CalRHIO
California Regional Health Information Organization

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Testimony Before the Little Hoover Commission

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I am pleased to comment on how data-based health care policy and health information technology can contribute to health care transformation and CalRHIO's efforts to promote health information exchange (HIE) to make health care safer and more efficient.

Every day in California, patient care is compromised because vital health information is locked in dozens of computer systems that can't talk to each other or in stacks of paper files. The California Regional Health Information Organization - CalRHIO - and its stakeholders have been working for the past two years to change that.

CalRHIO is a collaborative effort to incrementally build the structure and capabilities necessary for a secure statewide health information exchange system that enables California's health care providers and patients to access vital medical information at the time and place it is needed. Over the past two years, CalRHIO has defined the goals and value of health information exchange in collaboration with more than 60 health care-related public and private organizations and participation by more than 400 people on work groups, committees, and projects. Goals and values continue to be refined by CalRHIO's Board of Directors, created in January 2006. The Board is comprised of top health care leaders representing key stakeholder groups, including safety net providers, and privacy and consumer advocates.

The magnitude of the need for electronic access to patients' medical information – and the enormous potential for improvement – is demonstrated in research findings from the Commonwealth Fund. [1] Under the current system of paper records (or no records), treating physicians were unaware of 1 in 4 patient prescriptions. The same drug or radiology exams were ordered 11 percent of the time; patients agreed to duplicate testing 50 percent of the time. Problems with retrieval of information accounted for 1 in 7 admissions and 1 of 5 lab tests and radiology exams. Physicians could not find information previously recorded in a paper chart 30 percent of the time. Further, the cost of tracking down and obtaining information on the data user/originator sides range from $12 - $28 per patient visit.

The tragedy of Hurricane Katrina further demonstrated the need to connect our earthquake- and fire- and flood-prone state. Thousands of displaced people in the Gulf region were separated from their health care providers and pharmacies. As HHS Secretary Mike Leavitt said at the time, "There may not have been an

[1] "Electronic Medical Records – Getting it Right and Going to Scale," W. Edward Hammond, III, Ph.D., Commonwealth Fund, www.cmwf.org, January 2004.

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experience that demonstrates for me or the country more powerfully the need for electronic medical records…than Katrina."

The Governor's Executive Order to promote the advancement of health information technology and exchange (HIT/HIE) in California is a vital step toward realizing the benefits of improved safety, quality, and efficiency that secure electronic data exchange can deliver. With the strong foundation CalRHIO has already established and the commitment of the State to develop a comprehensive state policy agenda for health information technology and exchange, transformation can rapidly advance.

Per the request of the Commission, our testimony covers three major areas:

- The status of health information technology and exchange in the state
- Barriers and costs associated with implementing HIE
- Recommendations on how the State can best support advancement of HIE and HIT

Status of HIT and HIE in California

One of CalRHIO's first projects upon its inception in early 2005 was to identify and engage health information exchange efforts going on around the state. CalRHIO continuously tracks their activity and publishes data and contact information on our Web site, www.calrhio.org. We also convene regional efforts to help the initiatives learn from each other.

Currently, 15 local and regional initiatives are at different levels of progress. Twenty-four of the state's 58 counties have some HIE activity. To date, only two communities are actually exchanging data – Santa Cruz RHIO and Marin County Medical Concepts. Most health information exchange efforts are in the planning and funding stage. Successful planning efforts are underway in many regions, including Silicon Valley, with participation from local private sector stakeholders and associated government agencies.

The adoption rate of electronic medical records in the state is more difficult to confirm. Nationally, according to CDC surveys, at the beginning of the decade about 31 percent of hospital emergency departments, 29 percent of outpatient departments, and 17 percent of doctor's offices had electronic medical records to support patient care.
A number of significant efforts are underway that, if coordinated and leveraged, can greatly advance HIE adoption. For example:

- The major health plans in the state – Kaiser Permanente, WellPoint, and Blue Shield – are making enormous investments in electronic personal health records for their members.
- In December five large companies announced that this year they would start providing employees access to an electronic medical record system. Applied Materials Inc., British Petroleum America Inc., Intel Corp., Pitney Bowes Inc. and Wal-Mart Stores Inc. are funding a nonprofit institute to develop "Dossia," a Web-based electronic health record that can be used for storing health information on the 2.5 million employees, dependents, and retirees who have health insurance through one of the five companies.
- Major hospitals and systems are making progress with HIT and HIE including Kaiser, Sutter Health Systems, Cedars-Sinai, CHW, and Adventist.
- The Veteran's Health Administration (VHA) is a leader in transforming health care through an electronic health record system. My HealtheVet enables

patients to refill prescriptions online, and provides access to health information, links to Federal and VA benefits and resources, and the patient's Personal Health Journal.

Barriers and Costs Associated with Implementation

At a CalRHIO Summit in Los Angeles in June 2006, stakeholders from all over the state convened to discuss barriers and solutions to getting secure electronic health information exchange (HIE) moving in their communities. The barriers most often cited were lack of leadership, trust, and funding, and issues around technology and readiness, and privacy and security. Each barrier has nuances that are important in understanding how best to address the obstacles and challenges.

For example, most stakeholders believe that money exists for health information exchange (HIE) – within organizations and the State and federal government. The issue is one of setting priorities. It is generally acknowledged that return on investment (ROI) for HIE is difficult to prove at this stage; nearly all the stakeholder sessions concluded that HIE should be thought about as a community benefit rather than as ROI for a particular institution or physician office.

Trust relates to a number of issues: competitors sitting down together to agree to share data, community stakeholders being willing to collaborate, and the public feeling comfortable that their privacy is not compromised in the process of making critical information available when and where it is needed. Unless patients feel their data is safe, ultimately HIE will have limited use.

Leadership issues are a major concern. Stakeholders cite lack of leadership on all fronts from the State to individual organizations that are both providers and receivers of information. To succeed, stakeholders agree, we need leaders who are willing to take a risk and invest in HIE. Much of the discussion focused on the government's role and the need for renewed interest at the State and federal levels, including allocating resources to HIE that properly correspond with its urgency.

Estimating the cost for connecting California and building a business case is a challenge. Relying solely on each community to build its own HIE would take decades to achieve 90 percent coverage of the state. Further, interoperability could not be assured, many rural and safety net providers would be left behind, and vast amounts of money would be wasted duplicating efforts. We believe that the best approach for connecting California is to build a utility-like infrastructure that moves health care information efficiently and at a cost that is a small fraction of the money saved for payers, patients, and providers alike.

CalRHIO is proposing to provide an affordable suite of services that regional and local organizations can select from to create clinical and administrative information sets for exchange. Core utility services needed for any HIE initiative are patient identity services (also called the master patient index or MPI), access control services (also called the record locator service or RLS), and integration services. By leveraging these shared services, all users can more rapidly adopt HIE at a substantial savings over starting from scratch.

Using the analogy of toll roads, this approach requires that we build the full highway so that we can begin to charge tolls for its use. CalRHIO, in effect, is proposing to build the superhighway while the communities are responsible for the on-ramps. To create momentum, we would like to see the State support and help fund CalRHIO in providing utility style services that include, among others, the master patient index (MPI) and record locator service (RLS) for the statewide connectivity. State health care-related organizations and those receiving loans could be required to use the CalRHIO MPI and RLS.

In mid-December 2006 CalRHIO issued a request for proposals to vendors to develop a statewide HIE utility service framework. Proposals are due in late January. In addition to technology solutions, vendors were asked to build the underlying financial model for ongoing operations. We will have more information on potential solutions, costs, and savings by the end of February and will be glad to share it with the Commission.

Potential Role of the State in Supporting HIT/HIE

The State has the means to drive transformation of the current health care system and reduce costs. Wise investments in HIT and coordination among State programs, federal projects, and private initiatives can rapidly advance adoption in California.

Nearly $40 billion is directed to health care related spending by the State of California each year. CalRHIO believes that the State can leverage its authority and power as a purchaser and a regulator to advance HIT and HIE adoption. The State can build on the California IT Strategic Plan, inventorying, as necessary, state initiatives related to HIT and HIE. Some of the key departments and agencies to be included, for example, are Public Health, bio-surveillance/disaster response, immunization registry, the Department of Mental Health, California Department of Health Services, Foster Child Care System, the Department of Corrections, Drug and Alcohol, and Emergency Medical Services. While nearly all of these departments are embarking on important efforts to improve the quality of care and ensure the safety of Californians, they currently are developing these solutions separately, potentially creating a lack of interoperability across departments and communities.

Beginning with its own agencies and departments, the State can require that HIT systems are interoperable – capable of exchanging information. Agencies undergoing upgrades or new acquisitions to their health care IT systems and products that will interact with other agencies and private organizations would be required to use, where available, systems and products that meet “recognized interoperability standards.” This requirement is already in effect at the federal level. The next step for the State would be to put the same requirement for the use of recognized interoperability standards on all providers, payers, and insurers doing business with the State through Medi-Cal and other health related programs, as well as CalPERS.

The State can further drive interoperability by requiring organizations seeking HIE loans to use recognized interoperability standards.

Clearly, a statewide infrastructure that enables health care data exchange will enhance bio-surveillance and tracking of pandemic and epidemics. If such a system were in place today, state public health departments and the CDC could more rapidly detect infections,

identify the source of the infections, and provide information on food-borne illnesses, such as the recent *E. coli* outbreak from fresh spinach.

Another role for the State is identifying legal and regulatory barriers and protecting privacy and security. To guide necessary regulation and legislation, the State should continue to support a public-private partnership developed by CalRHIO and the California Office of HIPAA Implementation under a federal privacy and security project. Currently a 20-member Steering Committee comprised of half state level and half private sector stakeholders oversees the work of the two organizations. Numerous stakeholder meetings convened around the state have discussed business practices, barriers, and proposed solutions concerning privacy and security issues in health information exchange. These sessions have greatly advanced the understanding of current practices and where changes need to be made. The initial grant does not provide enough time and financial resources to fully develop and implement solutions. With State support, the progress made to date could continue. The issue of privacy and security in the context of the electronic health record and more importantly in the personal health record will be a foundational issue to progress in the transformation of health care delivery.

Support of other private-public partnerships can help advance HIE adoption, as well. For example, CalRHIO partnered with the California Department of Health Services in applying for a Medicaid Transformation Grant from CMS. The proposal would connect public and private hospital emergency departments and community clinics in three communities to currently available electronic information on medication history and laboratory results and ePrescribing tools for Medi-Cal patients. As of this writing, we have not received word on whether the grant will be funded.

We believe the concept and objectives of the proposal can indeed transform Medi-Cal and compliment the efforts to build the state-level infrastructure. For CDHS and its beneficiaries, significant potential safety and quality improvements and cost savings will result from more informed clinical care decisions, better coordination of care between the emergency department and community clinics, better health outcomes, and a decrease in duplication of services and unnecessary hospitalizations. Focusing the pilots in diverse communities – both rural and urban -- will help to not only demonstrate the value of the utility, but the leadership and trust needed to provide secure health information exchange that improves health care for patients.

The availability of a linked pharmacy and laboratory database, in conjunction with the clinic's own medical records, will assist providers of health care services to minimize medication interactions, reduce instances of suboptimal therapeutic selection, identify omissions and/or duplications in therapy, and enhance communication with other providers. Real-time pharmacy information in the clinics and emergency departments will directly complement the State's current prospective drug use review (DUR) program available at the pharmacies. Providers will be able to identify such issues as medication use without indication, improper drug selection, failure to receive medications, compliance and adherence patterns, and additive toxicities.

These examples illustrate the numerous ways in which health care information exchange can transform the way we treat patients in California and across the nation. The components described, along with leadership, vision, and trust, will enable California to achieve full connectivity by 2014.

The Governor's Executive Order creates a bold vision for the quality and safety of health care that Californians should receive. CalRHIO stands ready to work in partnership with the State to provide secure electronic access to vital health care information, where and when patients and providers need it. We respectfully submit a draft of proposed roles for the State and for CalRHIO in connecting California, following the outline of the Governor's Executive Order goals. We hope this information will prove useful to the Commission.