

Excerpts: Recommendations Related to SDE

State of Tennessee

Advancing Statewide eHealth Efforts

Version 2.0

Prepared on June 30, 2009

EXECUTIVE SUMMARY

Tennessee is a leader in advancing efforts to use health information technology (“IT”) to improve the quality, efficiency, safety and effectiveness of healthcare. Tennessee’s progress has been built on: (1) a strong commitment to protect patient privacy; (2) a financing approach that leverages competitive interests, builds opportunities for collaboration, and blends public and private funding; (3) a diverse portfolio of established and emerging local health information exchange (“HIE”) initiatives; and (4) financial support for providers to acquire and integrate advanced health IT into their practices.

Since 2006, as the result of an Executive Order issued by Governor Bredesen, the State’s electronic health information (“eHealth”) efforts have been guided by the Department of Finance and Administration and advised by Tennessee’s eHealth Advisory Council. Over the last four years, the State has made substantial investments, matched by local financial and volunteer contributions, to develop the policy and technical foundation for eHealth.

Now stakeholders in Tennessee have a new opportunity to advance eHealth. On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act (“ARRA”) and, in doing so, committed more than \$48 billion in grants, loans, and incentives to expand the adoption and meaningful use of health IT and the secure exchange of health information. Recognizing the unique opportunity and obligations of this unprecedented investment, the Department of Finance and Administration launched a comprehensive assessment of its existing eHealth policy and technical infrastructure. To inform this process, the Department of Finance and Administration retained an independent consultant to address two fundamental questions:

1. How can Tennessee best align its resources to maximize the near term opportunities presented by the federal health IT stimulus funding?
2. How can Tennessee ensure these investments provide effective and sustainable solutions for Tennessee’s healthcare needs?

Key Findings

Based on interviews with more than 30 stakeholders, consensus emerged on the following three points:

1. ***Confidence in Existing Capabilities and Resources.*** Stakeholders asserted that Tennessee has the right mix of health IT and HIE assets, subject matter experts, and collective experience to advance eHealth.
2. ***Need for Inclusion, Transparency, and Clarity.*** As experience in other states has shown, “participants support what they create.” Creating a framework of trusted collaboration is critical to achieve buy-in and sustain progress in the complex and constantly evolving healthcare landscape. To leverage the available talent and resources, stakeholders suggested that Tennessee augment its existing advisory process by building an inclusive, transparent decision-making framework with clearly defined roles and responsibilities.

3. ***Sense of Urgency.*** Stakeholders believe that the time to act is now. Given the complex requirements and ambitious schedule for stimulus funding, stakeholders believe that Tennessee must quickly organize and define its statewide process for eHealth.

Recommendations

From the assessment of Tennessee's eHealth progress to date and a comparative analysis of practices in other states, the Department of Finance and Administration developed a set of preliminary recommendations to further the State's eHealth infrastructure. These recommendations were shared with stakeholders and received wide support.

Consistent with Tennessee's objectives to support a high performing health system, the recommendations below will help Tennessee expand and extend its statewide eHealth infrastructure in the most effective and efficient manner possible.

1. ***The Creation of a Public-Private Partnership to Guide eHealth Efforts.*** Tennessee should create a not-for-profit corporation (the "NFP") that partners with State Government to advance eHealth adoption and draws federal stimulus funds for HIE implementation and a portion of "meaningful use" funding. The NFP will have broad stakeholder representation on its governing board and will qualify and be designated as Tennessee's "State-Designated Entity" ("SDE") for purposes of ARRA. The mission of the NFP will include achieving quality improvement, care coordination and cost efficiencies in the delivery of care through HIE. This recommendation reflects a natural evolution of the eHealth Advisory Council in context of the federal stimulus and the need to knit together, support and empower regional efforts. It is also consistent with emerging national trends and has wide support.
2. ***Within the New Public-Private Partnership, an Operations Council Supports a Statewide Collaboration Process.*** An organic part of the NFP should be an Operations Council which is charged with creating and overseeing workgroups to develop collaboratively the common policies, standards, technical approaches for Tennessee's eHealth infrastructure. Consisting of representatives of local HIEs, State Government, and other organizations involved in eHealth, the Operations Council will recommend policies developed in the collaborative process for adoption by the governing board of the NFP.
3. ***Development of a Comprehensive Statewide eHealth Plan.*** Once established, the NFP, through the statewide collaborative process overseen by the Operations Council, should develop a comprehensive and detailed plan that establishes the State's clinical objectives, privacy and security policies, technical architecture and financing strategies for Tennessee's eHealth efforts. In addition to serving as the framework for a well-coordinated, sustainable eHealth infrastructure, the statewide eHealth plan will also provide the foundation for any proposals required for federal stimulus funding.

4. ***Development of Clinical Objectives and Measuring Their Achievement.*** Through the statewide collaborative process, the NFP should develop clinical objectives based on clinical value, feasibility and cost-effectiveness, and should develop mechanisms to assess progress and share practical lessons in achieving objectives.
5. ***Establishment of Common Privacy and Security Policies.*** To provide the foundation for broad trust in interoperable HIE across the state, a common data sharing approach should be collaboratively developed by a Privacy and Security Workgroup that is part of the NFP's governance structure. Building on this foundation, the Privacy and Security Workgroup could then deliberate over more complex issues such as consumer access and secondary uses of data.
6. ***Addressing Strategic and Operational Issues Pertaining to Technology.*** A part of the collaborative decision-making process should be to define the technical approach to broad interoperability, establish policies to implement that approach, and specify the role of State Government in providing technology solutions and shared services. This process will involve relating technical architecture to clinical and policy objectives, enumerating the basic assumptions about the technical environment, defining what systems at what layer must comply with policies, and prioritizing the effort to deliver statewide or shared services.

Through the statewide collaborative process, the NFP will develop policy decisions to questions such as the following:

- How can the collaborative decision-making structure of the NFP best be organized (e.g., what workgroups or committees should be established, how should they be staffed, and what decision-making process is best designed to accomplish the objectives of the NFP)?
- Will the state be organized by regions and will participants be required to connect through their local RHIO?
- How will State Government information assets be made available through HIE capabilities?
- What statewide services will be made available by State Government or by private vendors?
- How can the State Government's eHealth Network architecture be best utilized to support overall HIE objectives?
- How will the Regional Health Information Technology Extension Centers ("RHITECs") contemplated by ARRA be organized and how will the RHITECs relate to the NFP, its workgroups, RHIOs and other players?

- How can the NFP’s policies and procedures be configured to be sensitive to requirements of local markets that include areas of neighboring states?

Next Steps

An overview of some of the practical and organizational steps that will be necessary to advance these recommendations is included in *Attachment 1*.

I. INTRODUCTION

A. Tennessee’s eHealth Foundation

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In summary, while there are a number of vibrant organizations that are among the most advanced HIE organizations in the nation, large portions of the Tennessee marketplace are not covered by these initiatives. The State Government’s considerable investment is viewed as lacking a consistent policy focus. No consensus has been forged that would unify these disparate efforts. There is some uncertainty about the State Government’s role in the development of broad HIE capability, and there is competitive resistance to ideas that would lead organizations like Shared Health, MidSouth eHealth Alliance and CareSpark to unite around cohesive statewide policy objectives.

B. The Recovery Act: Key Provisions and Timing

Overview of the Health IT Provisions

The Health Information Technology for Economic and Clinical Health (“HITECH”) Act, a component of the vast federal stimulus package, provides a unique opportunity to augment Tennessee’s eHealth infrastructure.

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By tying HITECH EHR adoption incentive investments to meaningful EHR use and including HIE, the HITECH Act effectively makes the design, development, and operation of an HIE a precondition to drawing down funding for EHRs. Since the funds provided in the HITECH Act for meaningful EHR use are substantial, it can be expected that states, along with other interested stakeholders, will need to pursue HIE strategies consistent with emerging federal policy requirements.

Recovery Act Timing

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HHS must issue an interim final rule adopting the technical standards at Section 3002(b)(2)(B) of HITECH by December 31, 2009. Finally, ONC has indicated that the definition of “meaningful use” of EHRs and an updated Federal Health IT Strategic Plan will be available before the end of 2009.¹

C. A Framework to Advance Tennessee’s eHealth Efforts

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A fundamental premise of this report is that advancing interoperability requires a multi-layered approach that considers activities at the local, regional, and national levels. These activities can be significantly advanced through a coordinated, collaborative effort organized at the state level. States provide natural regulatory and fiscal constructs, an opportunity for economies of scale with respect to policy and technology, and can address the challenges of trying to build HIE exclusively at either the federal or institutional levels.

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Serving as a bridge between the public and private sectors, state eHealth efforts offer distinct and important contributions to advance the interoperable exchange of health information:

- Ensure that exchange develops beyond narrowly-defined interests to serve statewide public interests;
- Identify the boundaries for cooperation and competition;
- Mobilize public and private resources for effective collaboration;
- Create opportunities for cost-effective, shared investments across stakeholders; and
- Serve state public policy interest and consumer protection concerns by facilitating consistent, reliable HIE practices.

II. GOVERNANCE

A. Critical Components

States vary, based on population, geographic boundaries, government organization, policies, economies and marketplace dynamics, and cultural norms for how policies are developed,

¹ Town Hall Meeting conducted by the Office of the National Coordinator at the Healthcare Information and Management Systems Society (HIMSS) 2009 annual meeting. See also “Health Information Technology: American Recovery and Reinvestment Act (Recovery Act) Implementation Plan.” Office of the National Coordinator for Health Information Technology. http://www.hhs.gov/recovery/reports/plans/onc_hit.pdf.

implemented, and enforced. Despite these variations, stakeholders share common interests and a need for a collective framework to develop, implement and assess health, healthcare and healthcare reform. In support of a statewide organizing capacity, state-level efforts serve two important and distinct roles:²

- **Governance:** A primary role to convene healthcare stakeholders, promote collaboration, develop consensus, coordinate policies and procedures to secure data sharing, and lead and oversee statewide efforts.
- **Technical operations:** An optional and variable role to manage and operate the technical infrastructure, services, and/or applications to support statewide and local efforts.

The table below identifies the functions and core tasks across the governance and technical operational roles.

Role	Governance		Technical Operations
Function	Convene	Coordinate	Operate/Manage
Task	<ul style="list-style-type: none"> • Provide neutral forum for all stakeholders • Educate constituents & inform HIE policy deliberations • Advocate for statewide HIE • Serve as an information resource for local HIE and health IT activities • Track/assess national HIE and health IT efforts • Facilitate consumer input 	<ul style="list-style-type: none"> • Develop and lead plan for implementation of statewide solutions for interoperability and exchange • Promote consistency and effectiveness of statewide HIE policies and practices • Support integration of HIE efforts with other healthcare goals, objectives, & initiatives • Facilitate alignment of local, statewide, interstate, & national HIE strategies 	<ul style="list-style-type: none"> • Serve as central hub for statewide or national data sources and shared services • Own or contract with vendor(s) for the hardware, software, and/or services to conduct HIE • Provide administrative support & serve as a technical resource to local HIE efforts

Governance is more than establishing by-laws and membership allotments; governance is the creation and allocation of resources for a collaborative framework for decision making and the definition of roles and relationships among all stakeholders. Governance is needed for decisions regarding:

- clinical priorities for eHealth development;

² American Health Information Management Association. “State Level Health Information Exchange: Roles in Ensuring Governance and Advancing Interoperability Final Report Part I.” March 10, 2008. Available online at <http://www.slhie.org/Docs/FinalReportPart1.8.pdf>.

- rules for use of technology infrastructure and data sharing;
- how to achieve technology integration and interoperability;
- making clinical data exchange an integral part of providers' workflow;
- deploying ARRA and other public resources for the greatest public benefit; and
- business and financing models that will ultimately dictate sustainability of eHealth; and
- enforcement of policies and standards.

Governance occurs within and across the institutional, local, regional, and state levels. Governance can be layered, and governance at the regional and local levels can co-exist with and integrate with state-level eHealth governance. Healthcare is local, so governance structures that are built around local/regional marketplaces will enhance local adoption of health IT. Because technology isn't geographically limited, vendor relationships can be leveraged across communities and at larger scale. At the State level, state government has a significant role not only as the enforcer of law, but also as a payor, a provider, and an owner of assets.

Key Success Factors

The success of a governance model of an organization or a process can be measured in two ways:

- Is the governance structure working functionally?
- Is the governance structure enabling the achievement of stated goals by the organization or process?

Therefore the essential first component of the success factors of a governance structure is the clear articulation of goals by which success can be measured.

Then the governance structure can be evaluated to determine whether it is working functionally and whether it is enabling the achievement of the articulated goals.

Functional Success

- Has the governance structure promoted **participation** by relevant stakeholders, or are there splinter groups of stakeholders who decline to submit to or be involved in the governance structure?
- Has the governance structure resulted in **adherence** by stakeholders to policies and procedures adopted through the governance structure, or is non-compliance a continuing problem?

- Does the governance structure have a **respected dispute resolution mechanism** so that stakeholders having differing opinions feel that their voices are respected?
- Has the governance structure functioned with **timeliness** so that deadlines are able to be met?
- Has the governance structure promoted **confidence and trust** by the stakeholders in the integrity of the governance process and the validity of the decisions reached through it?

Goal Achievement

To measure success in attaining goals it is of course necessary that the goals be clearly articulated and realistic timeframes be established for goal achievement. The following statement of goal achievement success factors makes certain assumptions about the goals that will be identified for the Tennessee eHealth effort.

- Has the governance structure enabled Tennessee to garner its **fair share of ARRA funding** at points that are reasonably early in the ARRA funding process?
- Has the governance structure resulted in **widespread adoption** of EHR technology?
- Has **even distribution** of EHR and HIE capability been achieved, in terms of geographic coverage, income levels and provider categories?
- Is clinical health information actually being exchanged in increasing volumes so that providers can **satisfy the “meaningful use” standard**?
- Does the governance structure provide **adequate protection of the State interests** in areas such as public health, integrity of State information resources and clinical quality and efficiency?
- Is the governance structure promoting a sufficiently rapid **evolution toward sustainability** of HIE functions?

B. Overview of Governance Efforts in Tennessee

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In summary, while there are a small number of vibrant organizations that are among the most advanced regional HIE organizations in the nation, large portions of the Tennessee marketplace are not covered by these initiatives, and they exist on an independent, unconnected basis. No consensus has been forged that would unify these disparate efforts, and there is competitive resistance to ideas that would lead organizations like Shared Health, MidSouth eHealth Alliance and CareSpark to unite around cohesive statewide policy objectives.

C. Options for Advancing Governance

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D. Recommendations and Next Steps to Advance a Public-Private Partnership

The consensus of stakeholders in Tennessee expressed during the assessment process appears to favor Option 2: the creation of a new Tennessee not-for-profit corporation (the “NFP”), independent from but partnering with State Government to advance eHealth adoption and attract federal stimulus funds for HIE implementation and portion of “meaningful use” funding. The new NFP structure would have the following attributes:

- The new NFP would be a public-private partnership that would convene a statewide collaborative process to define by consensus legal, business and technology rules for HIE in Tennessee.
- The new NFP would be designated as Tennessee’s “State-Designated Entity” by Executive Order and its mission, charter and initial board would be formed with the advice and consent of the Governor.
- The State Government would reserve powers through contract to approve expenditure of grant funds provided through the State or in the NFP's capacity as the SDE.
- As the State of Tennessee’s “State-Designated Entity” as defined under ARRA, the mission of the NFP would include quality improvement, care coordination and cost efficiencies in the delivery of care through HIE in a manner that serves the public interest and protects the privacy and security of Tennesseans’ health information.
- NFP is expected to seek and direct resources for projects and programs that are not dependent on funding or resources from the State.

The rationale for this recommendation is:

- This is a natural evolution of the eHealth Advisory Council in context of the federal stimulus and the desire to align, support, and empower regional efforts.
- The creation of a public-private partnership to oversee statewide HIE efforts is consistent with emerging national trends and has wide support.
- A state layer of HIE governance is necessary but should not be run by State Government.
 - The NFP will allow for flexibility in what is still an experimental area and can innovate as events necessitate. State Government processes would inhibit that. Also the NFP allows for broader financial support of HIE, instead of relying solely on the state's ability to provide funds.
 - Statewide collaborative process of stakeholders organized by State Government in a new NFP will engage all voices and lead to uniform and sustainable rules on privacy and security that will meet or exceed current legal requirements. The NFP can promote emerging best practices for HIE and will also provide consistent policies for authorization, authentication, access, audit, data security breaches, etc.
 - Through a consensus-driven process, the new NFP can focus on both statewide clinical objectives and the technical architecture necessary to support both those and the clinical uses developed at the regional and local levels.
 - Regional HIE platforms will voluntarily comply with rules of the new NFP as members of a self-regulated organization, rather than have to go through bureaucratic processes.

The mission of the NFP would be accomplished through seven strategies:

1. ***Convene, Inform, and Engage Key Constituencies.*** The NFP will establish mechanisms to inform and include stakeholders in its activities, and to incorporate their input into policy recommendations on an ongoing basis. This strategy is critical to ensure that the broadest possible range of stakeholders support a unified approach to health IT and health information exchange implementation across Tennessee.
2. ***State eHealth Plan Development and Oversight.*** As called for under ARRA, the NFP will create the state eHealth plan and oversee its implementation.
3. ***Develop eHealth Policies and Standards.*** The NFP will develop and adopt consensus-based principles and policies designed to meet the broad needs of consumers and healthcare organizations involved in health IT and HIE activities across Tennessee.

4. ***Develop and Administer a Contractual Framework.*** The NFP will develop and administer a contractual framework for the oversight and enforcement of statewide policy guidance.
5. ***Establish Accountability Measures and Track Progress.*** The NFP will develop tools to evaluate the use and impact of health IT and HIE, including its costs and benefits to various stakeholders. The goal is to establish a credible and efficient process for ongoing performance measurement to ascertain the effect of health IT and HIE on healthcare quality and efficiency.
6. ***Policy and Payment Administration.*** The NFP will develop and, where necessary, administer policies for the payment of shared services by participants in the statewide network.
7. ***Overall Management of State-Level Approach to HIE.*** The NFP will plan, develop and manage a state-level, coordinated approach to healthcare information technology that enables improvements in healthcare quality, affordability and outcomes. The NFP will not be a technology organization but will manage a process.

This coordinated approach will include developing and communicating recommendations to the State of Tennessee with respect to health IT policies and procedures that facilitate the measurement and reporting of health information to improve healthcare quality, affordability and outcomes.

The NFP would implement its strategies by:

- Engaging key constituents and maintaining strong communications with all interested parties.
- Providing leadership and organizational support for the statewide collaborative process, carried out in part through workgroups formed to address specific tasks.
- Achieving consensus on and monitoring compliance with technical architectures, data standards, data use agreements, privacy measures, confidentiality provisions, and other measures as needed.
- Establishing accountability measures, reporting progress, and recommending interventions when necessary.
- Managing contracts issued through the State of Tennessee through which funding from public services or other parties can flow to stakeholders.
- Developing financing and payment policies and assuming responsibility for their administration.

Relationship To State

A key consideration for the new governance structure will be the NFP's relationship with State Government. The new NFP would be linked to oversight by State Government in three ways, allowing appropriate transparency and stewardship of State resources:

1. State reserved powers reflected in State grant contract with the NFP
2. Contractual arrangement with the State for designation of the NFP as a State-Designated Entity under ARRA
3. State agencies will be active members of the board, policy and operations council and working groups of the NFP

The initial funding to organize the NFP and launch its operations will almost certainly need to be provided through a grant from the State. The State grant contract would provide that the corporate authority of the NFP to make certain decisions or take certain actions requires the prior approval of the State. If desired, certain of these reserved powers could be articulated as a right of the State to cause the NFP to act (and not merely a veto right). Therefore the board of the NFP would not have sole authority over these matters and the State's approval authority would be an organic part of the fabric of the NFP.

The categories of decisions that would be subject to State approval could include:

- Expenditure of federal or state grant funds
- Adoption of technical or policy rules that bind the State in the use or deployment of State-owned assets or information of which the State is the steward
- Decisions that the State determines affect public health

The designation of the new NFP as the State-Designated Entity of Tennessee for purposes of ARRA would be accomplished in a written instrument that would have the force of contract and would bind the SDE to act in a manner that is consistent with State policy. This contractual relationship would bind the NFP to general reporting and auditing obligations, but would also provide a structure within which basic policy decisions affecting the application for and expenditure of ARRA funds would be developed in consultation with and approved by the State.

As an important payor, provider, technology operator and custodian of health information, representatives of State agencies would sit as members of the board, the Operations Council and most (if not all) of the working groups appointed by the SDE to develop policy recommendations and decide policy for the SDE.

Because of the relationship of the SDE and the State, it will be important to have certainty as to such questions as whether (i) the designation by the State of the SDE triggers the application of State procurement law and regulations, and (ii) any of the planned activities of the SDE trigger the application of such laws and regulations. It is suggested that it might be appropriate for the

NFP to seek an opinion of the Attorney General of Tennessee as to these and any related questions.

Organizational Structure

Board of Directors

The board of directors of the NFP would be the governing board responsible for all policy decisions.

The board would be self-perpetuating. Its members would be divided into classes having staggered terms. Certain board positions could be allocated to specific organizations (such as State provider or payor organizations) or to specific categories of stakeholders (such as RHIOs, providers, payors, purchasers, consumers, etc.).

Operations Council

The Operations Council would be the structure that organizes the stakeholder collaborative process around operational matters. Whereas members of the board will determine strategy and policy, the Operations Council and its workgroups would deal with technical and operational matters (and hence should be populated with people with technical and operational experience and knowledge). The Operations Council:

- Provides leadership for and participates in developing and implementing a comprehensive and coordinated state-level strategy for interoperable health information technology to support improvements in healthcare quality, affordability, and outcomes.
- Provides guidance, leadership and support for the collaborative process through creating and overseeing work groups to develop collaboratively and propose clinical uses, common policies, standards, and technical approaches.
- Develops and makes recommendations to the NFP Board with respect to health IT policies and procedures that facilitate the measurement and reporting of health information to improve healthcare quality, affordability, and outcomes.

Operations Council Composition: A Chair and Vice-Chair of the Operations Council should be appointed by the NFP Board Chair, in consultation with the members of the Board and the Tennessee State Government.

The Operations Council should include one representative from each local HIE in Tennessee. Each local HIE will nominate a representative, who will be confirmed by the Executive Director of the NFP after consultation with the Board Chair and the State of Tennessee.

In addition, the Operations Council would include up to three members of the NFP Board who are appointed to serve by the Board Chair in consultation with the State of Tennessee.

Workgroups

Workgroups established by the Operations Council could include workgroups having names and mandates such as the following:

- ***Clinical, Quality, and Public Health Objectives Workgroup*** that identifies health priorities and recommends the clinical and quality objectives that will guide statewide eHealth activities, including measures and mechanisms to track and convey progress.
- ***Technical Architecture Workgroup*** that identifies and supports adoption of the standards that will be leveraged to assure open and interoperable technology solutions
- ***Privacy, Confidentiality and Data Use Workgroup*** that develops the framework for ensuring trust and consumer confidence in the security of their health records, recommending approaches to address such issues as patient consent and security requirements (availability, authentication, access, audit), in alignment with State and federal regulations.
- ***Provider Workflow Workgroup*** that identifies approaches to ensure data sharing becomes useful for and widely adopted by providers at all levels.
- ***Adoption Workgroup*** that is responsible for ensuring and supporting adoption of HIE technology by and coordination of HIE use by providers, drawing on resources such as Regional Healthcare IT Extension Centers.
- ***Business Models Workgroup*** that develops measures and methods for a self-sustaining, high performing healthcare system.
- ***Implementation Workforce Workgroup*** that supports and coordinates development and deployment of properly trained support personnel to assist providers in achieving “meaningful use” of health IT.

Executive Staff

Leading Tennessee’s eHealth efforts requires skilled, senior leadership – both within state government and at the newly created independent organization.

State Government Staff

Within State Government, there is a critical need to have personnel who have the authority and skills to: (1) coordinate the diverse array of eHealth activities and resources across State agencies, and (2) act as the State’s lead participant in the public-private collaborative and to ensure that the effort serves the public interest.

NFP Staff

Initially, the organization should have an Executive Director and a small professional staff who (1) facilitate collaboration across a diverse range of public and private sector stakeholders; (2) develop consensus on challenging issues; (3) oversee work groups, contractors and staff to ensure timely completion of tasks and deliverables.

- ***Executive Director.*** The Executive Director should possess deep knowledge of healthcare delivery and health information, be a skilled facilitator, and be viewed as impartial and well respected by public and private sector stakeholders.
- ***Senior Staff.*** The senior staff will have day-to-day management and coordination of Workgroups and sub-contractors and should have sufficient knowledge of and experience with the policy, technical, and financing of eHealth activities.
- ***Support Staff.*** Consulting staff as required to support statewide collaborative process and the Workgroups.

Budget

The annual budget is estimated initially to be between \$2 million to \$3 million and covers:

- Salary and benefit for Executive Staff
- Legal and other operational expenses
- Expenses for coordinating, managing, and documenting Workgroup meetings
- Contracting for subject matter experts to support the Workgroups

III. CLINICAL OBJECTIVES

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Recommendations and Next Steps

An essential component of the statewide collaborative process administered by an Operations Council of the NFP should be a Clinical, Quality and Public Health Objectives Workgroup that identifies and recommends the clinical objectives that will guide statewide eHealth activities and the measures and mechanisms to track and convey progress. The recommended clinical objectives and measurement criteria should be considered by the Operations Council, recommended to the Board of the NFP in a decision memorandum and adopted by the Board of the NFP.

In support of the development of Tennessee’s plan for eHealth, a Clinical, Quality and Public Health Objectives Workgroup should assess use cases on ePrescribing, quality measurement and reporting, and care coordination, all of which are consistent with the initial statutory requirements for meaningful use included in HITECH.

IV. PRIVACY AND SECURITY

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Recommendations and Next Steps

In order to achieve effective statewide sharing of health information, a common data sharing approach should be developed. Such an agreement should build upon and harmonize the data sharing agreements already operative within Tennessee’s mature HIEs. This should be accomplished as part of the statewide collaborative process administered by the Operations Council of the NFP through establishment of a Privacy, Confidentiality and Data Use Workgroup whose membership includes individuals familiar with the issues and policies already addressed in developing the intra-HIE data sharing agreements of the State’s mature HIEs. An initial goal should be to achieve sufficient common ground of trust to enable HIE to HIE exchange of basic clinical and related information. More complex issues such as consumer access and secondary uses of data would then be addressed as part of a uniform statewide policy regarding the four “As” with the ultimate goal of common consent and notification documentation and full interoperability. The common data sharing agreement that emerges from this process should become the approved model for use by emerging HIEs and a condition of their future participation in the statewide HIE structure.

V. TECHNICAL ARCHITECTURE

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Recommendations and Next Steps

A useful approach might be to set aside Option 1 given the need to develop robust HIE for both improved healthcare and federal requirements. Options 2 and 3 merit further discussion to establish a technical strategy, especially whether there is value in integrating a broad set of robust shared services over time that may be provided initially by the State and added to later by regional or local efforts (or even by vendors or other institutions) versus a more limited set of shared services and basic exchange with local and regional efforts concentrating on services internal to their region.

Regardless of whether Option 2 or 3 is ultimately chosen, a Technical Architecture Workgroup should be convened by the NFP within the context of the statewide collaboration process to address the strategic and operational issues involved in implementation. At a minimum the workgroup should address the following fundamental architectural considerations:

- Enumerating the critical environmental assumptions that the technical architecture must address.
- Defining the network boundaries and determining which systems will comply with agreed upon statewide policies.
- Relating the technical architecture to the overall clinical and policy objectives of Tennessee.
- Prioritizing any efforts at the state level to stage government assets or other shared services.

VI. HEALTH IT ADOPTION

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Recommendations and Next Steps

1. *Assess the current health IT landscape in light of proposed incentives.* Given the current economic situation and state fiscal crisis, Tennessee should undertake a survey to identify the need for up front capital among those Tennessee providers who have yet to purchase EHRs or who require assistance to enhance their use of EHRs. Upon assessment of demand, the State and newly formed NFP should work together to identify potential funding sources, including contributions from the State’s foundations and existing capital-loan programs, to satisfy HITECH’s match requirement.

2. ***Assess opportunity to create an EHR loan program.*** Even with HITECH's Medicare and Medicaid incentive payments, many healthcare providers may not qualify for CMS incentives or have access to the up-front capital necessary to purchase and install EHRs. Through the newly formed NFP should assess the viability and parameters of an EHR loan program that conforms to the HITECH's proposed EHR Loan Program.
3. ***Leverage Tennessee's existing technical assistance mechanisms.*** While it is unclear exactly how the federal government will design the Regional Extension Center program, and while these details will necessarily impact Tennessee's strategy for drawing down the funds available under this program, it is quite clear that a number of organizations across Tennessee have experience in promoting effective EHR adoption and use, which is precisely the goal of the Regional Extension Center program. In designing a program responsive to federal parameters, Tennessee can build on its Physician Connectivity Grant Program infrastructure to assist providers with readiness assessments, product selection, change management, workflow redesign support, and user training and ongoing support, including enabling providers to utilize their health IT tools for quality reporting, analysis and improvement.
4. ***Develop internal State agencies' health IT capacity.*** Create inventory of State systems, capabilities and development timelines. Existing plans to implement identity management across State agencies should be accelerated.
5. ***Create a collaborative process to coordinate telemedicine and telehealth efforts.*** Telemedicine and telehealth represent a complex landscape of capabilities and business models. In order to ensure resources are effectively and efficiently deployed, Tennessee should create a process involving payers, providers, existing and potential care delivery sites, and telemedicine networks. The collaborative process should identify common needs, address competing interests, and develop a detailed and comprehensive implementation plan for the integration of telemedicine and telehealth into the healthcare system.

VII. FINANCING

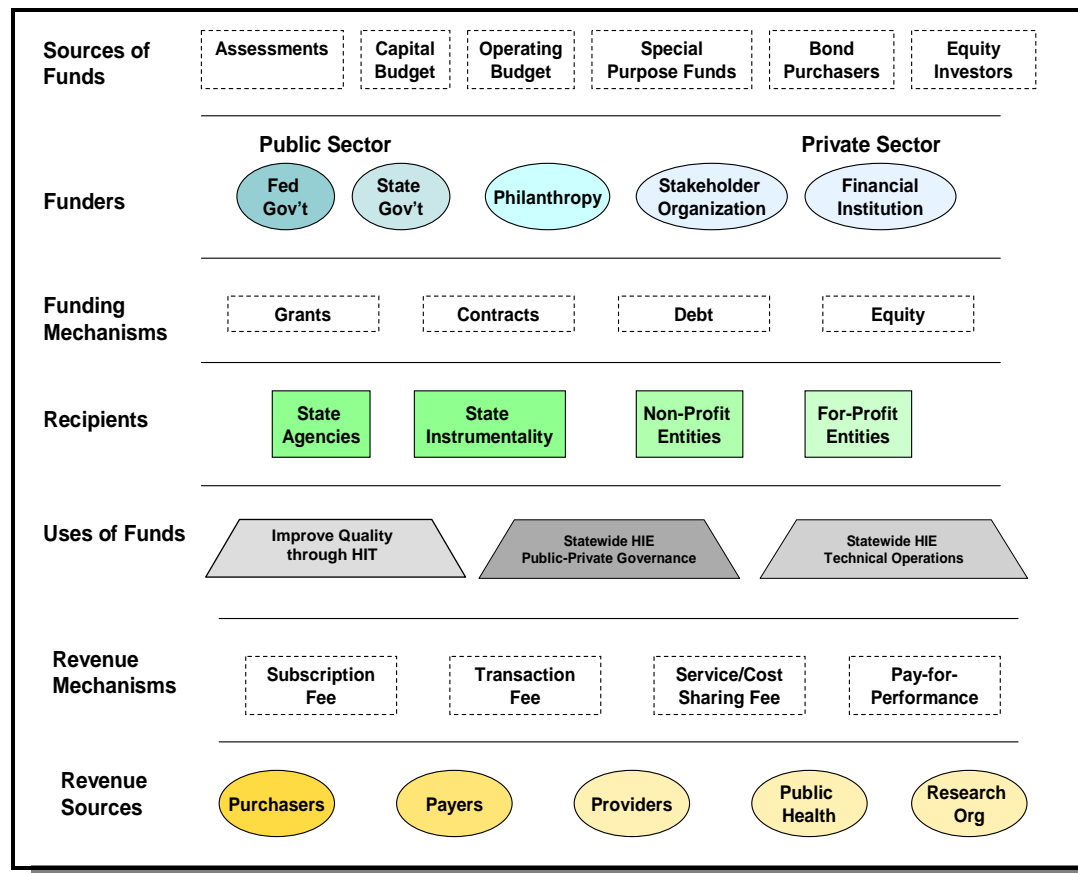


Figure 1: eHealth Financing Components

Funders	TN	Comments
Federal Government	\$9,954,204	
AHRQ SRD	\$5,000,000	
CMS Medicaid Transform	\$674,204	
NHIN Trial Implementation	\$2,680,000	
Others:	\$1,600,000	\$1.6 million HRSA grant to the MTRHIN
State Government	\$29,050,000	
Operating budget	\$29,050,000	\$9.0 million to local HIEs and approximately \$20 million for Shared Health services.
Capital budget	\$0	
Special assessment	\$0	
Special purpose funds	\$0	
Payers	\$25,000,000	Estimated investment by BlueCross BlueShield of Tennessee’s investment in Shared Health ³
Providers and Employers	\$1,350,000	Estimated \$750,000 in technical support provided by

³ Bregel, Emily. “Shared Health money cut in early TennCare budget.” *The Chattanooga Times Free Press*. April 4, 2009.

		Vanderbilt to MidSouth eHealth Alliance and \$600,000 from Eastman Chemical to CareSpark
Total	\$65,354,204	

Figure 2: Estimated Investments in HIE Capabilities (2004-2008)

In addition to its \$29 million investment in HIE, the Tennessee government has provided significant resources to support provider adoption of health IT. Through the Physician Connectivity Grant Program, the State has committed approximately \$5 million to help providers purchase equipment, software, and services and connection to the Tennessee eHealth Network.

Options, Recommendations, and Next Steps

Moving forward, Tennessee has a number of options to support its evolving eHealth infrastructure and the development of the cognitive tools and training that will help the exchange of health information actually support clinical decision-making. As noted above, the health IT funding under the stimulus package represents an unprecedented opportunity for capital investment and new healthcare reimbursement strategies to sustain a high-performance health system for Tennesseans. However, the federal investments and the Medicare and Medicaid incentives are time limited (ending in 2016 in the case of Medicare incentive payments and at the end of a five-year period commencing no later than 2016 in the case of Medicaid incentives to a given provider). These incentives alone will not ensure sustainability.

Based on experiences in other states, combined with the what is currently known about HITECH funding, the NFP should engender a deliberative process in tandem with State Government to:

- **Develop strategies to finance HIE implementation costs at state, regional and local levels.** The plans should include financing vehicles for up-front infrastructure costs as well as coordinated reimbursement models that reward healthcare providers for the implementation and utilization of high-quality, efficient care through health IT. Infrastructure financing should be calibrated so that dollars are spent most efficiently at the state, regional and local levels. Consideration should be given to strategies to ensure that HITECH’s EHR incentive payments are used to strengthen and sustain the State’s efficiency, interoperability, and care improvement goals.
- **Develop a RHITEC strategy to make optimal use of available funds.** The NFP should determine how best to coordinate the application for and administration of RHITEC funding under ARRA.
- **Develop plans to leverage Medicaid administrative funding.** HITECH authorizes a 90 percent federal match for expenditures incurred by states in administering the EHR incentive payments.⁴ In its ARRA Implementation Plan, CMS estimated total administrative match payments of approximately \$1 billion over the duration of the

⁴ See ARRA, § 4201(a)(1), 123 Stat. 489 (to be codified at 42 U.S.C. § 1396b(a)(3)(F)(i)). This is consistent with the federal match rate states receive for expenditures attributable to the design, development, or installation of MMIS under 42 U.S.C. § 1396b(a)(3).

program.⁵ Tennessee should develop plans to leverage the Medicaid administrative funding to support health IT adoption and HIE expansion in a manner consistent with the statewide eHealth framework.

- ***Assess the need for an EHR Loan Program.*** Even with HITECH's Medicare and Medicaid incentive payments, many healthcare providers simply will not have access to the up-front capital necessary to purchase and install EHRs. HITECH provides funding for an EHR loan program, but requires states to contribute \$1 of state funds for each \$5 of federal funds. Tennessee should undertake a survey to identify the need for up front capital among those providers who have yet to purchase EHRs or who require assistance to enhance their use of EHRs. Upon assessment of demand, the state, through the statewide collaborative process, should identify potential funding sources, including contributions from the foundations and existing capital-loan programs, to satisfy HITECH's match requirement.
- ***Marshall available funds from philanthropic sources.*** The NFP should canvass available philanthropic sources of funding, bearing in mind that local and regional HIE efforts may also be dependent on such sources.
- ***Develop financial sustainability strategies for HIE at the state, regional, and local levels.*** Examination of market-based business models that can defray the costs of infrastructure expansion and maintenance on a sustainable basis should be a priority. Evaluation of approaches taken in other states should be undertaken and all stakeholders should be engaged in the deliberation.

Next Steps

The proposed statewide collaborative process administered by the Operations Council of the NFP should include a workgroup focused on the assessment and development of recommendations regarding both the near and long term financing of Tennessee's eHealth infrastructure at the state and regional level.

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⁵ See the CMS ARRA Implementation Plan, available at http://www.hhs.gov/recovery/reports/plans/hit_implementation.pdf.

ATTACHMENTS

TIMEFRAME: June 17 – September 30, 2009

ITEM	TARGET DATE	RESPONSIBILITY
BASIC INITIAL DECISIONS		
Determine size and composition of Board of NFP based on considerations such as: appropriate leadership roles for existing large RHIOs; balanced regional representation; appropriate representation of providers, consumers, payors, etc.; adequate inclusion of subject matter experts and thought leaders		
Determine initial NFP staffing positions and compensation levels		
Determine first year's budget for NFP and source of State grant to fund first year's budget		
BASIC ORGANIZATIONAL DOCUMENTS		
Draft certificate of incorporation		
Draft bylaws		
Draft charter of Operations Council, including committee structure and decision protocol		
Draft Participation Agreement for RHIOs and other participants to bind themselves to policies and procedures adopted by the NFP		
Draft statewide collaboration process guidelines		
Comment on basic organizational documents		
Finalize basic organizational		

ATTACHMENTS

ITEM	TARGET DATE	RESPONSIBILITY
documents for presentation to NFP Board		
Prepare Form 1023 for filing with Internal Revenue Service		
Review and approve Form 1023		
File Form 1023 with Internal Revenue Service		
STATE LEGAL CLEARANCES		
Prepare draft request to Attorney General for opinion re applicability of state procurement laws and other legal matters		
Comment on draft request to Attorney General		
Finalize request to Attorney General		
Obtain opinion of Attorney General		
BASIC OFFICIAL DOCUMENTS		
Prepare memorandum regarding HHS requirements to qualify NFP as SDE		
Draft Executive Order designating NFP as SDE		
Draft contract between State and the SDE		
Comment on basic official documents		
Finalize basic official documents, issue Executive Order and execute contract between State and SDE		
File certificate of incorporation		
Issue Executive Order		

ATTACHMENTS

ITEM	TARGET DATE	RESPONSIBILITY
BASIC ARRA DOCUMENTS		
Prepare outline of suggested elements of State Plan contemplated by ARRA		
Comment on Outline		
Prepare draft of State Plan		
Comment on draft State Plan		
Prepare final draft State Plan for submission to NFP Board		