Oregon Health Information Exchange (ORHIE) Budget Overview Narrative
ONC State HIE Cooperative Agreement Funding
October 2009

On August 20, the federal Office of the National Coordinator for Health Information Technology (ONC) announced the State Health Information Exchange (HIE) cooperative agreement program, funded as part of the HITECH Act within the federal stimulus law, the American Recovery and Reinvestment Act (ARRA). The Office for Oregon Health Policy and Research (OHPR), within the Oregon Health Authority (OHA) applied for the funding. OHPR staffs the Health Information Technology Oversight Council (HITOC), which will lead the work funded by this grant.

The ONC requires states to provide matching contributions to receive the cooperative agreement funds. Matching contributions can be state or other third party funds directed at these activities, or third-party in-kind staffing or other resource contributions. The ONC encourages states to spend most of the funds in the first two years. Accordingly, the required match increases each federal fiscal year, as follows:

- Year 1: 8 months – no match required, 4 months – 1:10 match required (one dollar of state match for every 10 dollars federal funding requested)
- Year 2: 8 months – 1:10 match, 4 months – 1:7 match
- Year 3: 8 months – 1:7 match, 4 months – 1:3 match
- Year 4: 12 months – 1:3 match

For the purposes of the application, Oregon's HIE team designed a set of working assumptions to develop a budget. **All implementation activities and costs are subject to change during the HITOC planning process, which will define the implementation process and include a revised implementation budget.** The following narrative describes the activities proposed in the application. See also the budget overview table for further detail on costs associated with each activity.

OVERVIEW

The Oregon Health Information Exchange project includes:

- Total budget of $9,427,134:
  - $8,579,992 in requested federal funds,
  - $847,142 of state and other funds, including in-kind contributions.
- Planning phase total budget: $1,362,278 (all federal funds)
- Implementation total budget: $8,064,856
  - $7,217,714 in requested federal funds
  - $847,142 in matching contributions

PLANNING PHASE:

The primary outcome for the first year of the HITOC will be to develop Strategic and Operational Plans for the ORHIE to meet the needs of Oregon residents in and the requirements set fourth by the ONC. The HITOC will lead this planning process over the next many months, culminating in a state plan to be submitted to the ONC by July 15, 2010. These plans will be submitted to the Health Policy Board and then to the Governor's Office for approval.

The following describes the proposed HITOC planning process, followed by further detail on each of the planning activities to be funded by the cooperative agreement.

- *Planning Phase:* Throughout the planning phase, cooperative agreement funds support several activities:
    - HITOC staffing,
    - Meetings, including HITOC/workgroup meetings and stakeholder engagement meetings,
    - Communications, and
    - Strategic planning and facilitation consultants
- *Nov- Dec 2009: HITOC Assesses, Analyzes and Coordinates:* HITOC will set the stage for a comprehensive strategic and operational planning process by assessing the current state of HIE in Oregon and coordinating with stakeholders, HIE stakeholders, public programs, and others.
- *January 2010: Governance and Workgroups Established:* HITOC selects a governance model for ORHIE and determines a workgroup/stakeholder advisory panel structure to develop strategic and operational planning elements.
- *Feb- April 2010: Workgroups Develop Recommendations:* HITOC workgroups and/or ad hoc stakeholder advisory panels will develop recommendations and report monthly to HITOC. Cooperative agreement funding will support:
    - Financial modeling,
    - Operational and technical consultant, and
    - Legal policy development.
- *May 2010: Draft State Plan:* HITOC will release a draft state strategic plan to partners, stakeholders, the public, and the Oregon Health Policy Board for comment.
    - Cooperative agreement funding will support five stakeholder meetings.
- *July 2010: State Plan Finalized*: Strategic and operational plans will be submitted to ONC on or before July 15, 2010.

Staffing:

The HITOC team will include three new FTE positions as well as the resources of additional state-funded staff. Some positions will be funded for partial grant years due to Oregon's state fiscal calendar, which is on a biennium cycle (July 1 – June 30). For these positions, it is expected that at the end of the 2009-2011 biennium, HITOC staffing will be reevaluated and further state contributions may be identified. Total budget for staffing is: $988,970 ($879,962 in federal funds, $109,008 in state funds). Planning phase budget (all federal funds) for staffing: $196,206. See budget overview table for more detail.

ONC-funded staff:

- *Carol Robinson: State Coordinator of Health Information Exchange/HITOC Director* (ONC-funded years 1-4)
- *HITOC Operations and Policy Analyst (OPA 3)* (ONC-funded year 1 and 5 months into year 2)
- *HITOC Administrative Specialist 1* (ONC-funded year 1 and 5 months into year 2)

State-funded staff:

- *Jeanene Smith, MD, MPH, OHPR Administrator*
- *HITOC Project Manager (OPA4)*
- *Rick Howard, DHS/OHA Chief Information Office/Vice-Chair HITOC*
- *Dawn Bonder, JD, Governor's Senior Policy Advisor*
- *Judy Mohr-Peterson, Ph.D., Division of Medical Assistance Programs Administrator*
- *Hillard Mellin, OHPR Fiscal and Operations Manager*

Meetings:

HITOC/Workgroup meetings (all 4 years): The HITOC is expected to meet monthly years 1-2 and quarterly years 3-4. The HITOC will establish workgroups and ad hoc stakeholder advisory panels,

which will meet as needed throughout the project period. For the planning phase, this application estimates 30 workgroup meetings: five workgroups meeting twice monthly for three months. Starting with implementation, workgroups are expected to continue on some level. This application estimates twelve meetings for workgroups throughout the second half of year 1, and then 12 meetings for workgroups per year through years 2-4. Total budget: $80,630 ($73,157 in federal funding, $7,473 in state matching funds); planning phase budget: $26,573.

Stakeholder engagement meetings (Year 1): Oregon expects to hold stakeholder engagement meetings each year.

- During the planning phase, meetings will be held in 5 communities around the state to educate stakeholders about Oregon's state HIE efforts and solicit stakeholder feedback on the draft strategic and operational plan. For the purposes of the application, communities selected include: Portland, Salem, Hillsboro, Eugene, and Bend. Budget: $19,500 in federal funding.
- During implementation, Oregon expects to hold stakeholder conferences each year, although only year 1 costs are included in this project budget. Total costs: $30,000.

ONC meetings (annually): Oregon will send two people to each of the required ONC-supported, annual meetings: the State HIE Leadership Training and the State HIE Forum. Estimated cost of $6,041 per year.

Communications (Year 1):

Developing communications tools to encourage providers to purchase and implement certified hardware and software to meet meaningful use standards is an important tactic within a larger strategic plan. Understanding the barriers to adoption and developing messages that help to lower those barriers will be part of Oregon's approach to encouraging broad exchange of health information. To do this effectively, we plan to employ a market research firm to conduct a series of focus groups of physicians, nurses, and other providers, as well as medical practice managers, in communities with low adoption rates in Oregon. The responses of the focus group participants will help inform our communications strategy, including message development and delivery methods determined to be most effective.

In addition to the provider focus groups, we also plan to convene a group of consumer leaders built on the work of HISPC, and assist with the development of consumer messages. In the strategic planning phase, we will be disseminating those messages through consumer groups involved in health reform issues and consumer protections. In the implementation phase, we will be working closely with the Regional Extension Center and with consumer and health organizations to provide educational tools to consumers through their health care providers and through broad media sources.

Budget for communications includes planning phase budget of $170,000 (federal funding) and total costs for the remainder of year 1 of $120,000, split between federal funds and state match.

Planning Consultants (Year 1):

Strategic planning, facilitation/consensus building, financial modeling, and other consult and support: OHPR has contracted with a team of experts to assist the strategic planning process and provide advice during the initial implementation phase of the ORHIE project. In total, these consultant costs are estimated at $500,000 for the planning phase (first half of year 1) and $150,000 for the second half of year 1.

- Strategic planning consultants: during the planning phase, the HITOC will assess Oregon's options for a statewide interoperable HIE, exploring efforts in other states and regions, and

analyzing best practices under the guidance of strategic planning consultants Shaun Alfreds of the National Academy for State Health Policy and Jay Himmelstein, MD, MPP, University of Massachusetts.

- Facilitation/consensus building consultant: Julie Harrelson of the Harrelson Group will work closely with the State Coordinator to provide HITOC with strategic council and business planning expertise, assisting the Council with consensus decision making and stakeholder coordination.
- Technical advisor: Dave Witter of Witter & Associates will lend his expertise employed in preparing the EHR survey and the Environmental Scan Matrix and HIE Activities Inventory. He will continue to be available to assist the HITOC with analysis of state HIE efforts and gaps and assist with financial modeling.
- Communication support: Chris Coughlin will work closely with the State Coordinator around communication strategy, message development and stakeholder education and engagement.
- Financial econometric expert: this expert will inform the HITOC recommendations around a business plan and sustainability financing sources.

Meaningful use and evaluation measurement planning (not yet selected): This consultant will work with the HITOC to develop a meaningful use and evaluation measurement plan to review, harmonize, interpret, and disseminate national standards for practical application in Oregon. This will include consolidating and submitting input to the national planning effort, producing and maintaining guidelines and documentation to guide all Oregon users in the application and use of the national standards, and identifying the process flows and detailed definitions related to the quality reporting functions of the Oregon HIE. Costs are estimated at $300,000, split between the planning phase and initial implementation phase in Year 1.

Operational Plan/Technology Architecture support consultants (not yet selected): A technology expert will be invaluable to inform the HITOC efforts around developing an operational plan. It is likely that the state will contract with this same expert to advise the Medicaid HIT efforts as well, ensuring the coordination of the technological aspects of the ORHIE and the Medicaid systems. Costs are estimated at $200,000 for year 1, including $150,000 for the planning phase and $50,000 for initial implementation phase in Year 1. These costs are estimated as half of total costs – the other half to be covered by DMAP through the 90/10 Medicaid HIT match.

IMPLEMENTATION PHASE

As previously mentioned, Oregon has not developed a state Strategic and Operational plan for statewide HIE. It is difficult to describe the implementation approach and activities at this time, given that cost estimates and time frames for specific implementation activities will depend to some extent on the governance model the HITOC adopts for the HIE as well as other strategic decisions still to be made.

For the purposes of this application, Oregon's HIE team has made several assumptions to develop a budget (see table below). All implementation activities and costs are subject to change during the HITOC planning process. Further, all ORHIE project costs will significantly exceed cooperative agreement funding. The state HIE team also made assumptions about which costs to submit for cooperative agreement funding. These budgetary priorities for federal funding are also subject to change during the planning process. It is expected that Oregon will submit a revised implementation budget to the ONC with its state plan in July 2010.

Timeline and initial overarching assumptions for implementation activities (for purposes of ONC cooperative agreement application only):	
Aug. 2010:	Implementation will begin (assuming prompt approval by ONC of the state plan)
Aug. 2010 – Dec. 2010:	Start-up of public-private entity (PPE) to run technical operations of ORHIE • For the purposes of this application only, we assume that PPE will be a non-profit, public-private partnership. The actual governance model will be selected by the HITOC.
Jan. 2011 – Dec 2011:	PPE and HITOC work together on start-up implementation of ORHIE • Major technology purchases happen this year • ORHIE evaluation focuses on process; ensuring meaningful outcomes measures are collected.
Dec. 2011:	ORHIE Phase 1 operational, information exchange is functioning for some private providers, likely connecting existing regional HIEs; as well as connection to public health information networks (ALERT, ORPHEUS)
Jan. 2012 – Dec. 2013	ORHIE subsequent phases become operational throughout Years 3-4 – each phase includes adding new private and public networks and providers to ORHIE. Focus on operations, oversight, increasing provider adoption, connecting state health information networks. • Assume operational costs are relatively stable each year • PPE operates ORHIE. • HITOC role moves to oversight, coordination with state entities. • PPE/HITOC to work with providers to adopt EHR, connect to ORHIE • PPE/HITOC to coordinate with state health information networks to connect to ORHIE • Evaluation moves to outcomes measurement

The following sections describe the implementation activities included in the cooperative agreement application budget.

Evaluation and Quality:

Evaluation contractor (not yet selected): HITOC expects to engage evaluation consultants and draw upon the vast experience of OHPR to develop a robust evaluation plan during year one of the project. Following initial evaluation framework development in year 1 and beginning year 2, HITOC will recommend assigning state staff or contracting with an outside entity to conduct the evaluation, focusing on process and baseline data initially, and then building out the evaluation to include performance measures from ONC and the quality and health reform outcome measures identified by HITOC and the Oregon Health Policy Board. Methods for evaluation include capitalizing on the data sources listed under performance measures, including provider surveys, administrative claims data, quality reporting data, and patient surveys. During the planning phase, the robust evaluation program will follow the recommendations of AHRQ's National Resource Center for HIT in its Evaluation Toolkit. Oregon will ensure that it will inform a national program evaluation. Costs are estimated at $300,000 per year for years 2-4.

Quality metrics (Quality Corporation): The early implementation phase will potentially explore how the state can best develop and pilot the EMR-EHR quality reporting process, leveraging already developed quality reporting by Quality Corporation. Such a pilot would work to meld existing approaches that

integrate well with the existing claims reporting infrastructure, and would use an initial set of measures chosen from national meaningful use standards. The investment in this pilot approach would add value by demonstrating measurement methods for enhanced payments through Medicaid and Medicare. Commercial payers may also choose to participate to ensure that new processes for quality reporting will meet the needs of all payer-types and will align with the State's broader goals on health care quality. Cost estimates ($119,813 for year 1-2) are based half of total costs submitted by Quality Corporation. OHPR anticipates splitting funding for this contract with DMAP to include Medicaid populations in the pilot.

ORHIE Operations:

ORHIE public-private entity (not yet established): All estimates for an ORHIE public private entity (PPE) operations are based on the business plan designed for the Metropolitan Portland HIE (MPHIE) project, and scaled up by our consulting team to reflect the costs of a statewide HIE. Costs are $150,233 for initial implementation year 1, to cover contracts and initial office rental and supplies. The budget includes the full operational costs for year 2, estimated at $925,200. Costs include:

- *Personnel* Starting in year 2, the staffing needed for the PPE includes an estimated 7 FTE positions, scaling up to 10 FTE years 3-4. Salaries are based on estimated salary levels for similar positions in the Portland area.
- *Travel* The ORHIE PPE Executive Director and staff will need to coordinate with the various regional HIEs, health systems, providers, hospitals, and other entities around the state, including attending and presenting at professional meetings, requiring considerable travel. See the justification tables for a description of these costs.
- *Supplies* Costs associated with operating the PPE office
- *Contracts* The ORHIE project will likely require an interim Executive Director and Interim Technology Officer be hired on contract to guide the start-up phase of the PPE, during the second half of year 1. In addition, a contracted physician liaison will advise implementation issues requiring medical expertise.
- *Other* Costs associated with meetings of the PPE Board of Directors and office rental

ORHIE Technology Vendor Costs (not yet selected): Projected costs are based on information supplied by four prominent HIE vendors for supporting a federated Oregon HIE model that contemplates providing the connectivity for multiple regional/local HIE nodes, state agency applications (MMIS, public health, behavioral health) and direct HIE services for providers and other users that do not have a relationship with a local HIE. The projected costs are the average of the vendor proposals after standardization of costs across the proposals. Costs include the HIE data center, hardware, software, installation, customization, integration, gateways, interfaces, training, support and other services that would be part of a comprehensive HIE vendor contract. For year 2, the ONC budget will focus on maximizing our initial technology purchase. We estimate that our total costs for technology purchases in year two will be roughly $7 million; the cooperative agreement budget includes $3.6 million toward these costs. For years 3-4, ONC funds will provide some support for technology maintenance. Again, the technology costs are expected to be much higher than ONC funding can support: our initial estimates reflect roughly $2.7 million per year after the initial technology purchases scheduled for year 2. The cooperative agreement budget includes $100,000 for year 3 and $33,600 for year 4.

Other ORHIE Operations Costs:

- Financial capacity contractor (not yet selected): This contract will include the development and management of financial policies, procedures & controls, financial reporting and accounting, 501c3 application, and payroll.
- Legal contractor (not yet selected): The legal costs associated with planning and implementing the ORHIE are expected to be considerable. These costs could include: applying for 501c3

status; developing data use agreements, by-laws, business associate agreements which may vary by provider, vendor contracts, privacy policies, governance documents, employee policies, and other legal opinions.

- Insurance policies: The liability associated with operating a statewide HIE is considerable. The state and the ORHIE PPE will require sufficient insurance coverage.
- Subscriptions and memberships (year 1 only): Coordinating with stakeholders will be critical to the success of the ORHIE project. This project budget allocates a minimal amount to subscription and membership fees for associations.

Additional Project Costs

The ONC cooperative agreement funds will not meet the full costs of planning and implementing a statewide HIE. The budget for the implementation activities described in this narrative represent a portion of the total costs associated with these activities. Year 2 costs not reflected in the ONC budget include technology purchases, additional use of strategic/financial and technical consultants, annual stakeholder conference costs, and a communications materials budget. Year 3-4 costs not reflected in the budget include technology purchases, remaining ORHIE PPE costs (staffing, operations, legal, insurance, financial policies). Other HIE related costs not considered in this application include, costs for implementing a financing strategy (for example, accounting and billing related to collecting subscriber fees) and state costs related to connecting state health networks to the ORHIE. These additional costs may be borne by ORHIE revenue, and other state and private investments.