



Finance Workgroup Agenda and Meeting Minutes

Meeting Date:	January 01/07/10	Facilitator:	John Evans, David Allen
Place:	Virtual	Time:	3:00 – 5:00
Conf Call:	888.394.8197 PC 931255		

- Topic 1 New member recommendations, suggestions (10 min)
- Topic 2 Value propositions from Bus Ops (20 min)
- Topic 3 Review of current RHIO/HIE sustainability options (45 min)
 - A. HealthBridge
 - B. Vermont
 - C. Utah
- Topic 4 Brainstorming on Michigan approach (20 min)
- Topic 5 Public Comment (15 min)
- Topic 6 Next Steps, finish meeting schedule and Adjourn (10 min)

DISCUSSION	Topic 1: New member recommendations, suggestions		
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ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE	
DISCUSSION	Topic 2: Value propositions from Bus Ops		
	•		
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE	
DISCUSSION	Topic 3: Review of current RHIO/HIE sustainability option		
	<ul style="list-style-type: none"> A. HealthBridge B. Vermont C. Utah 		
	•		
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE	

DISCUSSION	Topic 4: Brainstorming on Michigan approach	
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ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
DISCUSSION	Topic 5: Public comment	
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ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
DISCUSSION	Topic 6: Next steps	
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ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE

Finance Workgroup Second Meeting

• January 7, 2010



Today's Objectives

- Review Value propositions from Bus OPS
- Review current HIE sustainability models
- Brainstorming on Michigan approach
- Finalize remaining work group schedule



Agenda

- New members
 - Recommendations
- Value propositions
- Review of current HIE/RHIO
 - Sustainability options
- Brainstorming on Michigan Approach
- Public Comment
- Next Steps, Adjourn



Value Propositions from Bus Ops

- Number 1
 - Electronic clinical laboratory ordering and results delivery
- Number 2
 - Electronic Public Health Reporting
- Number 3
 - Quality Reporting
- Number 4
 - Clinical summary exchange for care coordination and patient engagement



Value Propositions from Bus Ops

- Number 5
 - Electronic eligibility and claims transactions
- Number 6
 - Electronic Prescribing and refill requests
- Number 7
 - Prescription fill status and/or medication fill history



Benefits Depend on Your Vantage Point

Improvements	Patients	Physicians	Health Plans	Hospitals	Employers	Public Health
Care at point of delivery	X			X		
Care Coordination	X			X		X
Patient engagement	X					
Access to patient histories		X		X		
Consistency & completeness		X		X		X
Cost savings			X	X – RD	X	
Access to test results		X		X		
Access data outside of clinical setting		X		X		X



Stakeholder Benefit and Role in HIE

Stakeholder Role in HIE

Stakeholder HIE Benefits	Patients	Physicians	Health Plans	Hospitals	Employers	Public Health
Receive Improvement in Care	Full Recipient					
Deliver Improvement in Care		Provide Clinical Data	Provide Claims Data	Provide Clinical Data		Provide pop hlth data
Measure Improvement in Care			Analyze /Report	Analyze/ Report		
Receive Cost Savings From Reduced Utilization	Funder		Funder		Funder	
Receive Efficiency Improvement	Funder	Funder	Funder	Funder	Funder	Funder
Improved Care Management			Funder		Funder	
Improved Population Health Management		Provide Clinical Data		Provide Clinical Data		Funder



HealthBridge Approach to Financial Sustainability

- **Clinical Messaging**

- Subscription Model

- **Results delivery**

- All legacy systems
 - Print
 - Fax
 - Electronic

- **Transcription provision**

- **Disease and syndromic surveillance**



HealthBridge ROI Calculations

•Infrastructure Savings: Hardware/Software/Telecommunications

- Greater Cincinnati has standardized on HealthBridge to make clinical content (like Mercy's Clinical Browser) available to physicians in their offices and homes. Before HealthBridge health systems and managed care organizations paid for telecommunication and PCs in physician offices.
 - Estimated Savings: \$654,000/year
- By licensing certain software at a community level (the Clinical Messaging system is the best example) the system is both more useful to physicians (they have one clinical inbox for results from all hospitals) and much less expensive. (Licensing fees relate to number of physicians using the system. Since many physicians are active at more than one hospital if they were licensed separately it would cost 3 to 4 times as much.)
 - Estimated Savings: \$1.5 million/year
- Core hardware / infrastructure for physician connectivity is shared across the community (SSL VPN for Internet connectivity, core routers, shared data center, etc).
 - Estimated Savings: \$185,000/year



HealthBridge ROI Calculations cont...

•Operational Savings Due to Clinical Messaging

- HealthBridge is currently delivering 920,000 results electronically per month. The cost saving is about \$0.55 per result delivered electronically. Savings are seen in: postage, labor and supplies associated with the initial delivery, re-delivery of results and administration/auditing of the process.
 - Estimated Savings: \$6.0 million/year
- Community EMR feeds through the Clinical Messaging system eliminates the need to develop and maintain “one-off” interfaces to physician groups. Interfaces cost \$15,000-\$20,000 to create and \$3,500/year to maintain.
 - Estimated Savings: \$400,000/year



Message Delivery – Printing ROI Before

- Assume: 6000 results printed per day;
- 1.00 minute per staff member; \$28,000 staff salary
- 6000 results per day x 1.5 pages = 9000 pages per day
- 9000 pages per day x 1 envelope of 13 pages = 692 envelopes per day
- 692 envelopes per day x .57 postage = \$394.62 in postage per day
- 9000 pages per day x .045 PT&M per page = \$405 PT&M per day
- 6000 results x .0167 staff hours per result = 100 staff hours per day
- 100 staff hours per day x \$16.15 per hour = \$1,615.38 staff cost per day
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- Postage + PT&M + Staff Cost = \$2,415 per day
- **\$2,415 x 260 days per year = \$627,900 total processing costs per year**



Message Delivery – Printing ROI After

- Assume: 6000 results printed per day;
- 50 minutes per staff member; \$22,000 staff salary
- 6000 results per day x 1.5 pages = 9000 pages per day
- 9000 pages per day x 1 envelope of 26 pages = 346 envelopes per day
- 346 envelopes per day x .97 postage = \$335.77 in postage per day
- 9000 pages per day x .045 PT&M per page = \$405 PT&M per day
- 6000 results x .0083 staff hours per result = 50 staff hours per day
- 50 staff hours per day x \$12.69 per hour = \$634.62 staff cost per day
-
- Postage + PT&M + Staff Cost = \$1,375.38
- **\$1,375.38 x 260 days per year = \$357,600**
- **\$627,900 - \$357,600 = \$270,300 in Savings per Year**



HealthBridge Beyond ROI

•Beyond the ROI

- We are more than satisfied that we are saving money with the HealthBridge health information exchange, and that's an important aspect of this effort—but it's not the most important.
- Far more important is the fact that we are improving the quality of care in our community. Though this is tough to get a quantitative handle on, it is clear to me that when physicians can get access to their patients' data in minutes instead of hours or even days, that a real step forward.
- What I look at is the number of physicians and other clinicians that are logging into HealthBridge using Mercy's clinical content and using Clinical Messaging. We are close to 40,000 logins to the HealthBridge portal per month and utilization continues to increase.
- I also listen to what physicians are saying about HealthBridge—and they are saying that it helps them care for their patients and makes their lives easier (home access, etc.). That's a winning combination—especially since we are saving money at the same time. **Bob Steffel CEO**



State Tax Funding as an Approach to Sustainability

•Vermont

- Quarterly tax on health plans

•Utah

- Utilizes an EDI tax all set up on line

•Pennsylvania

- An assessment on all medical claims paid by insurers to cover the costs of PHIX implementation and ongoing operations is the most equitable means to provide
- Out for public comment



Vermont Approach to Financial Sustainability

- In 2008 the Vermont legislature established a Health-IT Fund in the state treasury to be used for health care information technology programs and initiatives:
- A program to provide electronic health information systems and practice management systems for primary care practitioners in Vermont
- Financial support for Vermont Information Technology Leaders (VITL) to build and operate the health information exchange network
- Implementation of the Vermont [Blueprint for Health](#) information technology initiatives and the advanced medical home project
- Consulting services for installation, integration, and clinical process re-engineering relating to the utilization of healthcare information technology such as electronic medical records.



Vermont Approach to Financial Sustainability

- Each health insurer pays a fee into the health IT-fund
- Annual amount of 0.199 of one percent of all health insurance claims for Vermont members in the previous fiscal year
- Intent that all health insurers contribute equitably
- Includes any health benefit plan offered, issued, renewed or administered by:
 - any health insurance company
 - any nonprofit hospital and medical service corporation
 - any managed care organization
 - Medicare supplemental policies/contracts/plans
- Does not include:
 - Medicaid
 - VHAP (Vermont Health Access Program) for the uninsured
 - other state health care assistance programs financed in whole or in part through a federal program
 - a health insurer with a monthly average of fewer than 200 Vermont insured lives
 - -> approximately \$ 6-7 million per year



Vermont Approach to Financial Sustainability

- Disbursement from the health IT-fund available to VITL and other applicants
- An annual plan must be submitted by the applicant:
 - details of project (s) and associated budget
 - overall organization budget to include all sources of funding
 - clear deliverables and outcomes consistent with the statewide HIT plan
- Annual independent study:
 - evaluate the effectiveness of programs and initiatives funded by the health IT-fund
 - focus on baseline, benchmarks, other measures for monitoring progress to include data on return on investments made
 - use results of study to inform future policy decisions regarding allocation of health IT-fund dollars and “need for continuation of the fund in future years”



Utah Approach to Financial Sustainability

UHIN provides a low cost solution for exchanging administrative and clinical data through a secure internet gateway. UHIN supports all HIPAA transactions: claims (837) and their acknowledgement (997, 864, 277FE), electronic remittance advice (835), eligibility (270/271), claims status (276/277), preauthorization (278) and enrollment (834). Most Utah payers including Utah Medicaid are connected with UHIN in addition to thousands of National payers. UHIN is connected with the majority of Utah Healthcare Providers and supports exchange of clinical data including images (DICOM).



PROVIDER SERVICE FEES

UHIN's service fees are based on size of office, Utah Medical Association (UMA) membership and the type of services requested. A price reduction is available for UMA members in good standing.



PROVIDER SERVICE FEES

Provider/clinic Office size:	UMA Member annual fee	Non-UMA member Annual Fee
1	\$200	\$240
2-9	\$350	\$420
10-24	\$700	\$840
25-49	\$3,000	\$3,600
50-100	\$7,800	\$9,360
Over 100	\$12,000	\$14,400
Integrated Health System	\$33,000	\$39,600



PAYER SERVICE FEES

UHIN's service fees are based on claims and remittance transactions and billed monthly. The fees for 2009 core services are:

- \$0.17 per non-Medicare claim and/or encounter
- \$0.028 per each remittance advice (claim)

Please indicate which services you want to enroll with:

- **Core Services**-Core Services include unlimited eligibility and claims status queries; 99.99% network availability; policy updates and advisories, electronic data interchange standards setting; and member education. In addition, UHIN's Member Relations provides assistance in promoting electronic transactions and/or assistance in working with providers.
- **Claredi**-A third party testing entity that can certify your HIPAA transactions. For Payers the annual fee is \$5,600 per certifying endpoint. For Professional Billing Services, the annual fee is \$5,600 per certifying endpoint.



HOSPITAL SERVICE FEES

Hospital Size	Member Annual fee	Non-UHA Member Annual Fee
Small	\$700	\$770
Medium	\$3,000	\$3,300
Large	\$7,800	\$8,600
Integrated Health System	\$33,00	\$36,000

- **Core Services-Core Services include unlimited claims and remittance transactions; eligibility and claims status queries; 99.99% network availability; policy updates and advisories, electronic data interchange standards-setting; and member education.**
- **UHINSpeedi-An electronic credentialing system accepted by most Utah payers. *There is no additional charge for this tool. Each provider on the attached list will receive a user sign on.***
- **UHIN National Payer Fees-Connectivity to the National Clearinghouses, MedAvant and**
- Emdeon for access to National payers
- **Claredi-A third party testing entity that can certify your HIPAA transactions. For Hospitals the annual fee is \$1400 per certifying endpoint.**



CLEARINGHOUSE SERVICE FEES

UHIN's service fees are based on claims transactions and billed monthly. The fees for 2009 are:

\$0.168 per non-Medicare claim and/or encounter.

These transactions fees include unlimited eligibility and claims status queries; 99.99% network availability; policy updates and advisories, electronic data interchange standards-setting; and member education.



Info from State ONC HIE tool kit for funding options

•**Subscription Fees.** Data providers or data users pay fees to the HIE on a subscription basis. Subscriptions can be in the form of annual membership, monthly subscription, or specific set fees for services consumed (e.g., infrastructure management, applications – MPI/RLS, etc.). There may be fee levels (tiers) based on relative size (expenses or number of results delivered). One advantage to this approach is that it provides a more predictable cost for the member organization and a more predictable funding stream for the HIE services. Another advantage is that it avoids the need to track what can amount to millions of transactions a month and affixing charges to each transaction. As an accounting function, subscription fees, which can also be seen as membership dues, are less challenging to measure than transactions fees and are not as susceptible to accounting error.



Info from State ONC HIE tool kit for funding options

•**Transaction Fees.** Organizations may charge transaction fees for data exchange services or products on the basis of benefit to participants. Unlike the membership fee model, dependence on this revenue source requires initial capital investments to build the infrastructure and capabilities for calculating transaction fees. Transaction fee arrangements include: fees per clinical result delivered, per covered life per member/per month, and/or per month for license to use a particular software package over the Internet. When creating a financing model based on transaction fees, issues to consider include: (1) assignment of additional fees on transactions may discourage system utilization; (2) a critical mass of volume may be needed before revenue is generated; and (3) the challenge of developing billing mechanisms around the complex transactional models in health care.



Info from State ONC HIE tool kit for funding options

•**Risk Sharing Arrangements.** Vendors share in the risk by charging a lower upfront cost in exchange for getting paid a percentage of savings plus additional funds. For example, under the terms of the contract, the vendor may bear responsibility for most of the costs associated with the development and operation of the HIE, regardless of the portal's profitability; if profitable, the vendor could retain any savings that accrue plus a percentage of the revenue generated by the HIE.



Brainstorming on Michigan's Plan

- **Group discussion**

- Is HIE a Public benefit?
- Legislative approach vs. transaction or membership approach

- **Criteria for model definition**

- Transaction
- Subscription/membership
- Risk sharing



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

