

Report of the Kansas Health Information Exchange Commission
to
Governor Kathleen Sebelius
Executive Summary – 31 August, 2007

Introduction

Stakeholders in Kansas have worked collaboratively over the last two years to develop the infrastructure needed to support health information exchange (HIE) across Kansas and across state lines, with the State serving an integral role as convener and facilitator.

To further the work of the Kansas Statewide HIT/HIE Policy Initiative, Governor Kathleen Sebelius issued an Executive Order on February 7, 2007 establishing the Kansas Health Information Exchange Commission (the Commission) to serve as a leadership and advisory group for HIE in Kansas.

Over the past several months the Commission has identified several specific actions that support their charge from the Governor and the recommendations of the Kansas Statewide HIT/HIE Policy Initiative by addressing two key aspects of supporting and stimulating HIE on a state-wide level: **leadership** and **resource needs**.

Recommendations

Leadership Entity. A top priority of the Statewide HIT/HIE Policy Initiative and one of the primary recommendations from this initiative was the creation of a public/private Coordinating Entity to provide leadership to develop and support Kansas HIE activities. The HIE Commission validated this need for a public/private entity with existing and emerging HIEs as well as health care stakeholders in Kansas. The Commission examined governance structures for this type of public/private entity and evaluated three primary governance structures: 1) a public model which is government structured, managed and resourced; 2) a non-government, independent legal entity which is governed solely by private individuals and corporations; and 3) a non-government, independent legal entity which is a hybrid of options 1 and 2 and is governed by individuals representing both public and private entities and can be funded by public and private monies.

On August 16, 2007 the Commission met to compare these options based on the needs of HIE in Kansas, a review of successful models in other states, and feedback received from current HIE efforts across the state. The Commission unanimously recommends a hybrid of a private and public model as follows:

- Establish the Kansas Health Information Exchange Coordinating Entity (Coordinating Entity) as a not-for-profit, tax-exempt 501 (c) (3) corporation
- Appoint a governing board of up to 21 members consisting of 6 governmentally appointed members including at least one Kansas Health Policy Authority (KHPA) representative and up to 15 members from the following stakeholder groups/individuals:

KHIECE Exec. Dir. (ex-officio with vote)	Physicians
Consumers	Hospitals
Nurses	Public Health
Health Plans	Pharmacy
Laboratories / Medical Services	Long Term Care
Medical Practice Managers	Dental
Mental Health	Other healthcare entities (e.g. Quality Improvement Organization or Healthcare Foundations)
Employers	

- Existing HIE Commission would serve as an initial board
- Transition the existing HIE Commission initial board members to the final structure defined above by setting up staggered three-year terms (1/3 for one year, 1/3 for two year and 1/3 for three year terms)
- The governmental appointees could be selected by the Governor and Legislative leadership or designated by governmental office held
- The Board would appoint its own non-governmental replacements from the citizenry of the state using nominations from the organizations/associations representing stakeholders listed above
- The Board Chair would be elected by members of the Board for a 2 year term
- Criteria for appointment to the Board would include individuals representing entities using electronic data and HIEs as well as a passion and desire to improve the health of Kansans through the use of HIE.
- To support the activities of the Coordinating Entity, provide funding in year one of \$485,287 (or \$53,920 monthly for nine months of operation) and year two of \$880,000.

Resource Support Services. An important priority identified by Kansas stakeholders has been to provide the resource support needed for HIE efforts across the state and the importance of fostering successful HIE at the local level. To address this priority, the Commission recommends that the first priority of the Coordinating Entity is to establish a mechanism or function for providing financial and non-financial resources to HIEs across the state. The function would be a central component of the statewide Coordinating Entity's responsibilities and would not be structured as a separate entity.

The Commission studied the approaches undertaken in other states to satisfy this need and constructed a model for support tailored to Kansas. The non-financial services would include: education (for consumers and HIEs as appropriate over time); standardization; legal and regulatory assistance (including privacy and security issues); guidelines and tools; contracting; subject matter expertise; a knowledge library; and metrics. Financially related services would include: determining priorities for community HIE funding; identifying potential projects to be funded; and developing eligibility requirements and selection criteria for the awarding of funds when funds are available.

Implementation

The recommended steps for establishing the Coordinating Entity are as follows:

- Constitute a 501 (c) (3), incorporated as the Coordinating Entity based on the governance recommendations above
- Establish a contract between the KHPA and the Coordinating Entity which is designed to fund the Coordinating Entity's activities, including the initial priority of delivering resource support services.
- Hire an Executive Director and one staff person to support the initial management of the Coordinating Entity
- Task the Executive Director to recommend a plan to the Coordinating Entity Board for providing the resource support services and other functions of the Coordinating Entity based on the approved budget. This recommendation should consider the direct hiring of staff within Coordinating Entity or contracting for staff and associated services from a third party entity.

The KHIE Commission appreciates the opportunity to offer these recommendations for leadership and resources and believes that the implementation of these actions will result in an important next step in supporting and stimulating HIE on a state-wide level in Kansas.

Report of the Kansas Health Information Exchange Commission

to

Governor Kathleen Sebelius

31 August, 2007

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I. Overview

Stakeholders in Kansas have worked collaboratively over the last two years to begin developing the infrastructure to support health information exchange (HIE) across Kansas and across state lines with the State playing an integral role of convener and facilitator. The Governor's Health Care Cost Containment Commission began this process by convening the Kansas Statewide HIT/HIE Policy Initiative. This initiative brought stakeholders together to assess the capacity for HIE in Kansas and make recommendations to policy makers and health care leaders encouraging the adoption of health information technology (HIT) and HIE in order to improve the health of Kansans while ensuring privacy and security of personal health information.

This ongoing collaborative effort positioned Kansas well to receive two federal grants through RTI for the Health Information Security and Privacy Collaborative (HISPC) totaling more than \$476,000 to date with the potential for additional funding in January 2008. The initiative resulted in a February 2007 report that made a number of key recommendations for building infrastructure in Kansas to support HIE.

To further the work of the Kansas Statewide HIT/HIE Policy Initiative, Governor Kathleen Sebelius issued an Executive Order on February 7, 2007 establishing the Kansas Health Information Exchange Commission (the Commission) to serve as a leadership and advisory group for HIE in Kansas. Over the past several months the Commission has identified several specific actions in response to their charge from the Governor and which expand on the recommendations of the Kansas Statewide HIT/HIE Policy Initiative by addressing leadership and resource needs designed to support and stimulate HIE on a state-wide level.

The Policy Initiative report recommended the establishment of a public/private coordinating entity to assume state-wide responsibilities for HIE over the long term. The report stated that this coordinating entity:

“should facilitate collaboration and development of intra and inter-state HIE through education, provide technical assistance, serve as a resource center, foster pilot projects, and develop best practices.”

To build upon that recommendation and to respond to the Governor's request for governance options for a public/private entity that would support HIE in Kansas, this proposal compares three options for a state-wide Kansas HIE Coordinating Entity (Coordinating Entity), with varying degrees of public and private involvement, and offers advantages and disadvantages of each.

An important priority identified by Kansas stakeholders has been to provide the resource support needed for HIE efforts across the state and the importance of fostering HIE at the local level. These functions will be a significant responsibility undertaken by the Coordinating Entity. Several innovative HIE initiatives are already underway in Kansas, and it is expected that additional initiatives will develop. While the needs of such initiatives which are in

a planning stage differ somewhat from those which are already beginning implementation, there clearly exists a need for an on-going resource to contribute to the success of HIE across the state, encourage coordination and communication across these efforts, and facilitate the adoption of HIT.

The Commission believes that the first priority of the Coordinating Entity should be to establish the capacity to provide financial and non-financial resources to HIEs across the state. The development of this capacity will be a central component of the statewide Coordinating Entity's function.

This document puts forth recommendations for establishing the Coordinating Entity by identifying options for its scope, organization and governance; milestones; resource requirements and budget for the first two years of operations.

II. Scope of Responsibility

Introduction

The creation of the Coordinating Entity to further the work of the Commission, promote the public good, and support the immediate needs of health information exchanges (HIEs) across Kansas is deemed a first priority.

Some HIEs in Kansas are in search of guidance to advance their planning efforts, some are readying for implementation, and a small number have already begun exchanging data and are already expressing a need for coordination, collaboration, and assurance of interoperability. Those HIEs beginning the planning phase are in immediate need of tools, guidelines and subject matter expertise in the clinical, technical, financial, and governance aspects of HIE. Those HIEs which have committed resources beyond the planning phase require guidance on interoperability and financial sustainability. Inter- and intra-state challenges have emerged as issues for several geographically co-located HIEs, e.g., Kansas City metro area, Wichita. Those HIEs which are at the point of implementation or have already begun exchanging data require direction on how to address privacy and security issues, contracting requirements and education.

Beyond the specific requirements of Kansas HIEs, there is the need to address HIE issues among multiple stakeholder groups. These issues include the involvement of payers in providing claims data as well as considering changes to reimbursement mechanisms to promote the adoption of HIT; the incorporation of consumers in planning for security and privacy provisions of HIE in Kansas; the role of consumers in decisions related to the circumstances, individuals and breadth of personal health information to be exchanged; the involvement of employers/purchasers in providing economic support for HIE while receiving metrics upon which to judge the value of HIE; and the role of quality organizations facilitating the impact of HIE on improving care delivery.

At the same time, opportunities exist to coordinate state-based data bases and leverage existing infrastructure to ensure opportunities for community HIEs to collaborate with state agencies for potential public health or bio-surveillance purposes. At the national level, the development of Value Exchanges, Nationwide Health Information Network prototypes and additional funding for Privacy and Security necessitate participation and leadership by the Coordinating Entity to ensure Kansas is well positioned to take advantage of available funding and collaborative opportunities and to learn from these activities.

The aforementioned priorities can best be responded to by formalizing a state-wide Coordinating Entity and providing it the necessary funding to address these leadership based issues. The recommended steps for establishing the Coordinating Entity are as follows: First, create the legal structure for a Coordinating Entity based on the recommendations in Section III of this report. Second, establish a contract between the Kansas Health Policy Authority (KHPA) and the Coordinating Entity which is designed to enable the Coordinating Entity to carry out its duties and services. Third, retain an Executive Director and one staff support person for the Coordinating Entity or, in the alternative, contract for staff and associated services from a third party entity. Fourth, develop a plan for

the Coordinating Entity board to provide the services described based on the budget recommended in Section VII of this report. The plan should assure the Coordinating Entity's services are based on the "Scope" section of this document (Section II) to include developing tools, templates, standard contracts, recommended guidelines and other approaches to promoting HIE development in a consistent and cost-effective manner.

The services provided by the Coordinating Entity may be provided either directly or under a third party contract. They should be primarily focused on HIE and should be designed to support providers adopting or considering information technology in their individual care delivery settings. This support would be in the form of education, guidelines and standards related to interoperability and the role of technology to support the exchange of health information between systems.

In the course of finalizing the recommendations for the scope of Coordinating Entity services, the Commission invited one developing and three existing HIE efforts in Kansas to discuss the concept. The panel validated the scope described in this document as being directly in line with their needs both in terms of planning and implementing HIE initiatives. Some minor modifications were made to the planned financial and non-financial resources based on their input.

The following overview identifies the initial priorities for financial and non-financial support services to be provided by the Coordinating Entity either directly or through a third party contract with an existing, capable entity.

Non-Financial Resource Support

A. Education

The Coordinating Entity would oversee the development of a state-wide education plan to coordinate efforts across governmental and private entities as well as at the state and local levels and inform key stakeholders and policymakers, including consumers (starting small, incrementally addressing specific affected populations as appropriate), providers, employers, and payers about the importance of HIT and HIE in improving the delivery of health care as well as the overall health of the population. Recent developments in HIE across Kansas would be highlighted as examples. Additionally, the Coordinating Entity would conduct at least one statewide event annually to educate all operationally responsible stakeholders on HIT and HIE developments at the regional, state and national levels. The staff of the Coordinating Entity would support the data gathering and planning aspects of these education functions as well as develop template marketing and communications kits regarding the purpose and benefits of HIE that community HIEs could use to raise awareness among consumers and other stakeholders.

B. Standardization

The Coordinating Entity would ensure a standardized approach to

HIE across the state by developing common technical guidelines (based on national HIT and HIE standards), as well as finalize and adopt the HIE Guiding Principles developed by the Governance Workgroup of the Kansas Statewide HIT/HIE Policy Initiative. The support services provided would include regular communications to inform community HIE efforts on these topics as well as serve as a liaison between statewide and local HIE efforts. Additionally, to the extent that funding is provided to HIE efforts, the Coordinating Entity would make assessments of funded HIE's compliance with national standards and establish expectations for interoperability.

C. Legal and Regulatory Assistance

The Coordinating Entity would evaluate and recommend new laws and regulations, as well as changes to existing laws, on subjects related to HIE particularly in the areas of interoperability, privacy and security. The Coordinating Entity would provide assistance with interpreting legal statutes and regulations and, when appropriate, seek definitive interpretations from state and federal regulators. Particular focus should be given to the authorization and consent to access aspects of privacy and security of personal health information with an understanding of the consumer attitudes that will further guide these subjects.

D. Guidelines and Tools

The Coordinating Entity would develop a reference guide which provides guidance to those individuals and organizations undertaking the formation of a regional or local HIE. The Coordinating Entity should be knowledgeable and be able to direct inquiries to HIE sources available in the public domain. The Coordinating Entity would decide on membership in HIT and HIE organizations to ensure that their staffs and/or contractors are current on the latest developments and trends.

E. Contracting

Based on its priorities, the Coordinating Entity would develop recommended guidelines and templates for contracting with parties involved in providing the infrastructure for developing HIE as well as the stakeholders involved in sharing the data. This would include standard template contracts to use with software and hardware vendors as well as data sharing agreements such as Business Associate Agreements (BAA) for use with entities that generate and use the data expected to be exchanged.

F. Subject Matter Expertise

After obtaining periodic feedback on the specific areas in which community HIEs require external expertise, the Coordinating Entity would develop arrangements with consultants who are expert in specific areas of HIE to include governance, clinical, financial and technical aspects of HIE.

This approach would necessitate development of a definition of services that the Coordinating Entity would be willing to fund versus the costs that would be borne by individual HIEs for more tailored consulting services.

G. Knowledge Library

The Coordinating Entity would develop, maintain and make available a knowledge base of information to assist HIE projects across the state by collecting data and lessons learned from HIEs throughout Kansas and nationally. This would include a list of technology vendors which HIEs across the country are utilizing and the extent to which the vendors support national standards and certification requirements.

The knowledge library function would include the cataloguing of resources so that all stakeholders, especially consumers making inquiries about HIE can be provided sources of information and points of contact in their local communities.

H. Metrics

To assist in communicating the value of HIE, and for use with educational efforts, the Coordinating Entity would develop an approach for evaluating the return on investment (ROI) for HIE. This information could also be used by community HIE efforts in Kansas to substantiate the importance and value of HIE to local constituencies. This would include a methodology, tools and comparison benchmarks to determine the impact of HIE on the efficiency, quality and safety aspects of care delivery in comparison to the investment made by the community exchange.

I. Representation

The Coordinating Entity would decide on the extent of its representation at the state and national level and offer updates on national initiatives. It would also act as a forum for obtaining the input of Kansas HIE initiatives and communicate that input to national standard setting bodies.

The Coordinating Entity' leadership would take the lead on addressing issues related to communication and collaboration at the state and local level, including mediating conflicts between community HIEs in Kansas and among HIE's or other entities that are located outside the state. The staff would be focused on identifying common obstacles at the community HIE operational level and elevate issues to the Coordinating Entity's leadership as needed.

J. HIE Certification

The effectiveness of HIE is maximized when a threshold level of consistency and interoperability exists among individual efforts across the state. The Coordinating Entity would establish a certification process (or equivalent) for HIEs which sets forth specific expectations designed to promote both a level of commonality as well as ensure the eventual

exchange of data among community HIEs.

Financial Resource Support

A. Funding

To the extent that a portion of the budget of the Coordinating Entity includes direct financial support and funding of Kansas HIEs, specific initiatives designed to promote HIE need to be identified. The approach taken by other states, such as Michigan and Florida, has included funding of HIE development and implementation efforts at the community level. In a similar fashion, the Coordinating Entity could serve as a conduit for grants and contracts from a central funding source, such as state government through KHPA and foundations, to the community level HIEs. At this time the Coordinating Entity is not expected to have significant access to capital for these purposes during fiscal year ending June 30, 2008.

To determine priorities for funding, the Coordinating Entity should develop a process to identify the range of needs which exist among current and planned HIE initiatives across the state. A written survey instrument should be administered to identify the most common specific areas of need for community HIEs.

Consideration should be given to requiring community HIEs to match funding provided by the Coordinating Entity to ensure commitment of involved stakeholders and to allow funding to benefit the greatest number of initiatives.

B. Project Options

Options for project funding would be guided by parameters for HIE initiatives which are at their inception point and could benefit from seed funding as well as parameters for HIE initiatives which are beginning implementation. Based on the written survey, the Coordinating Entity might choose to fund one aspect of HIE which could then benefit multiple initiatives. Examples of such parameters include developing metrics for determining the impact of HIE on clinical quality, cost and satisfaction at different points in the delivery process from physician offices to hospital inpatient care to care provided in the post-acute setting. Another example is the development of metrics for assessing the impact of HIE on public health and community health functions. A third example includes developing best practices for governance, financial sustainability, contracting or privacy and security.

C. Eligibility Requirements and Selection Criteria

The Coordinating Entity should develop eligibility requirements and selection criteria for the awarding of funds to ensure HIE activities are in alignment with the goals of the Commission and the HIT/HIE Policy Initiative report.

III. Organization and Governance

The Commission validated the Statewide HIT/HIE Policy Initiative's recommendation to establish a public/private coordinating entity by considering three options: 1) a public model which is government structured, managed and resourced; 2) a non-government, independent legal entity which is governed solely by private individuals and corporations; and 3) a non-government, independent legal entity which is governed by individuals representing both public and private entities and funded by public and private entities.

Each of these options were considered based on the pros and cons of meeting four criteria for success: 1) financial sustainability; 2) ability of the Coordinating Entity to be responsive to community HIE needs; 3) the extent to which community HIEs would find the responsibilities and services of the Coordinating Entity to be of value; and 4) the ability of the Coordinating Entity to be effective in resolving HIE related conflicts and challenges (see Appendix A). The factors that influenced the evaluation of pros and cons for each option included issues related to: flexibility to raise and accept funding; reliance on multiple funding sources; ability to lobby; liability exposure; ability to focus on developing business cases for short and long term financial viability; ability to successfully coordinate with community HIEs and with state agencies; ability to demonstrate value; accountability and extent of influence by state government or legislature; level of bureaucracy; and ability to satisfactorily address the privacy and security of health information on behalf of Kansas citizens.

The vast majority of state HIE efforts nationwide that elect to form a legal entity and associated governance structure choose a legal structure which qualifies as a tax-exempt, charitable 501(c)(3) organization. Some states that are pursuing Medicaid Transformation grants elect to structure their HIE efforts as extensions of a state agency and become predominantly a public model as a result. The Commission's research did not identify any efforts that were solely state or public model in form aside from the Medicaid examples. In most cases, the extent to which the 501(c)(3) form is governed by state government is linked to the extent of state support, particularly as a source of funding. In some cases, the legislation which provides funding requires membership by state representatives on the board and specifically identifies the state offices or by title to hold board seats. As a result, statewide entities that choose the 501(c)(3) legal form vary in governance membership based on the environment, the extent of state support of HIE, and the level of involvement and support from other stakeholders. The research did not find any 501(c)(3) that had changed its legal entity status because of conflicts in mission or inability to provide services.

In addition to considering the examples from other states, feedback was solicited from a panel representing four HIE's in Kansas City and Wichita. The consensus was that the leadership and services of a state-wide HIE

needed to be viewed as having the ability to act independently, yet not totally disconnected from state government.

Based on the comparison of options, the needs of HIE in Kansas, and feedback received from current HIE efforts across the state, the KHIE Commission recommends a hybrid of a pure private and public model similar to the legal form and governance which has been successful in other states to date.

The Commission therefore recommends the formation of a charitable 501(c)(3) tax-exempt entity with board membership as follows:

1. Board members serve staggered three year terms, with the exception of the initial board.
2. Year one – transition existing HIE Commission to Board of new entity (1/3 for one year, 1/3 for two year and 1/3 for three year terms) in addition to six governmentally appointed individuals; e.g. four individuals appointed by the Legislative leadership from both houses and each party and two individuals appointed by the Governor. The Commission recommends that at least one of the governmental appointments be from the Kansas Health Policy Authority (KHPA).
3. In subsequent years, the Board would appoint its own non-governmental replacements from the citizenry of the state using nominations from the HIE stakeholders of Kansas to include representation from as many of the following suggested stakeholder groups as possible:
 - Consumers
 - Physicians
 - Nurses
 - Hospitals
 - Health Plans
 - Public Health
 - Laboratories / Medical Services
 - Pharmacy
 - Medical Practice Managers
 - Long Term Care
 - Mental Health
 - Dental
 - Employers
 - Quality Improvement Organization
 - Coordinating Entity Executive Director (ex-officio with vote)
4. Criteria for appointment to Board would include not just enthusiasm for HIE but also individuals representing entities with electronic data and HIEs as well as a passion and desire to improve the health care system.

5. The Board make-up at the end of the three year transition period would be no more than 21 members, consisting of the 6 governmentally appointed members and up to 15 members from the stakeholder listing provided above. The Chair of the Board would be elected by the members of the Board for a two year term. Additional details are expected to be addressed during the crafting of by-laws for the entity.

IV. Financial Sustainability

A. Initial Funding

Funding of the Coordinating Entity's first year of operations is expected to be provided by the State of Kansas through the KHPA. The budget provided in Section VII of this report is for the first year of operations (balance of this year through June 30, 2008) and for the second year of operations (July 1, 2008 through June 30, 2009). It represents the costs for constituting the Coordinating Entity and providing services and is modeled on the costs of similar initiatives in other states. The total dollars available for the Coordinating Entity's operations for year one is pending clarification from KHPA.

B. Sustainability

The Coordinating Entity will need to develop a multi-year funding plan to sustain operating costs after year one. This plan should be based on the value provided by the Coordinating Entity in the first year of operation and an understanding of the expected needs of HIEs across Kansas. The plan to sustain operations should consider the following funding options:

- Continued funding from the State of Kansas through the KHPA
- Integration with other community efforts such as Economic Development
- Funding by community HIE initiatives based on a subscription, use or other economic model
- Applying for federal, foundation or other philanthropic grant funding independently or in conjunction with other state agencies and other state or community HIE initiatives
- A legislatively driven approach to raising revenue, such as a tax

V. Milestones & Deliverables

The following table provides the specific milestones and associated deliverables to be accomplished in developing its services.

Milestone	Deliverable
KHIE Commission submits recommendations for the establishment of the Coordinating Entity to the Governor	
Governor approval of Coordinating Entity formation	Communication to KHPA from the Governor approving the formation of the Coordinating Entity, specifying that funds be made available to establish the Coordinating Entity as a legal entity and that a contract be established between KHPA and the Coordinating Entity for funding
Incorporation of Coordinating Entity	By-laws, Incorporation Filing, Tax-exemption application
Appointment of Board members	HIE Commissioners plus 6 governmental appointees as initial board
Initial Year funding	Contract with KHPA
Coordinating Entity initial staffing	Hire an Executive Director and one support staff
Coordinating Entity decides on hiring additional staff directly or contracting with a third party for selected services	Recommended plan by Executive Director and either subsequent hiring as Coordinating Entity staff or issuance of a RFP and subsequent contracting for staff and services
Develop FY09 Budget	Executive Director develops and recommends to Coordinating Entity
Budget approval	Coordinating Entity submits FY09 budget to KHPA and the Governor

Milestone	Deliverable
Coordinating Entity Schedule and Activities	Periodic meetings, decision making processes, selection of Chair, and any necessary licenses/permits
Develop Measures for HIE in Kansas	Short term Measures: <ul style="list-style-type: none"> • HIE Participation • Quantity of Technical Assistance provided Long Term Measures: <ul style="list-style-type: none"> • Design Safety measures • Design Quality measures • Design Efficiency measures
Create Communication Plan	Consumer Communications Plan Provider Communication Plan
Establish Stakeholder Coordination	Monthly Reporting to the Coordinating Entity Design Stakeholder feedback approach Deploy stakeholder feedback
Deploy Training and Education programs	Design Training and Education programs Plan for deployment Pilot deployment Full scale deployment Measurement of impact/attendee satisfaction
Develop Convening Mechanisms (conference/web mtgs., etc.)	Design convening approach Deploy quarterly formal HIE conferences/web meetings

Milestone	Deliverable
Develop coordination strategies for complementary activities in state (TeleHealth, Economic Development, state activities, Public Health, Homeland Security/ State Infrastructure, Disaster Recovery, First Responders, EMR adoption by HC Providers, etc.)	Plan for coordination with complementary initiatives
Monitor and Support Kansas HIE's Needs for Assistance	Define Assistance areas of focus <ul style="list-style-type: none"> • Security & Privacy • Business Planning • Information Technology <ol style="list-style-type: none"> 1. Standards 2. Architecture Models 3. Connectivity 4. Applications for HIEs • Procurement • Governance • Clinical and Workflow Change Management • Quality of Care • Consumer Engagement • Measurement Methodology
Establish Kansas specific HIE Library	Survey library needs Consider coordination with complementary activities in neighboring states Design library approach Implement library Measure impact

VI. Resource Requirements

The personnel staffing needed to support the responsibilities of the Coordinating Entity and the services that are to be provided fall into four categories of expertise and duties: leadership, project management, support staff and subject matter expertise. Should the Coordinating Entity decide to

contract for selected services, the potential contracted entities would delineate their approach to project management, support staff and subject matter expertise in formal proposal responses to an RFP.

Leadership should be provided by one full-time individual who has responsibility for the overall operational and financial management of the Coordinating Entity. This includes but is not limited to: implementing the priorities of the Coordinating Entity board of directors; developing a plan for the necessary services to be provided directly or through contract; developing budget requirements and securing the necessary funding for future years; identifying major HIE challenges and opportunities as well as providing regular updates to the Coordinating Entity board, KHPA, the legislature, the Governor's office and others; representing the State of Kansas in regional and national forums; and serving as a point of contact for intra and inter-state HIE activities and issues. This position should report to the Coordinating Entity board of directors and be a full-time employee of the Coordinating Entity as opposed to a contract employee.

The contract between the Coordinating Entity and the KHPA would include annual funding and address the relationship and level of accountability expected between the Coordinating Entity and the KHPA as well as between the Coordinating Entity and the Governor of Kansas.

Project management should be provided by one project manager and two business analysts. These individuals would be responsible for working with community HIEs on a day to day basis to perform analyses, solve operational problems, implement projects and communicate priorities and needs to partners. Full staffing is expected to develop over time in response to needs.

Support staff should consist of one administrative assistant with responsibility for supporting the leadership, project management staff and the Coordinating Entity.

The provision of subject matter experts should be based on the collective priority needs of community HIEs. The Executive Director should have responsibility for identifying, quantifying and recommending priorities to the Coordinating Entity body. The selection of subject matter experts should follow a formal process and the retention of consultants should be structured on the basis of defined scope and deliverables.

In addition to staffing, resource requirements for facilities space, logistics, legal fees, and administrative and other costs are identified in section VII.

VII. Budget Range

CATEGORY	DIRECT COST RANGE	BENEFITS	July 2007 – June 2008 BUDGET	July 2008 - June 2009 BUDGET
Executive Dir	\$100-200k	\$34,500	\$150k	\$156k
Project Mgr	\$70-90k	\$18,400		\$85k
Bus Analyst 1	\$50-70k	\$13,500	\$60k	\$62.4k
Bus Analyst 2	\$40-60k	\$10,350		\$47.7k
Admin Assist	\$30-40k	\$8,050	\$35k	\$37,1k
Consulting	\$200-300k	n/a	\$250k	\$300k
Facilities	\$34,000	n/a	\$34k	\$34k
Insurance	\$5k	n/a	\$5k	\$5k
Legal	\$20-30k	n/a	\$25k	\$30k
Prof education	\$5k	n/a	\$5k	\$5k
Travel	\$15-30k	n/a	\$20k	\$25k
Office costs	\$5-8k	n/a	\$7k	\$8k
Sub-total		\$56,050	\$591,000	\$795,200
TOTAL			\$647,050	\$880,000
Assuming 9 months of operation in the first fiscal year. Each additional month of operations would require an additional \$53,920.00			\$485,287	

Budget Assumptions:

- Initial budget should be allocated based on number of months in existence between July 2007 and June 2008
- Initial staffing is limited to align with start-up operation
- benefits computed at 23%
- salary increase computed at 4%
- facilities computed for 2,000 sq ft at rate of \$ 17.00 per square foot
- Consulting is a factor of the assistance provided by the contractor to Kansas HIEs during planning and implementation phases and includes the functional aspects of governance, clinical, technology, financial, legal and security/privacy. The legal fees for costs associated with establishing the Coordinating Entity and the contracts are budgeted separately as "legal".

Appendix A Governance Model Summary

The following table summarizes the key success factors to be considered when the Commission determined the governance path for directing the activities of the Coordinating Entity.

Three types of governance models are compared with the pros and cons of each described in the following table. Each of these models is designed to represent a generic form of legal entity and governance. Because the three categories of governance models (public, private, and hybrid) are points on a continuum of potential structures, the three examples below are provided to distinguish the three options considered. It should be acknowledged that no true completely public model was identified in the research, other than in states that are pursuing HIE in support of Medicaid based initiatives such as Transformation Grant opportunities. Additionally, the private models tended to not be completely private from a governance standpoint. The hybrid is an example of the variation in governance that HIEs assume based on factors such as the state environment, funding and the scope of responsibilities and duties of its mission.

Example One is a public model representing a government structured, managed and funded entity. The closest example available is the Delaware state-wide HIE, the Delaware Health Information Network (DHIN), which was created by an act of the General Assembly and signed into law in 1997 as a public instrumentality of the state to advance the creation of the statewide health information and electronic data interchange network for public and private use. The DHIN organization falls under the purview of the Delaware Health Care Commission. DHIN is a public/private partnership that provides the organizational infrastructure to support a clinical information sharing utility. The development of the clinical information sharing utility is the primary focus of DHIN at this time. This entity has access to funds through state bonds.

Example Two is a private model which represents a non-government, independent legal entity which is governed and funded by private individuals and corporations. CalRHIO, the state-wide HIE for California is an example which comes closest to the private model. CalRHIO was formed in 2005 as a collaborative statewide initiative whose mission is to improve the safety, quality and efficiency of health care through the use of information technology and the secure exchange of health information. The organization is in the process of raising \$300 million. During the period 1/05 – 4/07 its funding was provided by federal grant (7%); foundations (42%); hospitals (26%); health plans (22%) and other (3%). CalRHIO is governed by a 21 person board, of which 4 ex-officio members are representatives of the state or governmental programs.

Example Three is a hybrid of the public and private models and constitutes a non-government, independent legal entity which is governed by individuals representing both public and private entities and can be funded by public and private individuals and organizations. An example of the hybrid

model is Vermont Information Technology Leaders (VITL). VITL is a non-profit, public-private partnership formed in 2005 with the vision of sharing real-time clinical information among health care providers across the state, improve patient outcomes while reducing service duplication, and decreasing the rate at which healthcare spending occurs. The majority of seed funding was provided by the state legislature as part of its healthcare reform efforts and the legislation included specific requirements to include the appointment of four (4) state agency commissioners to the board as well as the requirement that VITL develop the long term HIE plan for the entire state. The state has continued its funding support of VITL in two ways: the continued direct support of its HIE activities; and secondly, through a significant, multi-million dollar contract for services to the Department of Health to provide the infrastructure to support a chronic care information system. The Vermont Health and Hospitals Association provided seed funds and has continued to support VITL through annual disproportionate share funds. As a result, current revenue and funding includes: legislated support; state contracts for services; transaction fees; hospital association funds; and federal grants (HISPC). The board is composed of 20 individuals representing payers, providers, trade associations, employers, government, consumers and quality organizations. There are seven (7) state or federal affiliated members of the board which include: five (5) state employees to include four (4) commissioners; one member is the QIO for the region; and one member represents the VA hospital.

SUCCESS FACTORS	PUBLIC MODEL	PRIVATE MODEL	HYBRID MODEL
Financially sustainable: PRO	<ul style="list-style-type: none"> • Funding has potential to be linked to other projects/issues • Some options for obtaining grant funding • Some reduction in liability exposure 	<ul style="list-style-type: none"> • Business model not dependent on state funding priorities • Depending on legal structure, greater opportunity for receiving grant and other funding 	<ul style="list-style-type: none"> • Business model not dependent on any one source for revenue or funding • Significant flexibility for receiving grant and/or philanthropic funding from public and private sources

SUCCESS FACTORS	PUBLIC MODEL	PRIVATE MODEL	HYBRID MODEL
Financially sustainable: CON	<ul style="list-style-type: none"> • At discretion of state/legislative priorities • Requires annual commitment of state funds • Limited reliance on other funding options 	<ul style="list-style-type: none"> • Requires demonstration of value from funding sources • Need for seed funding source • Need to develop business case for long term viability with identified resources • Members of governance assume fiduciary responsibility 	<ul style="list-style-type: none"> • Requires demonstration of value from funding sources • Need to develop business case for short and long term viability • Members of governance assume responsibility for financial planning

SUCCESS FACTORS	PUBLIC MODEL	PRIVATE MODEL	HYBRID MODEL
<p>Responsive to Community HIEs: PRO</p>	<ul style="list-style-type: none"> • Potential higher assurance of sustainability may drive resource ability to be responsive • As component of existing state agency, improved ability to coordinate with other state entities • Responsive to the needs of legislature and other state policymakers • Accountability to the State 	<ul style="list-style-type: none"> • High level of responsiveness to community HIE needs • Priorities driven by stakeholder consensus • Not dependent on state accountability or processes/rules • Accountability to independent governance entity • Can recommend legislative actions – specific lobbying strategy and tactics vary 	<ul style="list-style-type: none"> • High level of responsiveness to community HIE needs • Priorities driven by stakeholder consensus • Accountable to state based on governance representation and contractual obligations for use of funding • Can recommend legislative actions – specific lobbying strategy and tactics vary • Priorities driven by governing body and need for sustainability
<p>Responsive to Community HIEs: CON</p>	<ul style="list-style-type: none"> • Priorities may be driven by state agencies • Bureaucracy may thwart high level of responsiveness 	<ul style="list-style-type: none"> • Priorities could be driven by dominant or advanced HIE stakeholders, rather than consensus 	<ul style="list-style-type: none"> • Lobby activity is more limited and is dependent on stakeholder organizations

SUCCESS FACTORS	PUBLIC MODEL	PRIVATE MODEL	HYBRID MODEL
Community HIE interest in using services: PRO	<ul style="list-style-type: none"> • Ability to work with other state entities • Accountability to state/legislature could enhance legislation (i.e. privacy and security) 	<ul style="list-style-type: none"> • Independence perceived positively • Accountability to stakeholders perceived positively 	<ul style="list-style-type: none"> • Independence perceived positively • Accountability to stakeholders perceived positively
Community HIE interest in using services: CON	<ul style="list-style-type: none"> • Poor experience with similar models (Delaware was slow) • Perception of state-driven priorities/agenda could deter focus from HIE 	<ul style="list-style-type: none"> • Lack of demonstrated value could result in attrition, lack of use and funding shortfalls • Focus of services could be different for community HIEs based on stage of development and needs • Limited experience in other states (CalRHIO still has limited state involvement) 	<ul style="list-style-type: none"> • Lack of demonstrated value could result in lack of support from private and public entities • Focus of services needs to be responsive to mission and designed to support a business • Successful model in other states (VT, MI, MA, WI)

SUCCESS FACTORS	PUBLIC MODEL	PRIVATE MODEL	HYBRID MODEL
<p>Ability to resolve HIE related conflicts: PRO</p>	<ul style="list-style-type: none"> • As a state entity, advantage dealing with other states and across agencies • Ability to recommend legislatively driven resolution • Ability to understand conflicts involving other state entities • Transparency in dealing with consumer issues due to government funding • Ability to address privacy and security issues on behalf of patient consumers 	<ul style="list-style-type: none"> • Ability to act independently of external influences • Ability to seek resolution for HIE reasons and not unrelated issues (political issues?) • Ability to represent patient consumer on security and privacy issues 	<ul style="list-style-type: none"> • Through governance and/or funding, connectivity to a state agency can be beneficial • Ability to act independent of external influences (excluding contractual obligations) • Ability to represent level of independence to consumers on privacy and security issues
<p>Ability to resolve HIE related conflicts: CON</p>	<ul style="list-style-type: none"> • May appear to take the 'state's position' on resolving conflicts 	<ul style="list-style-type: none"> • Lack of political power/influence of a state entity • Recommendations and actions may not align with expectations of state agencies 	<ul style="list-style-type: none"> • Lack of direct political power/influence of a state entity • Lobbying activity limited • Recommendations and actions may not align with expectations of state agencies