Testimony Before the
Committee on Oversight and Government Reform
Subcommittee on Government Management,
Organization and Procurement

Statement of

Robert Kolodner, M.D.

National Coordinator,
Office of the National Coordinator for Health IT
U.S. Department of Health and Human Services

November 1, 2007

Chairman Towns, Ranking Member Bilbray, and Members of the Subcommittee. I am Dr. Robert Kolodner, the National Coordinator, Office of the National Coordinator for Health IT (ONC) with the U.S. Department of Health and Human Services (HHS). I am pleased to testify before you on the Administration's Vision for Interoperable Health IT and how we are working with agencies and stakeholders to meet the needs of our nation's medically underserved.

Introduction

On April 27, 2004, the President signed Executive Order 13335 announcing his commitment to the promotion of health IT to improve efficiency, reduce medical errors, improve quality of care, and provide better information for patients and physicians. The President also called for widespread adoption of electronic health records (EHRs) by 2014 so that health information will follow patients throughout their care in a seamless and secure manner. The President directed the Secretary of HHS to establish the position of the National Coordinator for Health Information Technology to provide the leadership and strategy toward the unified advancement of the national health IT agenda in America.

Building on the progress made, on August 22, 2006, the President issued Executive Order 13410 to ensure that health care programs administered or sponsored by the federal government promote quality and efficient delivery of health care through the use of interoperable health IT, transparency regarding health care quality and price, and incentives to seek health care value. The key role for ONC is to provide the leadership for the development and nationwide implementation of interoperable health information technology to improve quality and efficiency of health care, enable consumers to manage their health, and promote individual and population

health. The approach centers on nationwide health IT adoption accomplished through the coordinated effort of many stakeholders, including federal, state and local governments as well as the private sector to benefit all patients, including those in medically underserved populations. Since its establishment, ONC has fostered health IT adoption and implementation through federal, public-private, and state-based activities.

ONC provides leadership under the direction of the National Coordinator to advance the national health IT agenda through coordination and leverage of federal programs to increase access and use of electronic health information for the following:

- Providers in the coordination and delivery of high quality, efficient patient-centric care;
- Individuals in working and communicating with their health care providers; and
- Communities to improve quality of care, conduct research, and support public health.

Public and Private Partnerships Addressing the Medically Underserved

ONC is ensuring the coordination of federal and state government, and private sector activities through five key components to advance the national health IT agenda while meeting the needs of the medically underserved:

- American Health Information Community (AHIC)
- The Nationwide Health Information Network (NHIN), including input from the Federal Health Architecture (FHA);
- Standards in health IT products and services;
- Adoption of interoperable health IT; and

- Privacy, security and other health IT policies.

American Health Information Community (AHIC)

The AHIC is a federal advisory body chartered in 2005 to make recommendations to the Secretary on how to accelerate the development and adoption of health IT. It has been invaluable in helping to advance efforts to achieve President Bush's goal for most Americans to have access to secure electronic health records by 2014.

We are in the process of transitioning the AHIC to a public-private partnership based in the private sector, with the federal government as an active member and participant. The AHIC successor will be independent and sustainable and will bring together the best attributes and resources of the public and private sectors. This new public-private partnership will build from current accomplishments to accelerate the movement toward an interoperable nationwide health information system. The AHIC successor transition will be completed by fall 2008.

We have taken specific steps to include medically underserved populations as we transition to the AHIC successor. In the Notice of Funding Availability (NoFA) dated August 13, 2007, to provide resources for an entity to design and establish the successor organization to the AHIC, the NoFA specifically requires that the AHIC successor organize the membership into sectors that are inclusive of all relevant and affected parties in the health community.

The Nationwide Health Information Network (NHIN)

The NHIN is a "network of networks" built from a set of policies, standards and architecture to allow different electronic systems to communicate health information. In 2005, ONC led a broad project in communities across America to develop models that would demonstrate how nationwide electronic health information exchange might work. As a result, ONC initiated the next phase of trial implementations in 2007 involving nine multi-stakeholder health information exchanges (HIEs) across the country to cooperatively identify and implement the best solutions for exchanging electronic information.

We have included specific requirements in the NHIN trial implementation contracts to work with providers that serve medically underserved populations. The inclusion of safety net providers who serve low-income and other vulnerable populations can help ensure that the medically underserved community benefits from interoperable health information exchange throughout the country.

HHS and other federal agencies are investing significant resources and efforts in our national health IT agenda to work together on a common strategy to develop and connect to the NHIN. The Federal Health Architecture (FHA) is led by ONC and engages 26 federal agencies, all with health-related activities, to collaborate in the advancement of health information exchange across the federal government and with the tribal, state and private sectors. These agencies are working to achieve quality improvement, with greater efficiencies and streamlined processes for federal health care expenditures, which currently account for 40 percent all national health care spending.

The FHA includes federal agencies that address medically underserved populations. The increased use of interoperable health IT by these federal agencies and their contractors benefits the medically underserved populations they serve. Listed below are some agencies involved in the FHA:

- Health Resources and Services Administration (HRSA)
- Indian Health Service (IHS)
- Centers for Medicare & Medicaid Services (CMS)
- Agency for Healthcare Research and Quality (AHRQ)
- Substance Abuse & Mental Health Service Administration (SAMHSA)
- National Institutes of Health (NIH)
- Food and Drug Administration (FDA)
- Administration for Children and Families (ACF)
- United States Department of Agriculture (USDA)
- Social Security Administration (SSA)
- Department of Veterans Affairs (VA)
- Department of Defense (DoD)
- National Cancer Institute (NCI)

Standards in Health IT Products and Services

ONC is supporting the harmonization of standards needed for incorporation into products that enable the movement of electronic health information from one entity to another. We use the priorities identified by the AHIC to determine the areas to focus standards harmonization.

Standards harmonization is conducted by the Healthcare Information Technology Standards Panel (HITSP), an ONC-established cooperative partnership between the public and private sectors. To ensure that these standards are incorporated into products, we set up the Certification Commission for Healthcare Information Technology (CCHIT) to establish functionality, interoperability and security certification criteria for EHRs and other health IT products. The CCHIT is a public-private entity recognized by the Secretary as a certification body. This activity has been extremely successful. Since May 2006, 93 ambulatory EHR products accounting for 75% of products in use have been certified by CCHIT and the first certified inpatient EHRs are due to be announced in the next few weeks.

Adoption of Interoperable Health IT

A key component of the national health IT agenda is to remove barriers and advance incentives to create an environment that promotes the adoption and use of EHRs by health care providers in both hospitals and physicians' offices and of personal health records by individuals and their designees. Increased adoption and use of EHRs will decrease medical error, increase quality of care, and provide better information for clinical care. We engage in multiple initiatives to help foster this environment through targeted coordination with federal agencies, cross-departmental collaboration, and environmental assessment.

ONC is coordinating closely with HRSA and CMS on health IT adoption initiatives. HRSA recently awarded grants specific to providers who deliver care to medically underserved populations that focus on increasing the adoption of health IT. In fiscal year 2007, ONC worked closely with HRSA to assure that single-entity, multi-site organizations adopt systems that will

allow for the type of information exchange that will support bettor coordinated care and greater patient engagement.

ONC participated in the Medicaid Transformation Grants review process, ensuring coordination with the national health IT efforts. The Deficit Reduction Act authorizes new grant funds to states for the adoption of innovative methods to improve effectiveness and efficiency in providing medical assistance under Medicaid. Attached as an appendix is a CMS statement providing additional information on the Medicaid transformation grants.

The HHS workgroup on Health IT and underserved populations was established to look at the impact of departmental activities around health IT and underserved populations including an assessment of ongoing activities, challenges, and potential opportunities to further incorporate a focus on disparity populations. The workgroup is chaired by the Office of Minority Health (OMH) and HRSA and includes representation from ONC, CMS, IHS, SAMHSA, AHRQ, the National Library of Medicine (NLM), NCI, the Office of the Assistant Secretary for Planning and Evaluation (ASPE), and the Office for Civil Rights (OCR). ONC helps the workgroup identify opportunities to improve access to health IT for underserved populations including recommending the addition of language to certain contracts and grants.

To assess the HIE environment, ONC led a project in conjunction with the with the Foundation of Research and Education (FORE), a component of the American Health Information Management Association (AHIMA), to research and report on the experience of leading state-level HIEs to identify guiding principles for developing state-level HIEs. From the current

preliminary report, the study identified that "State-level health information exchange initiatives play an integral role in balancing the rights and needs of all residents, including the underserved, while facilitating the removal or mitigation of statewide barriers to health information exchange through state-level policy changes."

In previous reports, guiding principles that were developed included ensuring that stakeholders from the medically underserved are engaged in the HIE development process and that HIE business models accommodate populations unable to pay for services. Additionally, it was suggested that state-level HIEs work with state government and others to identify and remove barriers for medically underserved participation in health information exchange.

The national adoption survey includes a broad sample of the population to determine the rate of health IT adoption in America. As a part of the broad sample, we took special care to include community service providers to better understand the drivers and barriers to health IT adoption among providers that service medically underserved populations including, but not limited to, community health centers in inner city and urban areas. The information derived from this survey will help ONC to identify new strategies to help increase health IT access among providers servicing underserved populations.

Privacy, Security and Other Health IT Policies

Two critical elements to safe exchange of health information at a national level are privacy and security. We are working to achieve a balance between our technical capabilities to exchange health information and the privacy and security policies that protect that information. Our

national health IT agenda approaches privacy and security through activities that both inform current work and prepare for future needs. HHS has undertaken the development of a national privacy and security framework that will incorporate the needs of health care consumers and foster the adoption of practices that promote trust in this new environment.

The Privacy and Security Solutions contract awarded to RTI International (RTI), and co-managed by ONC and AHRQ, to coordinate the work of the 33 states and 1 territory that make up the Health Information Security and Privacy Collaboration (HISPC) involved the engagement of a broad range of stakeholders to assess current variations in state-level privacy and security practices and to develop consensus-based solutions. In this fiscal year, we will be encouraging more states to participate in HISPC. There are at least 11 states (Alaska, Arkansas, California, Kansas, Louisiana, Maine, North Carolina, New Hampshire, New Jersey, Oregon, and Wyoming) involved with the HISPC that have specific representation from medically underserved populations who participate through working groups and steering committees. For example, the Center for Rural Health Research and Education at the University of Wyoming leads the HISPC activities in its state and is closely attuned to the unique circumstances of rural and Native American populations. Their efforts include workgroups in rural areas throughout the state, including Laramie, Buffalo and at Fort Washakie, on the Wind River Indian Reservation to gather information about the issues they confront when exchanging information.

In addition, ONC is working with the National Governors Association Center for Best Practices to establish the State Alliance for e-Health (State Alliance). The goal of the State Alliance is to improve the nation's health care system through representation that brings together key state

decision-makers. The Health Care Practice Task Force, one of three task forces under the State Alliance, is responsible for examining issues regarding the regulatory, legal, and professional standards that have an impact on the practice of medicine and create barriers to interoperable, electronic health information exchange. This task force has made recommendations for simplifying the process of obtaining medical licenses. A simplified licensure process, as recommended, would remove barriers to providing high quality care to medically underserved populations in remote areas through telemedicine.

Conclusion

Finally, I am pleased to point out that, Secretary Leavitt recently announced a five-year electronic health record (EHR) demonstration project conducted by CMS. This EHR demonstration project to be conducted by CMS starting in 2008 will measure the effects of EHR adoption and level of use on physician practice costs and performance quality and is designed to encourage higher quality care through EHR use. This demonstration is designed to show that streamlining the health care system with electronic health records can reduce medical errors and improve quality of care.

The advancement of the national health IT agenda can transform the landscape of health care in America. Broad application and use of health IT has the potential to decrease and even prevent disparities in health care access and quality. ONC has been increasing activities to ensure the coordination of federal, state and local government and the private sector efforts to transition to an environment of electronic health information exchange. ONC aims to lead the nation in the

development and nationwide implementation of interoperable health IT to improve quality and efficiency of health care and allow consumers to manage their health.

Coordinated efforts across the public and private sectors are working to make sure all communities benefit from the nationwide implementation of interoperable health IT utilizing existing infrastructure. Through our work together with stakeholders, HHS has made more progress in moving health IT forward in the last three years than in the previous two decades.

Mr. Chairman, thank you for the opportunity to appear before you today.

Appendix

Transformation Grants

Generally, the Federal Government supports the adoption of HIT as the normal cost of doing business. The Administration does not support the provision of financial incentives to encourage the adoption of HIT – adoption should be market driven. Section 6081 of the Deficit Reduction Act (DRA) of 2005 appropriated $150 million in non-Medicaid grant funds to States for the adoption of innovative methods to improve the effectiveness and efficiency in providing medical assistance under the Medicaid program (P.L.109-171). These Medicaid "transformation grants" are to be distributed over fiscal years 2007 and 2008. Transformation grants represent a limited demonstration, funded by mandatory funding, and are considered outside of typical Medicaid reimbursement.

The CMS issued two grant solicitations, in July 2006 and April 2007, to States for transformation grant applications. All State Medicaid agencies were eligible to apply. Grant awards were based on the number of States that applied and met the grant criteria by following the statutory requirements to implement innovative methods to administer the Medicaid program. The DRA called for proposals for the following program categories:

- reducing patient error rates by developing and implementing interoperable health information technology;
- decreasing Medicaid waste, fraud and abuse;
- increasing the use of generic drugs; improving quality of health care and health outcomes;
- implementing medication risk management programs;

- increasing access to primary and specialty physician care for the uninsured; establishing medication risk management programs; and
- improving rates of collection from estates owed under Medicaid.

States could develop more than one program to achieve the DRA objectives through transformation grant awards. An overwhelming number of proposals received by CMS involved health information technology (health IT). Health IT has the potential to impact all phases of health care delivery in the United States, but for the purposes of these transformation grant awards, the development of interoperable electronic health records, electronic clinical decision support tools, and e-prescribing programs were all permissible uses. A smaller number of grants are using health information technology as a vehicle to collect, track and analyze clinical data for quality and programmatic benchmarks.

Collectively, almost $150,000,000 has been awarded by CMS to States for the development of innovative programs to improve health care delivery under Medicaid. States are required to submit a program evaluation report, as a condition of receipt of funding, and CMS will then evaluate the use of transformation grants across the nation.