

Department of Human Services 2009-11 Policy Option Package

Division Name: Administrative Services Division

Program Name: Oregon Health Policy and Research (OHPR)

Policy Option Package Initiative: Vulnerable Oregonians Have Access to Health Care

Policy Option Package Title: Maximizing Electronic Health Record Adoption

Policy Option Package Number: 219

Related Legislation: LC GOV 08

Summary Statement:

This Policy Option Package support the accelerated adoption of electronic health records and the eventual development of a statewide Oregon Health Information System. This POP provides funding in the form of grants to small primary care medical practices to support consultation services for process analysis and redesign in preparation for adoption and use of a certified electronic health records program, and for the acquisition of necessary hardware and software for such a program.

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This POP supports the accelerated adoption of electronic health records and the eventual development of a statewide Oregon Health Information System (OHIS). This POP also includes funding for an evaluation of the grant program to assess its effectiveness in increasing the adoption of electronic health records in Oregon. Specifically, the proposal would:

- Provide funding in the form of grants to small primary care medical practices to support consultation services for process analysis and redesign in preparation for adoption and use of a certified electronic health records program, and for the acquisition of necessary hardware and software for such a program.
- Related legislation will set a specific date (2011) by which licensed providers shall adopt certified systems.
- Related legislation will direct the state in its purchasing activities to require or reward electronic health records adoption.
- Related legislation will direct the Oregon Health Fund Board (OHFB) to consider ways to support electronic health records and information exchange as it develops payment reforms.
- Related legislation will establish privacy and security standards with advice from the Health Information Infrastructure Advisory Committee (HIIAC), to ensure the integrity, availability and confidentiality of individuals' information.
- Related legislation will direct that Oregonians' health information shall be available when and where it is needed to support clinical decision-making and high-quality care; be private and secure and exchanged with the authorization of the individual in compliance with federal and state law; will allow the use of health information to improve public health and population-based care decision-making; allow individuals to assume an active role in their health through access and control of their health information; and authorize OHFB to administer these provisions including developing eligibility criteria for grants.

- OHFB would seek to maximize federal matching funds, and could accept grants and donations to further extend assistance to providers.

2. WHY DOES DHS PROPOSE THIS POP?

Health information technology (HIT) has the potential to improve overall health system performance and reduce overall costs. Electronic medical records, when implemented along with process redesign efforts, can help physicians improve quality and reduce medical errors, while health information exchange can improve care coordination and reduce unnecessary tests. Potential savings from implementing the widespread adoption of electronic health records and health information exchange include reductions in rates of medical errors, more efficient use of diagnostic testing, more efficient drug utilization, and decreased provider costs (e.g., reduced transcription costs). Additional savings from the exchange of information derive from better care coordination among multiple providers and better health outcomes through improved disease management.

Barriers to adoption, particularly among primary care practitioners are cost, lack of proper preparation for adoption, and uncertainty about which systems are appropriate. In Oregon it is estimated that 50% of care is delivered from practices with three or fewer clinicians. These small practices face a large economic barrier to affording electronic medical records, as well as challenges in determining which system to purchase. Experience from other states indicates that these small practices often are unaware of, or can't afford the workflow analysis requisite to successful adoption. Certification standards are now available at the national level. Technical assistance and standards along with the capital required to address these barriers are needed. A recent study conducted by David Witter and Associates for the Oregon Healthcare Quality Corporation and the Office for Oregon Health Policy and Research suggests that when electronic health records and information exchange are fully implemented and used, potential savings in Oregon could be as high as \$1.7 billion per year.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?

Electronic health records and health information exchange are essential infrastructure tools needed to support the reform of the health care system and improve performance through measurement. The investment of funds to accelerate adoption represents an investment that can return long-term savings through gains in quality and efficiency and improved patient health outcomes. This initiative builds on previous recommendations to the Governor from the Oregon Health Policy Commission and is in accordance with the directive to Governor’s Health Information Infrastructure Advisory Committee (HIIAC), recently initiated under Executive Order. It also implements the directive in SB 329 to the Oregon Health Fund Board.

DHS’s mission is to help people become independent, healthy and safe.

4. IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

OHPR and OHFB share the Institute of Medicine’s definition of a high quality health system: It is safe, effective, patient-centered, timely, efficient and equitable. This POP will enable OHFB to continue planning and to implement plans to improve the health care delivery system in Oregon by reducing costs and improving access and quality. These plans should lead to improvements in each of the following KPMs:

- KPM 22: Childhood immunizations
- KPM 25: Routine health care provided to OHP clients
- KPM 27: Safety net clinic use
- KPM 29: Customer service

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

SB 329, which created OHFB, directed OHFB to improve Oregon's health care delivery system, building on the work of existing state entities, particularly the Health Services Commission and the Health Resources Commission. Temporary provisions creating OHFB are placed within ORS Chapter 414, which will require amended to enable OHFB to continue its work and provide oversight for this project.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

The alternative is to attempt these planning and design efforts in individual agencies in a less timely, less integrated and perhaps less effective manner.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Chronic health conditions are one of the key drivers of health care costs for the state, in large part because it is impossible to manage the care of patients with chronic illness without well-coordinated systems of care. Developing highly effective, high-performing systems of care is difficult, if not impossible, without interoperable electronic health records. A significant portion of the estimated \$1.7 billion of annual savings potential stemming from widespread adoption of electronic medical records resides within Oregon's Medicaid program. Without this POP, adoption of electronic medical records will be slow, particularly in small practices and in rural areas.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

The growth in health care costs in all state agencies that purchase health care services (e.g., Medicaid, FHIAP, Corrections, University health, PEBB) should be slowed through widespread adoption of interoperable electronic medical records.

9. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): July 1, 2009

End Date (if applicable): N/A

a. Will there be new responsibilities for DHS? Specify which division(s) and describe their new responsibilities.

- | | |
|--|---|
| <input checked="" type="checkbox"/> Administrative Services | <input type="checkbox"/> Addictions and Mental Health |
| <input type="checkbox"/> Children, Adults and Families | <input type="checkbox"/> Public Health |
| <input type="checkbox"/> Division of Medical Assistance Programs | <input type="checkbox"/> Seniors and People With Disabilities |

b. Will there be new administrative impacts sufficient to require additional funding? Specify which office(s) and describe how it will be affected.

- | | |
|---|---|
| <input type="checkbox"/> Human Resources | <input type="checkbox"/> Payment Accuracy and Recovery |
| <input type="checkbox"/> Information Security/Privacy | <input type="checkbox"/> Investigations and Training |
| <input type="checkbox"/> Document Management | <input type="checkbox"/> Facilities |
| <input type="checkbox"/> Audit and Consulting | <input checked="" type="checkbox"/> Contracts and Procurement |
| <input type="checkbox"/> Information Services (computers) | <input type="checkbox"/> Budget, Planning and Analysis |
| <input type="checkbox"/> Financial Services (accounting) | <input type="checkbox"/> DHS Office of Communications |

Impact on contracts and procurement to be determined.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

No

e. **What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**

- \$7,700,000 in grants to be awarded to small clinics to enable them to implement EHR technology in their offices.
- \$300,000 in evaluation funds to evaluated the effectiveness of the grant program in order to recommend whether or not it should be continued.

Start up Costs:

2009-2001

CSG No	Comp Srce Group Title	GF	OF	FF	TF
ASD / Office of Oregon Health Policy and Research (OHPR):					
Services and Supplies					
4300	Professional Services	207,000	-	93,000	300,000
	Contracts for evaluation of the grant program for effectiveness				
Special Payments					
6085	Other Special Payments	5,313,000	-	2,387,000	7,700,000
	Grants to small clinics to enable them to implement EHR technology				
Total Expenditures		5,520,000	-	2,480,000	8,000,000

f. What are the ongoing costs?

- \$7,700,000 in grants to be awarded to small clinics to enable them to implement EHR technology in their offices.
- \$300,000 in evaluation funds to evaluate the effectiveness of the grant program in order to recommend whether or not it should be continued.

On-going costs:

2011-2013

CSG No	Comp Srce Group Title	GF	OF	FF	TF
ASD / Office of Oregon Health Policy and Research (OHPR):					
Services and Supplies					
4300	Professional Services	207,000	-	93,000	300,000
	Contracts for evaluation of the grant program for effectiveness				
Special Payments					
6085	Other Special Payments	5,313,000	-	2,387,000	7,700,000
	Grants to small clinics to enable them to implement EHR technology				
Total Expenditures		5,520,000	-	2,480,000	8,000,000

g. What are the potential savings?

Statewide, potential to realize portion of the estimated \$1.7 billion in annual savings when interoperable EHR systems are adopted statewide.

h. Based on these answers, is there a fiscal impact?

Yes

i. What are the sources of funding and the funding split for each one? Include grant names and fund type, such as “Medicaid, General and Federal Funds.”

General Fund (69%), Federal Fund – Medicaid (31%)