

Finance Workgroup Fourth Meeting

• February 18, 2010



News Release

FOR IMMEDIATE RELEASE
Friday, February 12, 2010

Contact: HHS Press Office
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Sebelius, Solis Announce Nearly \$1 Billion Recovery Act Investment in Advancing Use of Health IT, Training Workers for Health Jobs of the Future

Grant Awards to Help Make Health IT Available to Over 100,000 Health Providers by 2014, Support Tens of Thousands of Jobs Nationwide

- 40 States were awarded a State HIE Cooperative Agreement
- 32 Regional HIT Extension Centers were awarded
- In Michigan:
 - State HIE Cooperative Agreement: \$14,993,085
 - Regional Health IT Extension Center: \$19,619,990



Top 11 State HIE Awards

Awards were given based on a formula that includes a base allocation for every applicant (\$4 million) and then an equity adjustment was added to account for: number of primary care physicians, number of acute care hospitals, number of medically underserved and rural providers.



1	California Health and Human Services Agency	\$38,752,536
2	New York eHealth Collaborative Inc.	\$22,364,782
3	Illinois Department of Health care and Family Services	\$18,837,639
4	Commonwealth of Pennsylvania	\$17,140,446
5	Michigan Department of Health	\$14,993,085
6	Ohio Health Information Partnership LLC	\$14,872,199
7	Missouri Depart of Social Services	\$13,765,040
8	Georgia Department of Community Health	\$13,003,003
9	North Carolina Department of State Treasurer	\$12,950,860
10	State of Tennessee	\$11,664,580
11	Virginia Department of Health	\$11,613,537

State HIE Cooperative Agreement

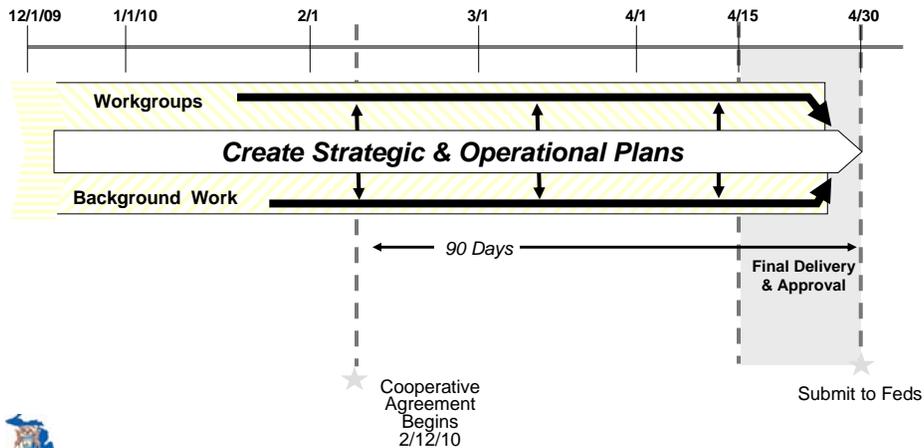
- \$14,993,085
- \$1,690,912 required in matching funds
- 4 year cooperative agreement
- Cap of \$1,000,000 for planning
- Remainder of agreement must go toward statewide HIE and nationwide HIE





MiHIN Timeline

Goal: Submit Strategic & Operational Plans by **April 30, 2010**



Today's Objectives

- Review Future Sustainability Related Decisions
- Review Ongoing Funded Activities
- Review Funding Sources & Mechanisms
- Review & Approve MiHIN Financing Principles
- Discuss Applicability of Funding Mechanisms
- Finalize remaining work group schedule



Agenda

- Review Future Sustainability Related Decisions
- Review Ongoing Funded Activities
- Review Funding Sources & Mechanisms
- Review & Approve MiHIN Financing Principles
- Discuss Applicability of Funding Mechanisms
- Finalize remaining work group schedule
- Public Comment
- Next Steps
- Adjourn



Financial Sustainability

Review Future Sustainability Decisions



Financial Sustainability – Future Decisions

- **Decisions that will require FWG action in order to finalize the sustainability plan:**
 - 1) Finalize Financing Principles ~ **FWG 02-18-10 (GWG 03-04-10)**
 - 2) Finalize List of “Ongoing Activities” ~ **FWG 03-11-10 (GWG 03-18-10)**
 - Governance Operational
 - Technical Business
 - 3) Finalize Funding Sources & Mechanisms to be used in sustaining MiHIN ~ **FWG 03-11-10 (GWG 03-18-10)**



Financial Sustainability – Future Decisions

- **(Continued):**
 - 4) Finalize 5-year Capital and Operating Budgets to be the basis for sustainability modeling ~ **FWG 03-17-10 (GWG 03-18-10)**
 - 5) Approve Financial Sustainability Pro Forma ~ **FWG 03-26-10 (GWG 03-31-10)**
 - 6) Approve Financial Sustainability section of the MiHIN Strategic Plan ~ **FWG 03-26-10 (GWG 03-31-10)**



Review Ongoing Funded Activities



Ongoing Governance Activities (ONC Toolkit):

- 1) Convene stakeholders
- 2) Define roles, relationships and authorities
- 3) Set up a structure to coordinate efforts across stakeholders
- 4) Establish and maintain committees and workgroups with appropriate representation to design policies and procedures
- 5) Develop appropriate documents and agreements to stay in compliance with existing state and federal regulatory requirements
- 6) Procure the appropriate technical and professional resources to design and deploy, and operate an exchange



Financial Sustainability – Ongoing Activities

Ongoing Technical Activities (ONC Toolkit):

1) Selection and sequencing of candidate services should be assessed across the following criteria:

- Requirements to enable practitioners and hospitals to become meaningful users of certified EHR systems
- Clinical value generated
- Breadth and depth of potential early-adopter customers
- Technical difficulty
- Vendor interest, capabilities, and costs for service provision



Financial Sustainability – Ongoing Activities

Ongoing Technical Activities:

2) Two additional criteria are suggested for the list for selection and sequencing of candidate services:

- Degree of competition for the service
- Anticipated net revenue and return on investment

Ongoing Operational Activities:

- To be defined by Business & Technical Work Groups

Ongoing Business Activities:

- To be defined by Business Work Group



Review Funding Sources & Mechanisms



Possible sources of sustainability funding:

- Federal grants & contracts
- Meaningful use administrative & incentive funds
- State funds (e.g., matching grant, bond issue, contract, legislative action)
- Insurance demutualization funds
- Foundation grants
- Private donations & gifts
- Stakeholders



Financial Sustainability – Funding Mechanisms

Possible mechanisms of sustainability funding:

- Membership Fees (data senders – access fees)
- Subscription Fees (data users – access fees)
- Transaction Fees
- Fee-for-Service Fees
- Sponsorship Fees (representation fees)
- Grants/Donations/Gifts
- Vendor Risk Sharing Arrangements
- State Legislated Taxes / Assessments



Financial Sustainability

**Review & Approve
Financing Principles**



Financial Sustainability – Financing Principles

	Financing Principle	Votes	Comments	Funding Implications
1	Multi-stakeholder collaboration is needed for success	6Y		Membership, Subscription , and Sponsorship Fees based upon equable formulas
2	MiHIN must be self-sustaining	6Y		Not dependent upon grants
3	MiHIN business model must balance cost, value, & risk	6Y		Fee-for-Service Fees in addition to Membership, Subscription, Sponsorship Fees
4	Stakeholders must see value to justify the investment	6Y		
5	MiHIN should leverage existing private and public HIT investments, and to the extent possible not duplicate these existing or planned investments	6Y		



Financial Sustainability – Financing Principles

	Financing Principle	Votes	Comments	Funding Implications
6	Grants should be used to enable the launch and evaluation of a new value added service, but should not be relied upon for the long term sustainability of a service or for MiHIN itself	6Y		Fee-for-Service & Transaction Fees in addition to Membership, Subscription, & Sponsorship Fees
7	Revenue should not be sought disproportionately from any one stakeholder or group of stakeholders	6Y		Membership, Subscription , and Sponsorship Fees based upon equable formulas
8	Those who benefit should participate in paying the costs; long-term sustainability will be dependent upon fair contribution from those who benefit	5Y, 1?	It depends upon how you define benefit	Are benefits broader than individual ROI calculations, do they include societal benefits warranting the use of Membership, Subscription , and Sponsorship Fees based upon equable formulas



Financial Sustainability – Financing Principles

	Financing Principle	Votes	Comments	Funding Implications
9	MiHIN must be attractive to a broad range of stakeholders and be implemented in phases to deliver early results to promote adoption	4Y, 1N, 1?	It depends upon how you define benefit	
10	MiHIN must encourage adoption by being an open and non-proprietary network	4Y, 1N, 1?		
11	MiHIN must support participant access to non-MiHIN supplied HIT applications hosted by other participants or service providers	4Y, 1N, 1?	It depends upon how you define benefit	



Financial Sustainability

**Discuss Funding Mechanisms
Applicability**



Financial Sustainability – Funding Mechanisms

Which Funding Mechanisms apply?

- Health Systems
- Hospitals
- Critical Access Hospitals
- Physicians
- Physician Practices
- Federally Qualified Health Centers
- Public Health
- Health Plans
- Employers
- Patients



Public Comment Period

- Time allotted for Public Comment



Next Steps

- Review Objectives for today
- Requirements for next meeting(s)
- Assignments
- Decisions to make next time
- Adjourn

