



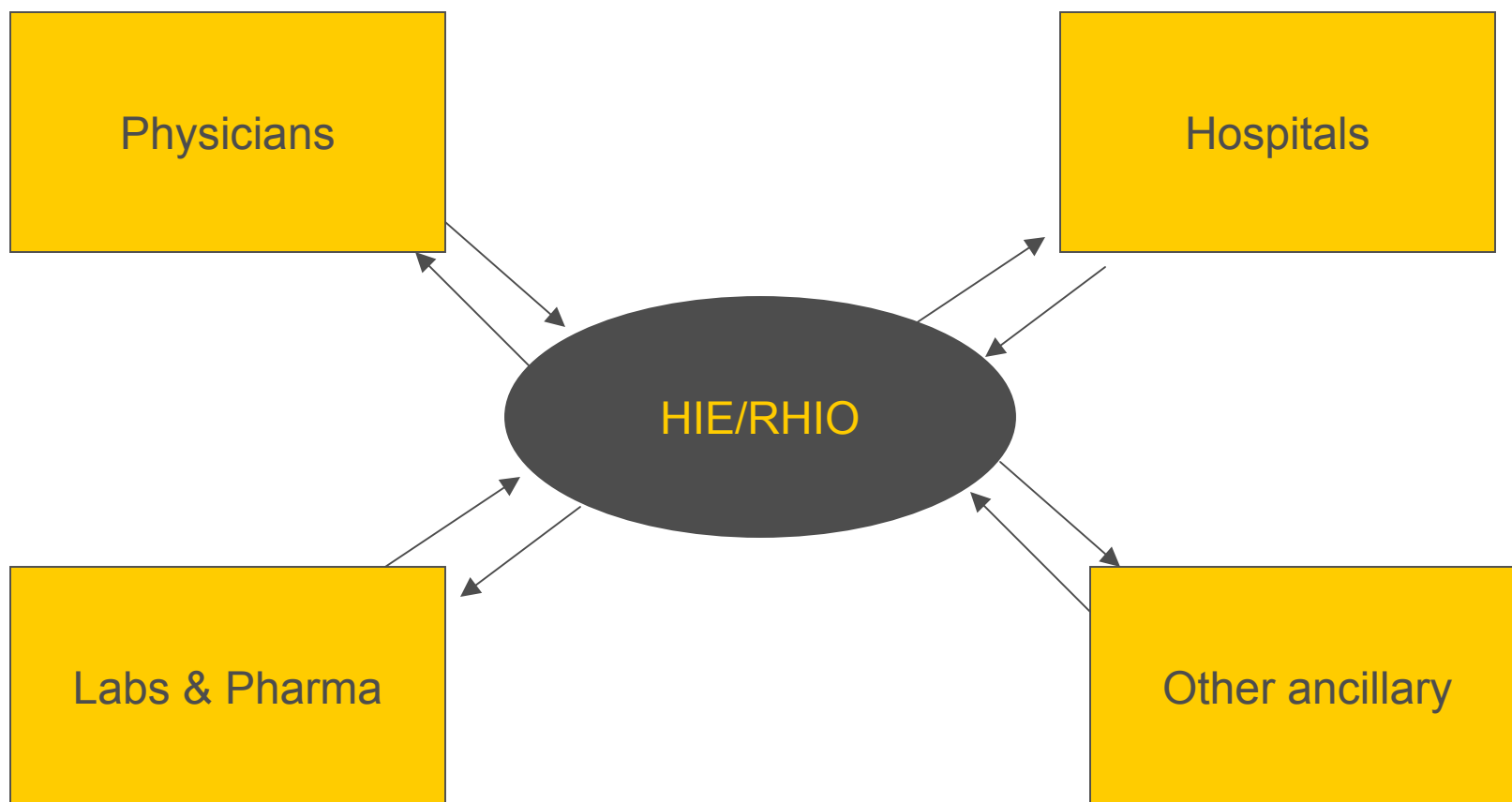
CCBH Conference

Fundamentals of a sustainable business model
for HIEs

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The classic view of a HIE business model





The foundational principles of the classic model

HIEs create efficiencies by becoming a central connector for data

Hospitals (mainly) can reduce some administrative costs by relying on the HIE to transmit lab, radiology and other data

Large medical groups equipped with EHRs can also benefit from these “production-based efficiencies”

HIEs charge a transaction fee to fund their operations



There are limitations to the classic model

Production-based efficiencies are small and require a large volume of transactions to become meaningful

These incentives are not sufficient to justify an investment in an EHRS for a small or medium-sized practice

The focus does not engage other stakeholders...
Why should payers help to fund a function that creates production-based efficiencies for providers?
Isn't it their job to find ways to be more efficient?

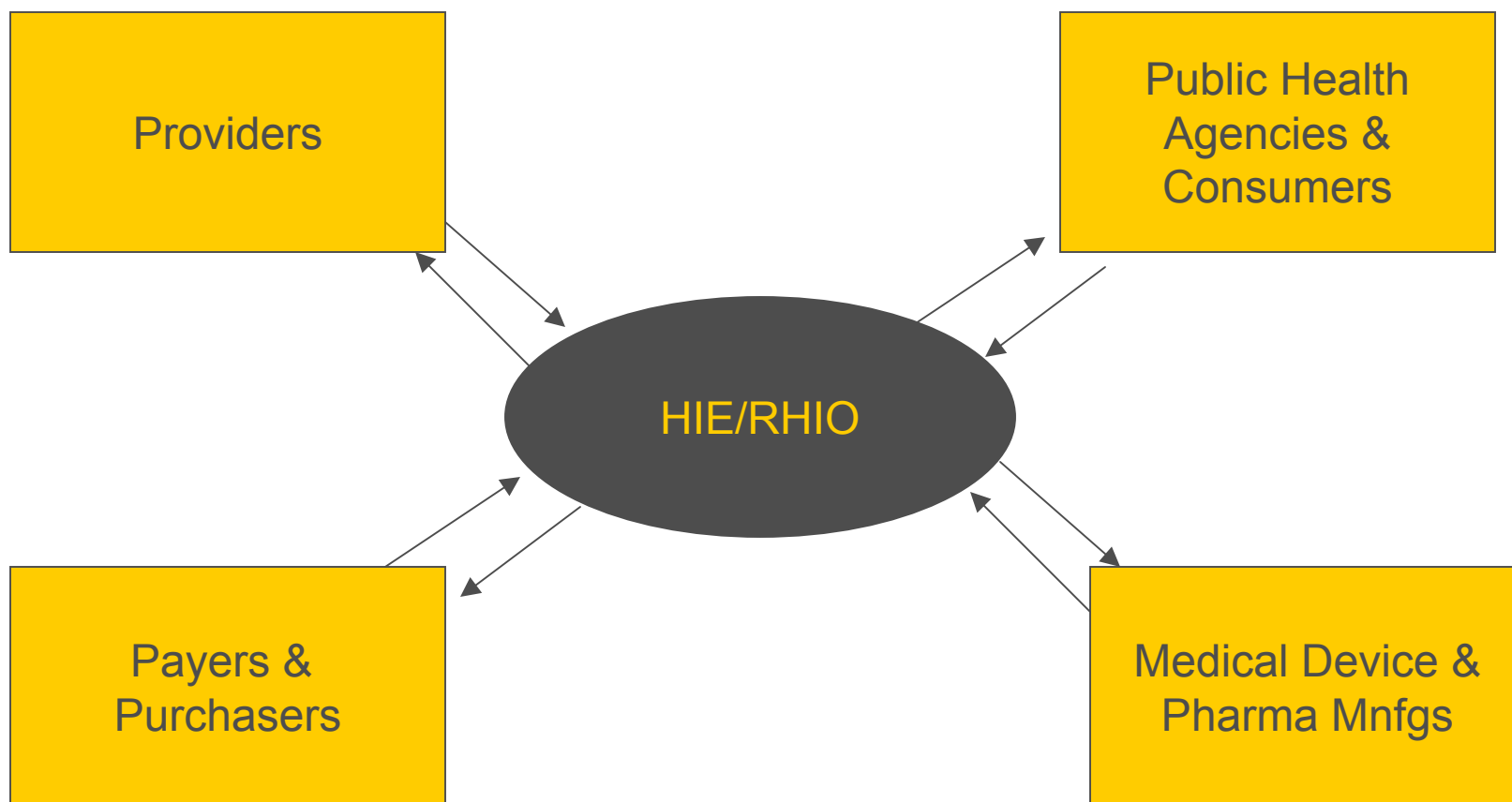


There could be ways to address these limitations

1. Increase the value of the production-based efficiencies derived by participating in the HIEs by reducing HIE transaction costs
 - You can do that by increasing the number of participants (increase of total transaction volume which decreases the per transaction cost)
2. Decrease the costs of operating the HIE
 - You can do that by finding other sources of revenue: engage other stakeholders by offering them a value-added product
 - In particular, purchasers and payers could use HIE-generated reports of comparative performance to power-up P4P



A revised model for HIE sustainability





In the interim, P4P can accelerate change

Bridges To Excellence:

Increased adoption of EHRs in physician practices in MA and the Capital District of NY

Practices that adopt EHRs and other systems of care can earn substantial rewards

The purpose is to develop a comprehensive incentive program that encourages reengineering of the practice, with a focus to rewarding good outcomes