exchange CEO Richard Onizuka as the state's official liaison with the federal government for health information technology issues. This appointment is part of Mr. Johnson's overall scope as Assistant Director of Health Care Policy. Mr. Johnson is supported by Melodie Olsen, who was designated at the Deputy State HIT Coordinator.

  Staff coordination and communication continued through a variety of channels previously established including regular scheduled meetings including participation in Community HIE Oversight Board meetings, HIE Leadership Group meetings, eHealth Collaborative Enterprise (eHCE) meetings, HIT Forums, staff meetings, and regular scheduled and/or ad hoc conference calls for specific work activities and tasks. In addition to staff meetings, HCA and OHP continued to provide regular reports and updates on details of calendar work via many avenues including formal and informational presentation, direct e-mail distributions, informational webinars, website, and ad hoc reports. Presentation and reports included the updated Strategic and Operational Plan, quarterly performance reports, financial reports, monthly summary reports, newsletter and monitoring reports, among other formats of information exchange. OHP and HCA worked in close coordination with FHCQ to ensure information was shared timely and in advance of action required. The ongoing close coordination and positive working relationships between staff supported and contributed to the procedural work needed as well as continued to actively support the work of the board.

- **Community Access:** The Community HIE Oversight Board offered community access using a variety of methods including posting board materials on the FHCQ and OHP websites for community review, provided for the availability of board materials in FHCQ office for review, and continued with the open meeting process initiated in September 2011 to invite interested individuals to attend board meetings as observers. FHCQ staff established a process for observers to submit questions and/or actively participate in

designated agenda items. Stakeholders were regularly informed of the open meeting process through a variety of communications including but not limited to OHP newsletter, FHCQ and OHP websites, and board and staff communication outreach. The first observer open meeting was held in September 2011. Observer attendance is noted in the Board meeting minutes. Consumer access was also facilitated through board member composition which included one Board member specifically identified to serve in the role as consumer representative.

- **Meeting Culture:** The Community HIE Oversight Board meeting culture was based on openness and transparency. This was reflected in that all policies were reviewed and all decisions were made at board meetings. Additionally, board members and staff were encouraged to suggest topics for meeting agendas to ensure information was made available to board members and the community on all relevant topics. Meetings were scheduled several months in advance to ensure availability of board members for meetings. Meeting agendas and materials were distributed one week in advance of the meeting. Key decisions were flagged on the written agenda. Board members were encouraged to review agenda and meeting materials in advance and bring questions for discussion within the scheduled board meetings. Agenda items were presented, discussed and documented, and a resolution process was confirmed during the meetings. Presenters from OHP and HCA often provided immediate feedback on issues and questions or addressed them in follow-up reports and meetings. OHP and HCA demonstrated respect for established policies and procedures by demonstrating a high level of responsiveness and respect to the board. One such example was the approach OHP used for the access policy review and access monitoring. OHP proposed criteria to the board and then invited discussion/joint exploration on the criteria as well as the overall approach for monitoring. Agendas were managed so that decisions could be carried over more than on meeting if desired.

- **Communication System:** Effective communication played a significant role in the smooth running of board meetings and related activities. Board members, OHP, HCA and FHCQ staff promoted effective communication by seeking input, requesting feedback and encouraging discussion of different points of view to promote open and honest dialogue on issues. Safe and open communication fostered excellent work during this effort. The Community HIE Oversight Board used several tools to support ongoing effective communication including using the master calendar concept adopted in 2010 as the tool to map what work was proposed, scheduled and accomplished by timeframe. This tool provided the basis for tracking key work activities for the Community HIE Oversight Organization Agreement. E-mail, websites, monthly updates, and newsletters served as notification opportunities among all parties. Board meeting reminder notices, advanced distribution of board packets including background information and minutes were circulated and available in a timely manner as another example of ensuring all parties were well informed in advance of meetings. FHCQ staff also served as a point of coordination and communication between all parties.

There is an effective process to identify and pursue opportunities that promote health IT resources or further promote HIE or HITECH program goals.

- **Regularly scheduled Board Meetings:** The Community HIE Oversight Board met regularly during which participants had an opportunity to discuss and promote HIE or HITECH programs goals as part of each agenda discussion. This is illustrated by May 4, 2012 board meeting notes which documented the topics of HIE-to-HIE Exchange, HIE Participation Agreement with Washington State Department of Health (WA-DOH), National Renal Administrators Association (NRAA), Nationwide Health Information Network (NWHIN) Direct and Connect, The Washington State Meaningful Use (MU) Acceleration Outreach Initiative. The Washington State Meaningful Use Outreach was a major initiative to ensure that more Medicare & Medicaid Electronic Health Record Incentive Program dollars flowed to eligible providers and eligible hospitals across the State. HCA staff presented quarterly project performance reports at Community HIE Oversight Board meetings with both openness and flexibility to promote discussion and understanding, and to ask questions and/or make suggestions.

- **Open Access to Meetings and Programs:** Community HIE Oversight Board members and FHCQ staff continued to have an open invitation and were encouraged to attend HCA and OHP meetings, educational programs, among other related activities and events. Board members were encouraged to represent the work of the board at community stakeholder meetings. An example of board member outreach was the HCA staff presentation on advancing the use of health IT in Washington State at the March 15, 2012 Consortium on Health Care Information and Access meeting.

- **Dissemination of Information:** Dissemination of pertinent documents, hosting conference calls and providing written progress reports during and between meetings were modes of operation used to ensure that opportunities were identified and pursued. Illustrations of pertinent information distributed during board meetings included a presentation on the Medicaid Electronic Health Record Incentive Program for Washington State. Distribution of pertinent reports between meetings included three reports distributed by the Office of the National Coordinator for Health Information Technology (ONC) under the Department of Health and Human Services (HHS) including the updated Strategic and Operational Plan for Washington State, The Evolution of the State Health Information Exchange Cooperative Agreement Program: State Plans to Enable Robust HIE and Evaluation of the State Health Information Exchange Cooperative Agreement Program: Early Findings from a Review of Twenty-Seven States. HCA distributed the eHCE Monthly Summary Report and Dashboard between meetings as another effective means of coordination and communication on HIE and HITECH related programs.

- **Availability of Resources:** HCA staff was readily available to Community HIE Oversight Board members via meetings, conference calls, monthly progress reports and/or e-mail. FHCQ staff also served as a conduit between HCA and board members. HCA regularly updated and expanded the website that provided updated information, resources and links describing progress and the ever changing landscape of health information exchange in Washington State. HCA resource website: www.healthIT.wa.gov

There is an effective HIE Grant Cooperative Administration System. In 2012 a Strategic and Operational Plan update was completed which included a sustainability plan.

- **HCA Grant Program Management** HCA continued this year to provide project management and coordination with Medicaid and other state agencies for the State HIE Cooperative Agreement Program (State HIE program). To effectively track the progress of the State HIE program and surface issues and concerns, HCA hosted bi-weekly status check-in meetings with the ONC Project Officer and regular check-in meetings with OHP on the alternative weeks. As per ONC requirements, HCA and OHP completed a *Strategic and Operational Plan 2012 Update* (S&OP Update) with a section on sustainability planning. The S&OP Update showed the program continuing as per original plan and budget, with no strategic changes to report. S&OP: www.onehealthport.com.hieindex.php

- **HCA Grant Administration** The HCA project team includes a grant management specialist to oversee the thorough processes for federal reimbursement of HCA and Sub-recipient expenses, adhering to state and federal grant audit requirements. Sub-recipient requests for expense reimbursements were handled in an efficient multi-step process, assuring reimbursements were allowable, allocable and per approved budget; after the expenses were verified and documented, these were reimbursed in a timely manner. HCA tracked all expenses and reimbursements for reporting expenditures against the approved project budget, and provided regular monthly expenditure tracking reports.

- **Federal and State Reporting** HCA was required to file the following federal and state reports:
    1. State HIE Quarterly ONC PIN Priority Target Reporting
    2. State HIE Bi-annual ONC Progress report (Full Report)
    3. State HIE Quarterly ONC Progress Report (Partial Report)
    4. Annual Strategic & Operational Plan Update with annual progress tracking measures
    5. Quarterly ARRA 1512 Report
    6. Quarter Federal Financial Report (FFR) Cash Transaction Report
    7. Annual Federal Financial Report SF-425

  HCA filed all required reporting on time. HCA filed federal and state quarterly ARRA reports as the grant prime recipient and for all sub-recipients. State quarterly ARRA reports were no longer required as of June 2012. HCA met federal grant recipient requirements in submitting all required quarterly and annual federal financial reports. Quarterly and bi-annual ONC State HIE Progress reports were completed collaboratively by HCA and OHP and submitted to ONC by HCA.
- **Communication** HCA assured transparency by providing stakeholders Health IT information and communications. HCA provided an eHCE monthly update summary and dashboard of all the Washington State HITECH programs to the HITECH Program leads, ONC, Community HIE Oversight Board and others. HCA produced an eHCE newsletter for all electronic mailing list subscribers. To enable the general public to find information more easily about the Health IT programs in Washington State, HCA maintained a common landing page website with information, resources and links covering the full

landscape of health information activities across the state. HCA resource website: www.healthIT.wa.gov

Facilitation and Completion of Written Assessment

- **HCA Assistance to HIE Oversight Board:** Throughout the entire grant period and specifically throughout the process of writing the 2012 Annual Report and Assessment of HCA Implementation of the ARRA State HIE Cooperative Agreement, HCA staff regularly and readily made information available to Community HIE Oversight Board to facilitate and support the completion of the written Assessment.
  HCA staff accomplished this through a variety of avenues including but not limited to regular participation in Community HIE Oversight Board meetings, specific updates/progress reports regarding the Strategic and Operational Plan, and additional key reports/documents including monthly eHCE update summary and dashboard, quarterly performance reports, regular financial reports and as requested, monitoring reports, among other formats of information exchange pertinent to the Assessment.