

National Health Information Exchange Summit

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Developing and Executing a Business Plan for Achieving Sustainability for Health Information Exchange *(or How to Climb Waterfalls)*

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Connecting Care for Better Health

- First employer-sponsored health information exchange in the country
 - ***Entirely funded by employers since inception***
- Established 2006, system live in May 2007, received "HIE 501(c)(3)" in July 2009
- System includes clinical, claims (procedures & drugs) and patient self-entered (eClipboard) data – 43 data sources, 67 interfaces
 - **Both consumer/patient and physician views into same longitudinal health record**
- Selected CareEntrust metrics snapshot:
 - 24 employer sponsors including hospital systems, Federal Reserve Bank, State of KS, health plan and large KC-based companies such as Sprint, Cerner, H&R Block
 - Over 4.5M transactions processed and available within the system today
 - One of the top national consumer/patient adoption rate leaders at 17%
 - System opt-outs less than one half of 1%
 - **85% of consumer/users say the "CareEntrust Health Record adds value to the management of their health care information"** (survey conducted January 2010)
- Current sponsors represent collective annual health care spending of \$428M+ within the KC regional area (much more nationally)
- Actively involved in MO & KS State-wide HIE and regional KC Bi-State HIE efforts

Founding Employer Sponsors



Recognition of Consumer and Employer Leadership

- **Inaugural eHealth Initiative Award Winner**
- Focus: improving health care through information technology
- Category: Consumer Engagement
- Criteria: combination of active employer involvement on behalf of consumers, access control/audit report system capabilities and future vision



- **National Business Coalition on Health (NBCH) Annual Conference Keynote**
- Topic: Will Purchasers Lead a Transformation in Health Care?
- Craig Barrett (now former Intel Chairman) spotlighted that CareEntrust was the best operating example at the time
- Interactive Q&A session shared with 60 business coalitions in attendance

- **You are developing a business plan that dramatically disrupts existing business models in the largest segment of the economy**
 - Expect nearly all stakeholders to not like major pieces of it
 - Stakeholders have spent a lot of time and effort figuring out how to make money within the existing broken system
 - **Employers and consumers provide an opportunity to engage “new” stakeholders with much less resistance to change**
- **Looking forward under ARRA, this is an unprecedented “mash-up” of public and private interests with mandated criteria and time frames**
 - Consensus building has never been challenged like this before
 - Best practices will come from a variety of existing models but the rear-view mirror is only a partial source of tomorrow’s answers
 - Many issues and challenges will not have existing best practices to leverage, requiring innovation and deep critical thinking
- **HIEs under ARRA are more like infrastructure “information utilities”**
 - They look a lot more like electric companies or state highway systems
 - Evaluate utility business models and financing mechanisms for ideas ...

Business Plan Considerations Investment & Technology



- **Investment: asset-intensive infrastructure-related business models require robust, long-term, dependable financing sources**
 - Challenge: need to generate substantial up-front capital necessary to cover the time and funding gap between post-ARRA funding and rich value added service offerings
 - For State-wide HIEs, strongly consider approaches such as the *Vermont Health Technology Fund* which uses a health insurance claims surcharge approach (hcr.vermont.gov/improve_quality/healthcare_IT_fund)
 - **Employers and consumers will listen hard to trading less than two tenths of one percent claims surcharge for a safer, higher quality and more efficient health care system**
 - For regional HIEs, support the above approach and partner with States to get partial “flow-down” per-capita funding from this non-ARRA incremental funding source
 - Consider issuing bonds and guaranteeing them with foundation funds to gain access to lowest interest rates, repaying them with service fees like many similar public capital projects
- **Technology: Deploy next-generation HIE base platform that can layer on a portfolio of loosely-coupled substitutable applications** (www.itdothealth.org)
 - Nimbly meet market needs as they emerge in rapidly changing environment
 - Only requires incremental financing where each application’s business case is made relatively independently

Business Plan Considerations

Expanded Revenue Opportunities



- Revenue - short term (0-2 years)
 - In the absence of proven ROI and pricing associated with near-term meaningful use related services, discuss the **“80-15-5” concept** with hospitals and physicians
 - If you had to assign percentages of your incentives to components, 80% is to cover part of the cost of EHRs, 15% is to cover the cost of enhanced reporting and **5% for HIE connectivity**
- Revenue - medium term (1-3 years)
 - **Engage employers to sponsor basic personally-controlled health record banking capabilities** to support richer continuity of care data exchange (CareEntrust model)
 - **Embed patient-controlled health record banking capabilities** (www.healthbanking.org) **within the platform and deploy layered services direct to the consumer**
 - Become the “consent hub” to provide centralized consumer controlled access to their data
 - Become a **remote consumer/patient health monitoring hub**
- Revenue - long term (2-5 years)
 - Develop **health outcome based value-added services** and associated pricing, e.g. reduction in hospital patient readmission rates
 - Develop **services that support medical home and health care payment reform**
 - Develop a **health record banking based-marketplace**
 - Clinical trial matching, post-launch drug surveillance, community condition matching, etc.

Business Plan Considerations

Expenses, Human Resources & Risk Management



- **Expenses: Build organization from ground up to *itself* leverage technology and community resources**
 - ***Live within your means:*** use monthly rolling flexible budgeting and resist deep up-front discounts offered in exchange for long-term contracts (negotiate volume-based threshold discounts and rebates) given the extremely dynamic nature of the operating environment
 - Actively pursue employer donations of operating items (office space, office furniture, office services) to reduce cash outflow
 - Deploy cloud-based services where it makes sense including core systems and ancillary systems such as e-mail, accounting, customer relationship management, etc.
- **Human Resources: People are the key top operating success factor**
 - Hire smart, flexible, problem solving, deeply experienced HIE resources whether permanent employees or consultants
 - This mission has no room for error given the importance of getting this right the first time, the need to carefully move quickly and the incredible ambiguity of the business environment
- **Risk Management: engage and partner with security experts and risk auditors up-front to help build the policies and processes, not just check them later**

Questions? Comments?

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