



3rd Nationwide Health Information Network Forum

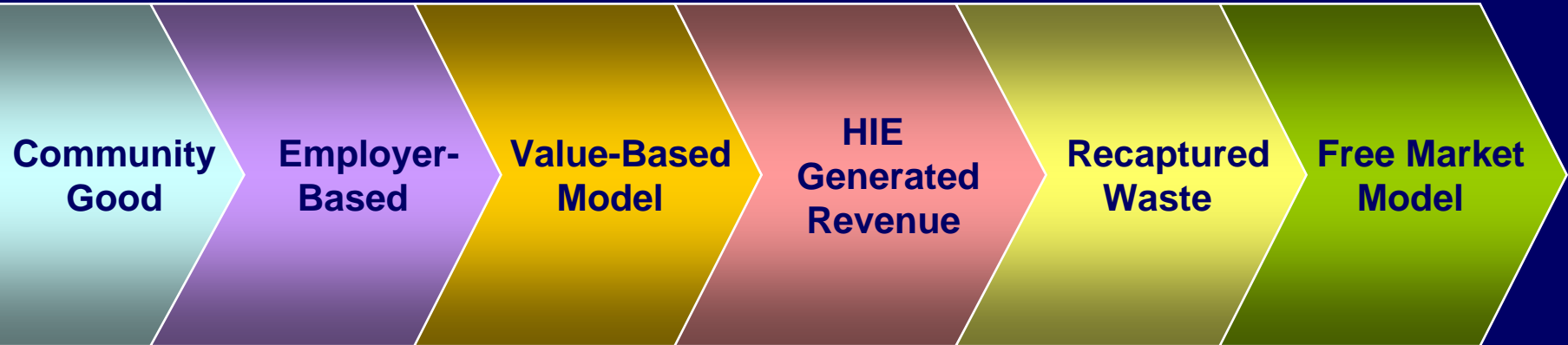
Rhode Island HIE: Business Model Development

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Publicly Funded

Continuum of Business Model Options

Privately Funded



Community Good Model

- Funded through a bed-tax or other surcharge
- Spreads costs out over the largest number of people

Employer-Based Model

- Employers bear the cost
- Funding provided by a surcharge on premiums

Value-Based Model

- Calls for payment for value received
- Some research exists that can be extrapolated for RI
- Can be used as the assumptions for implementation until we have actual results for RI

HIE-Generated Revenue Model

- “Pay-to-play” transaction-based model that charges for use
- Subscription fees
- Revenue from analytics

Recaptured Waste Model

- Create savings from streamlining admin transactions
- Complete a study for RI that estimates the opportunity
- Reinvest savings to fund HIE operations

Free Market Model

- Separate business that generates revenue to support HIE
- e.g. Community portal that offers enough value to prompt people to pay for it
 - User Community
 - Shared Authentication
 - Generic administrative transactions



The Community Consensus

- RIQI Board members were interviewed regarding their perspectives on sustainability models.
- The length of the interview lasted between 30 and 90 minutes.
- Relevant narrative was captured, condensed and reviewed by the person interviewed for accuracy.
- Raw narratives were shared de-identified at the request of some respondents who felt that absolute candor could be better achieved without attribution
- Summary, findings and raw narratives shared at an RIQI Board meeting (public forum)



The "Modified Community Good" Model

Some combination of the following:

- Tax revenue is generated from the citizens of RI
 - RIQI stakeholders will create legislation
 - Smaller Business Association of New England currently working on this

- A "cost of care surcharge" is enacted
 - RIQI stakeholders will determine a per-encounter surcharge and the mechanism by which these revenues will be obtained

- Voluntary contributions guided by a logical assessment of where value will accrue
 - RIQI stakeholders will assess the value to their organizations and decide upon a commitment of cash or in-kind contribution



Assumptions

- We can develop a valid operating model and reasonably estimate costs
- We can obtain valid cost of care information
- RIQI stakeholders are willing to engage in serious discussion regarding voluntary contributions
- We can provide the stakeholders with adequate information to make a decision



Best Case Potential Savings

- In 2006, we spent approximately \$6 billion on healthcare in RI (~ \$6000/RI resident)
- Extrapolating the CITL national projection of a 5% reduction in healthcare spending, equates to a potential \$300 million savings per year for RI
- These savings do NOT include improvements in quality or safety
- Most are convinced that we'll have to build it and operate it to really understand what value accrues and to whom

Action by the State Government

- Budget Article for \$20M Revenue Bond (2006 session)
 - Calls for official State-designated RHIO
 - RHIO would be eligible for financing HIE through state bonding authority
 - State to pay its proportionate share (State employees, Medicaid) if other sectors participate

The Challenge

- Provided all Rhode Island domiciled insurers (for both their insured and self-insured plans for Rhode Island residents administered by them or their affiliates), Medicare, and Medicaid participants participate in the same capitalization and operations.
- A common participation formula in which the state of Rhode Island is a party only to the extent of its Medicaid and state employee and retired employee health plans
- The annual costs of the State's incorporated into the operating budgets of the respective departments and receive approval by the general assembly



Current Status

- Center for Information Technology Leadership (CITL) data has undergone an initial review by RIQI stakeholders
- Data has being extrapolated for Rhode Island and undergoing analysis for relevance and local credibility
- Ongoing modeling of where value accrues and where opportunities for value are out of scope (such as lab orders and results delivery)
- “Modified Community Good” model still the front-runner
- Some creative possibilities under consideration as a result of the community-wide focus on the value of HIT