

Advancing HIT

The Role of State

Government

Pay for Performance Summit

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Cindy Ehnes

Director

California Department of Managed Health Care

Horse and Buggy Medicine

We spend \$1.6 trillion a year on health care – far more than on financial services – yet we have a 21st century financial information infrastructure and a 19th century health information infrastructure.

HIT Enabled Care Must Become the Standard for Care

- Supports systems of care through information sharing
- Provides actionable information at the point of care
- Enables measurement of quality, and payment based upon outcomes
- Facilitates development and use of evidence-based medicine

Slow Rate of HIT Adoption Results from “Market Failure”

- Perverse business incentives – the current system benefits everyone except patients.
- HIT would benefit patients and insurers, but costs would be borne by hospitals and physicians.

The Barriers are Significant

- Payoff is slow and uncertain for most providers.
- Interoperability standards are still evolving.
- Major investment of capital is required.
- It disrupts physician and hospital work flow.
- Patients have privacy concerns.

Why Should the State Care?

- Major purchaser of health care
- Patient safety and privacy
- Ensure availability of care in rural and underserved communities
- Public health and bio-surveillance
- Promotes population health and reduces burden of chronic disease

HIT as State Infrastructure

What are the essential elements of an interoperable HIT infrastructure?

- Electronic prescriptions
- Online patient records of “clinical dashboard”
- Integrated, paperless healthcare claims system
- CPOE
- Chronic disease registries
- Clinical Decision Support tools

States Recognize the Importance of HIT Infrastructure

- More than 208 HIT-related bills have been introduced in the US -- 30 have become law in 19 different states.
- State legislation is increasingly focusing on improving the quality of care through HIT, rather than focusing on HIT implementation alone.
- Nine Governors have issued executive orders in 2007 to drive improvements in healthcare through HIT (CA, MD, OH, VA, MISS, MO, GA, KA, and WA).
- Most of the executive orders create commissions, committees, advisory boards, and taskforces to make recommendations about HIT, quality, and cost.

Governor's HIT Goal for California

HIT Vision

Achieve 100% electronic health data exchange among payers, providers, consumers, researchers and government agencies in the next ten years.

HIT Mission

Provide Californians appropriate personal health information available in a timely and secure fashion and enable affordable, safe and accessible health care.

State's Role in Advancing HIT

- Business Case
- Bully Pulpit
- Purse Strings
- Privacy and Security
- Reliable Standards
- Float All Boats
- Public-Private Partnerships

Barriers to HIT Among Physicians

- Expense to purchase – 59%
- Difficulty/expense of implementation -- 42%
- Unsure how to make selection – 31%
- Resistance to change in practice style – 30%
- Retraining of staff – 28%
- Lack of internal technical expertise – 25%
- No return on investment – 22%
- Fear of product failure – 22%
- Attractive product not found – 18%
- Inadequate vendor support – 15%

State Must Address Business Case

- Address barriers to adoption
 - Interoperability standards
 - Implementation support
 - Technical resources
- Incentives must be aligned
- Providers and Payers must share in efficiency gains
- Government and private payers need to send a signal to the market

Hospital Technology Adoption

- Only 13% of hospitals have fully implemented EHRs (42% partially implemented)
- Only 11% fully use bar-coding technology for administration of drugs
 - Bar coding – lab specimens, tracking drugs, drug administration, supply chain management, patient ID.
- CPOE – e-entry of provider instructions of the treatment of patients (pharmacy, labs, radiology and tx protocols)
 - Reduces medication errors and duplicative tests

CA Delegated Providers

- California is unique in the nation in its use of large integrated medical groups and independent practice associations that deliver care to half of its population.
- Delegated providers coordinate care for 16 million California enrollees.
- California leads the nation in physicians using EHRs!

Medical Group Investment in Electronic Health Records

The larger the medical practice, the more likely it uses EHRs:

- Kaiser – 79%
- Large practices (10+) – 57%
- Small/medium practices – 25%
- Solo practitioners – 13%

Business Case → HIT Adoption → Quality Improvement

- The more that CA physician groups use HIT to support patient management and care, the better they score on a wide range of clinical quality measures.
- P4P is an effective tool for motivating physician groups to invest in IT.

E-Prescribing – the Business Case

- Wal-Mart knows when a 6 oz. can of low-sodium Campbell's tomato soup is sold in Fresno store #1815; how much the customer paid for it; how many more they have in stock; and can instantaneously order more to replace it.
- California can't accurately account for the number of people who die or are sickened from a prescribing error.

E-prescribing saves \$\$

- Cost of dispensing a drug for a Medi-Cal beneficiary -- \$13.18 per prescription
- Meanwhile, over at Wal-Mart -- generic drugs are \$4 (*and they're making money on it*)
- Savings to consumers -- \$750 million

Source: Grant Thornton, LLP, *National Study to Determine the Cost of Dispensing Prescriptions in Community Retail Pharmacies*, January 2007.

HIT Financing Commission

- Comprised of stakeholders and state leadership
- Will assess whether access to capital is a barrier to adoption of clinical information systems for selected market segments.
- Will develop recommendations for state policy actions or strategies to address such barriers.

Bully Pulpit: Leadership is Essential

- CA Health Information Technology Financing Advisory Board: *identifying barriers related to the business case*
- CA Privacy and Standards Advisory Board: *addressing standards for HIE*
- CA Telehealth Network Advisory Board: *building infrastructure*
- eHealth Initiative: *focused on policy issues nationally*
- California Regional Health Information Organization (CaRHIO)

Purse Strings: Purchaser of Services

- Exert influence on the health care marketplace as the single largest healthcare purchaser in the state
- Use contracting to advance adoption of standards
- Align incentives through pay for performance and payment reform
- Promote use through public reporting

Privacy and Security

- CA Privacy and Security Advisory Board
- Key to developing consumer trust
- Developing recommended privacy and security policy and standards for health information exchange
- Implementation of policies and standards may require both regulatory and legislative action

PSAB-Committees

Comprised of interested stakeholders and industry experts

- Privacy- consent and use limitation
- Security- standards and access
- Legal- analyses of existing CA law and applicability
- Education- consumer understanding

Reliable Standards

- Fundamental to health information exchange
- A barrier to adoption
- Federal Health IT Standards (HITSP)
- Certification Commission (CCHIT)
 - **Drive use through public/private contracting**

Float All Boats: HIT for All, Not Just for Some

- **Community clinics, safety-net hospitals, rural providers**
- **All may require targeted strategies to address financial and technical needs:**
 - **Appropriate (lower value, shorter term) financing for HIT**
 - **Capital access for smaller borrowers**
 - **Leverage with existing financing programs, on-going resources**

Public/Private Partnerships

- State resources are stretched.
- The state should coordinate with private sector efforts.
- The state should participate as both payer and provider.

CA HIT Initiatives

- CA Telehealth Network
 - \$22.1 million FCC grant that supports a 3-year plan:
 - Year 1- 126 sites
 - Year 2- 89 sites
 - Year 3- 104 sites
- Department of Mental Health program – supported by PC money, Prop 63 millionaire tax
- E-prescribing proof of concept– Medi-Cal - N. Sierra Rural Health Network

Broadband- the Delivery Pipeline

- The California Emerging Technology Fund is promoting broadband Internet access in rural and other underserved areas with money from telecommunication company mergers.
- In October, the Governor issued an Executive Order that eliminated fees for installing high-speed Internet conduit along state rights of way and set up a Broadband Task Force.

Broadband Task Force Report- Healthcare Recommendations

Create a Statewide eHealth Network

- Implement a shared vision, strategic plan and sustainable business model
- Ensure sustainability
- Increase availability and use of applications
- Improve capacity

The Vision

- A healthcare system that provides timely, efficient, effective, patient centered, safe, equitable care
- A system that aligns incentives between providers and payers to provide appropriate care
- A system that is transparent and accountable to patients

Thank you

For more information on CA
Initiatives in support of Health IT:

<http://www.chhs.ca.gov/initiatives/HealthInfoEx/Pages/Default.aspx>