

**Testimony by Molly Coye, MD, MPH  
Chair, CalRHIO Board of Directors**

**To the California Senate Committee on Health**

**Health Information Technology:  
Current trends, future opportunities**

**March 13, 2009**

[Oral Testimony]

On behalf of the multi-stakeholder Board of Directors of the California Regional Health Information Organization, I want to thank you for holding this important hearing. We appreciate the opportunity to provide you with information about opportunities for the state to advance Health Information Exchange in California, and to offer the help and support of CalRHIO. I am Dr. Molly Coye, founder and Chair of CalRHIO's Board. I was honored to serve as Director of the Department of Health Services for California from 1991 to 1993, and also as CEO of the Good Samaritan Medical Foundation and SVP of the Good Samaritan Health System here in Santa Clara in the mid-90s. For the last eight years I have been the CEO of HealthTech, a nonprofit organization researching emerging technologies.

Today and everyday, as many as 50,000 Californians may get the wrong medication, a mistaken diagnosis, or a harmful treatment simply because critical information is missing at the time their physician is making a medical decision. The data often is locked away in paper files in the medical offices of multiple treating physicians or in computer systems that can't communicate with each other. The problem is even more severe in an emergency, when seconds count and you may not be able to tell your physician vital facts about your health, such as allergies to drugs, recent surgeries, or a chronic condition.

CalRHIO is a nonprofit, statewide collaborative organization. Since January of 2005, CalRHIO and its Board of Directors have worked with literally hundreds of health professionals, technology experts, and consumers to improve the safety, quality, and efficiency of health care by making it possible to electronically move your personal health and medical information securely between doctors, hospitals, and other health care providers when it is needed for your care.

Today, CalRHIO stands ready to deploy Health Information Exchange across the state, with a sustainable business model that will be self-financing into the future, and with room for local RHIOs to choose whether to provide their own HIE services or to build upon our technology core and develop community-based data repositories and programs that will enhance community health. We pledge to collaborate with the state and key stakeholder organizations in order to ensure that all citizens have access to HIE, and to ensure that the state will be able to maximize the flow of federal funds in support of its efforts. Let me speak to the opportunities facing the state.

**Opportunities for the State**

First, and most importantly, the state has the opportunity to support rapid deployment of HIE across the state, including services for Medi-Cal beneficiaries and beneficiaries of other publicly-

financed programs. This will bring great clinical benefit to Californians, make health care more efficient, safe and timely, and offer substantial early savings for the state and other payers.

CalRHIO will bring up the first large-scale county-wide HIE service in Orange County in mid-2009 and will provide highly valuable access to data that is currently electronically-available -- including laboratory results, pharmacy data, and health plan claims data that identifies recent care and providers. This first phase of HIE will connect emergency rooms, and will be followed immediately by access for physicians in their offices. The technology we have selected will interface with all major ambulatory care EMRs, and as more physicians become IT-enabled in California, the quantity and clinical nature of the data available through HIE will continue to grow.

Second, the state has the opportunity to draw down substantial federal funds to support the state's own objectives in improving the collection and use of data on publicly-financed care, and to accelerate the pace of deployment of HIE throughout California. The federal stimulus package is designed to provide substantially more resources to states that have plans already prepared and stand ready to begin implementation -- now referred to as "shovel ready." California has the opportunity to draw down the greatest share of these funds, because governance changes to CalRHIO that would incorporate state representation, and state participation through Medi-Cal and other public programs, will fulfill the expected requirements.

Third, the state has the opportunity to recognize a broad public-private partnership to lead in governance, policy-setting and operations design, contracting and oversight. The framework for this broad public-private partnership has been developed by a dedicated and very extensive set of stakeholders over the last four years, with state participation in an ex-officio capacity. Because of the federal stimulus opportunities, the state is now charged with a new responsibility for preparing an application to the federal government for these funds, and as a part of that, for designation of the public-private partnership that will serve as the statewide governing and operating body to ensure the provision of HIE services.

It is clear that the state's ability to move quickly to maximize federal funds depends upon a series of steps: first a decision about the process and criteria it will use for designation of the HIE public-private partnership, then selection of the designate organization, and then collaboration between that organization and state leaders and stakeholders to finalize a state plan for HIE that will demonstrate the "shovel-ready" qualifications of this partnership.

Fourth, the state will have an additional opportunity to maximize the flow of federal funds into California by supporting early and extensive deployment of HIE throughout the state. Under the stimulus package, physicians and hospitals will receive incentive payments through Medi-Cal or Medicare for their adoption of EMRs -- as long as they can demonstrate that these EMRs are connected to and make "meaningful use" of HIE. The technology partner selected by CalRHIO for HIE services will interface with all major EMRs used by physicians in California, and all hospitals. By supporting the most effective path to full statewide roll-out of HIE, the state has the opportunity to ensure that physicians and hospitals will receive incentive payments as early and fully as possible.

The state may have related opportunities to establish an extension services center to provide support for physician adoption of EMRs, and other opportunities as developed by federal policies and regulations. Having a common HIE core technology and a well-established partnership for governance and operations will allow extension services and other support activities to be maximally efficient.

Fifth, the state has the opportunity to establish a public-private partnership that provides a core technology for HIE, but can incorporate and link to local RHIOs that chose to build their own HIE services. This model of a broad partnership that uses a competitive RFP process to select a vendor or vendors is similar to the recent statewide Tools for Quality Initiative, in which several large foundations in California came together to endorse and fund the deployment of one

software vendor in order to achieve efficiency and shared learning through widespread deployment. In CalRHIO's model, local communities are free to select and implement their infrastructure of choice, while the statewide HIE "backbone" will offer benefits achieved through efficiencies of scale.

With active state leadership and participation, and federal stimulus funds to accelerate the pace of deployment, California state government has the opportunity to bring HIE services to all Californians within the next half-decade. This alone would transform care in our state. Beyond that, however, the state also has an important opportunity to accomplish HIE deployment without any significant additional financial burden.

### **Recommendations for the State**

The next several months will combine a period of unparalleled opportunity to advance HIE and HIT in California, with tremendous burdens on the state to develop policies, processes, and decisions in an arena that is still quite new. The pressure of time will be real because of the opportunities to shape emerging federal policies as well as to compete for large amounts of new federal funds. CalRHIO respectfully offers the following recommendations to the state:

1. To establish a process and criteria for designation of the public-private partnership to lead HIE in California as rapidly as possible.
2. To undertake active state participation in HIE services that can demonstrate a high likelihood of substantial savings for Medi-Cal within 12-24 months.
3. To prioritize the designation of a partnership that:
  - a. Has the greatest likelihood of deploying HIE statewide,
  - b. Incorporates governance that represents key stakeholders, therefore facilitating trust and collaboration,
  - c. Will not require substantial state or private charitable contributions, and
  - d. Has greatest likelihood of implementing a self-sustaining business model, thereby increasing the likelihood that HIE services will be broadly and rapidly deployed, and continue to be offered and used long after the federal stimulus funds have been expended.
4. To build upon the privacy and security recommendations and standards developed by the Markle Foundation and the California Privacy and Security Advisory Board (CalPASB) of the California Office of Health Information Integrity (CalOHII).
5. To foster local and regional RHIO activities that will establish data repositories and projects to facilitate the coordination and improvement of care, particularly focused upon uninsured and Medi-Cal populations.

Thank you for your consideration. I am glad to answer questions.

**Background**

Today and everyday, as many as 50,000 Californians may get the wrong medication, a mistaken diagnosis, or a harmful treatment simply because critical information is missing at the time their physician is making a medical decision. The data often is locked away in paper files in the medical offices of multiple treating physicians or in computer systems that can't communicate with each other. The problem is even more severe in an emergency, when seconds count and you may not be able to tell your physician vital facts about your health, such as allergies to drugs, recent surgeries, or a chronic condition.

The nonprofit California Regional Health Information Organization (CalRHIO) and its stakeholders are working to improve the safety, quality, and efficiency of health care by making it possible to electronically move your personal health and medical information securely between your doctors, hospitals, and other health care providers when it is needed for your care.

The goal: Within 7 to 10 years, any authorized health care provider in California will be able to securely access patient information regardless of where care is being delivered – in an urban hospital or a rural community clinic, in a physician's office or an emergency department.

CalRHIO was started in 2005 in response to the federal government's call for public-private efforts to build health information exchange. CalRHIO has also been committed to meeting the Governor's Executive Order call for a public-private partnership to make HIE available across California.

CalRHIO was organized and funded by health care leaders in California including Sutter Health, Kaiser Permanente, Blue Cross of California, Blue Shield of California Foundation, and the California HealthCare Foundation. In addition, we received contributions and participation from the UC Office of the President, Lumetra, Cedars Sinai, and the Sharp Health, Stanford Medical Center, John Muir/ Mt. Diablo Health System, and the Adventists Hospital System.

CalRHIO became incorporated as a California nonprofit organization in January 2006. Our Board of Directors is comprised of health leaders from California's hospitals, medical groups, physicians, health plans, safety net providers, consumers, and unions.

During our first year, more than 400 stakeholders from over 60 organizations were involved in intensive planning. They contributed to various working groups and committees that addressed technology, clinical data, business and financing models, governance, and regional HIE efforts. We also convened six statewide educational summits that served nearly 1,000 stakeholders. CalRHIO developed a robust Web site that provides information for local organizations that want to start an HIE including an HIE tool kit that has an extensive collection of templates, forms, processes, and policies.

Ensuring that the safety net is included in HIE has been a major commitment of CalRHIO from the start. In addition to awarding grants to help three safety net organizations improve their HIE capability, we have provided more than 300 hours of free technical support to over 50 safety net providers around the state, and continue to offer this service.

In its development, CalRHIO has followed the recommendations for best practices in establishing statewide HIEs, as outlined in a report commissioned by the Federal Office of the National Coordinator for Health Information Technology.

### **CalRHIO Strategy and Rationale**

Since its inception, CalRHIO has been committed to establishing access to HIE throughout California and making it affordable and sustainable for users. Our founding principles include full recognition of and connectivity to those communities that decide to undertake the expensive and time consuming tasks required to bring up local HIE projects. For communities and providers that chose not to build their own systems and prefer the efficiencies of a shared effort, CalRHIO offers an affordable option.

Our recently-announced collaboration with Orange County's OCPRHIO is an example of CalRHIO helping a community efficiently expand its capabilities, while OCPRHIO will coordinate regional use of the information to improve care and access. In July, we will be bringing up HIE for 23 hospital emergency departments and the Medi-Cal managed care plan, CalOptima.

We are also collaborating with Health-e-LA, the RHIO for Los Angeles County, in its project to improve HIE between community clinics and the LA County Department of Health Services, recently funded by a United/PacifiCare grant.

CalRHIO has designed a utility approach. Hospitals and physicians can easily and economically plug into a system that not only provides a technology solution, but takes care of HIE governance, training, performance measurement, communications, and operations. Through the utility model, services are available at a price that no one entity can achieve alone. They are flexible and adaptable to support a wide variety of legacy systems and technical environments, and are designed to permit local users to consume and pay only for those services they find valuable and are not duplicative of services provided locally.

CalRHIO's HIE platform makes it possible for physician offices, hospitals, and health plans that have invested in health information technology to use their current technology to access data from community sources outside their walls. No major investment in hardware or software is required of participating facilities. As a result, this will be a sustainable system for both private and public hospitals and clinics.

We are providing an on-line, on-demand health information exchange (HIE) system that works in much the same way as an internet search. Data remain with the primary source; no data warehouses will be constructed. CalRHIO's technology solution is fully developed, meets national interoperability standards, and has already been successfully deployed in a variety of settings nationally, including the country's first fully-connected statewide HIE in Delaware.

CalRHIO is not seeking to impose a single HIE solution nor proposing itself as the sole or exclusive solution to HIE in California. Rather, we are providing a core technology for HIE that can incorporate and link to local RHIOs that chose to build their own HIE services. This model of a broad partnership that uses a competitive RFP process to select a vendor or vendors is similar to the recent statewide Tools for Quality Initiative, in which several large foundations in California came together to endorse and fund the deployment of one software vendor in order to achieve efficiency and shared learning through widespread deployment. In CalRHIO's model, local communities are free to select and implement their infrastructure of choice, while the statewide HIE "backbone" will offer benefits achieved through efficiencies of scale.

### **Current Status**

CalRHIO has completed key elements necessary to make critical patient information available electronically to physicians throughout the State, and to connect emergency rooms, laboratories, pharmacies, and other key early sources of health information beginning in 2009.

CalRHIO's first deployment will be in 23 Orange County emergency departments in Q/2 of 2009. By early 2010, CalRHIO expects to be providing HIE services to emergency departments in three of the largest counties in California, and will be in early stages of deployment to several more counties. Initially ED physicians will be able to access a patient's medication history, laboratory results, and clinical claims data from national and statewide sources, with local data sources to follow quickly.

In addition, CalRHIO is fully prepared to move rapidly to provide necessary "meaningful HIE" to physician offices that care for Medi-Cal patients. CalRHIO is ready to connect with a wide variety of current EMRs and EMR "lite" products and to stream critical patient data into new and existing EMRs.

### **HIE Impact on Health Care**

For patients, HIE makes care safer and more effective as a result of having critical information available at the time and place it is needed. Physicians have immediate access to information, such as previous lab tests and medication history and clinical claims data that was often missing in the past. The system also improves the overall coordination of care. For example, after a patient is seen in the emergency department, his or her primary care doctor receives an alert and is able to follow-up.

Clinicians who treat patients presenting at emergency departments are most often in critical need of information that is not readily available today. Numerous interviews with ED physicians have confirmed that the information CalRHIO intends to provide -- medication history, lab data, and clinical claims data -- will be of great use to the practicing doctor. ED utilization is consistently rising every year and is a substantial contributor to the increasing cost of health care. By providing ED physicians with currently missing clinical data, we can help EDs improve care quality and safety, decrease unnecessary, redundant, or ineffective tests, and avoid unnecessary hospital admissions.

### **Challenges for HIE in California**

Most efforts to establish HIE capabilities in the U.S. have foundered because they did not have a business model for the "build" phase of HIE development. Charitable contributions from hospitals, health plans, and foundations have provided important seed capital for planning in California, as in other states, but are not adequate for the tasks of building and deploying full HIE services. The federal government has furnished planning and early stage development grants for HIE to a limited number of states and regions. Under President Obama's stimulus package, statewide HIEs and local HIEs are expected to receive financial help. But even with funding, a long-term solution is necessary. A sustainable business model is essential to ensure that a health information exchange network can not only be deployed, but maintained and continually improved.

CalRHIO's business model has followed three key principles:

1. Health information exchange should be a public utility that maximizes benefit to the citizens of California.
2. Health information exchange can be established by a public-private partnership utilizing private funds to finance the development and initial deployment of HIE services; this does not require initial investment from the state, health plans, hospitals, providers, or employers.
3. The long-term sustainability of HIE depends upon financial support from all participating entities that is proportional to the benefits received.

CalRHIO has developed a sustainable model that will deploy and maintain HIE, and also provide funding for HIT investment in underserved communities. CalRHIO is borrowing the capital to build the early stages of the HIE system. Like a highway project, those benefiting from the project

contribute only when the road is open and used. CalRHIO will repay the loans, finance the on-going deployment of HIE services, and assist in the IT-enablement of safety net providers using shared savings. The savings result when providers use the system to care for members of health plans. Under the "Shared Savings" financial model, health plans, whose members benefit from the HIE, pay CalRHIO only from proven cost of health care savings that will be objectively quantified by a neutral third party.

CalRHIO is committed to a set of implementation and savings metrics that will demonstrate success of the initiative to the satisfaction of all stakeholders and minimize risk. CalRHIO will use independent consultants to verify savings and return-on-investment. This approach is in keeping with CalRHIO's commitment to ensure that participants realize savings from HIE, in addition to important improvements in patient safety and quality of care.

### **Recommendations for the State**

The next several months will combine a period of unparalleled opportunity to advance HIE and HIT in California, with tremendous burdens on the state to develop policies, processes and decisions in an arena that is still quite new. The pressure of time will be real because of the opportunities to shape emerging federal policies as well as to compete for large amounts of new federal funds. CalRHIO respectfully offers the following recommendations to the state:

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### **Conclusion**

CalRHIO continues to be grateful for the invaluable support and endorsement of stakeholders around the state, particularly the members of the CalRHIO's Board of Directors, who have recognized the difficult task of connecting the state and have exhibited the patience and diligence necessary to make real change in health care possible.

CalRHIO applauds efforts of local community HIE efforts, CalOHII, and other HIE-related initiatives around the state. We look forward to working with these efforts as well as your committee, the Legislature, and the Governor's office to ensure that the people of California will soon be able to enjoy the benefits of health information exchange.



