Janice K. Brewer
Governor

Arizona Office of
Economic Recovery

James J. Apperson
Director

April 9, 2010

Chris Muir, Senior Program Analyst
Office of the National Coordinator
for Health Information Technology
Department of Health and Human Services
200 Independence Avenue, S.W., Suite 729D
Washington, DC 20201

Dear Chris,

Attached please find Arizona's revised submission for the HIT Cooperative Exchange Agreement program. We look forward to working closely with you over the next few months to develop a plan for advancing the use of health information technology that can improve the quality of care and can meet the needs of eligible providers to meet meaningful use.

Please contact my office or Beth Kohler Lazare, Acting HIT Coordinator if you need any additional information or have questions about our revised application.

Sincerely,

James J. Apperson
Director

Cc: Beth Kohler Lazare

Project Narrative

A. Introduction

Arizona has been very active in supporting Health Information Technology (HIT) and Health Information Exchange (HIE) through its early work in producing a state Roadmap in 2006, forming a non-profit public private partnership organization to support HIE/HIT efforts, and participating in the Medicaid Transformation Grant Program through CMS.

There are many organizations in the state who have contributed to the current landscape. For the sake of this proposal, four organizations will be highlighted as they are anticipated to have a significant continuing role over the next five years, particularly as it relates to this funding opportunity. Through the collaborative efforts of all the stakeholders, Arizona has come to better understand the complexity of its health care environment and is in a strong position to build on the lessons learned from its earlier projects.

The four organizations the narrative will describe are: the non-profit coordinating organization Arizona Health-e Connection (AzHeC); the HIE proof of concept, piloted under the Medicaid transformation grants called the Arizona Medical Information Exchange (AMIE); the Southern Arizona Medical Information Exchange, (SAHIE) that created a large community board and spearheaded a comprehensive technology assessment process; and the Governor's Office of Economic Recovery, the State Designated Entity for Arizona.

The Governor's Office of Economic Recovery (GOER) was organized by Governor Janice Brewer to oversee all ARRA-related projects. In this capacity, GOER will be the ultimate decision making organization responsible for planning, coordinating, and reporting for the Cooperative Exchange Agreement Program in Arizona. The state Health Information Technology (HIT) Coordinator is housed in this agency and reports to the Director of GOER.

The goals for the Arizona Cooperative Exchange grant are:

1 To complete a strategic plan that meets the milestones established by the Office of the National Coordinator under each of the five domain areas of governance, finance, technical infrastructure, business and technical operations, and legal and policy by August 31, 2010.
2 Through the use of an inclusive workgroup meeting process, provide an approach that is reflective of broad-based stakeholder collaboration in a transparent manner that fosters buy-in and trust.
3 Ensure Arizona is committed to participate in all applicable Technical Assistance/State Forum opportunities.
4 Develop a timeline showing milestones for submitting the state strategic and operational plans that will be sufficient to meet meaningful use criteria.
5 Develop a strategic plan that is coordinated and aligned with other federally funded related programs to meet the overall HIE objectives as well as Medicaid and public health requirements for HIE and meaningful use criteria.
6 Develop a strategic plan that is aligned with a technical infrastructure that is consistent with HHS established and adopted interoperability standards.
7 Be able to provide an inventory or process for obtaining a state inventory of legal framework for facilitating health information exchange.
8 Ensure that GOER is developing and complying with all financial policies, procedures and controls that are consistent with state and federal requirements of the Office of Management and Budget (OMB) and the Office of the National Coordinator (ONC).

Great State of Arizona

B. Current State

To share how Arizona has made progress in achieving statewide health information exchange among health care providers, it is important to share the first steps that the state took to understand the issues and develop a coordinating entity.

Arizona Roadmap

AzHeC grew out of an August 2005 gubernatorial executive order that recognized the importance of the ONCHIT Framework for Strategic Action that outlined four requirements for achieving the President's goals of widespread adoption of health information technology and security standards, the use of Electronic Health Records (EHRs) and electronic data exchange infrastructure, and fostering internet-based architecture for nationwide health information exchange. Within six months of the executive order, a blue-ribbon steering committee, working with eHealth Initiative (eHI) and Arizona volunteers delivered a five-year plan - known as "The Roadmap" - for establishing the state's e-health infrastructure. It can be found online at the AzHeC website: www.azhec.org (click in history, and it will be a PDF on the right and is included as an additional document to this revised application).

The Roadmap called for development of infrastructure on a regional basis, with the provision of shared infrastructure components as necessary by a statewide non-profit organization. This statewide entity would also provide leadership for educating Arizonans on e-health, developing statewide policies and agreements, and promoting clinicians' adoption of electronic medical records, e-prescribing, and other health information technology.

Creating Arizona Health-e Connection

Arizona Health-e Connection was founded in January 2007 to provide this leadership and won a Council of State Government Innovation Award for the process and subsequent establishment of a multi-stakeholder leadership Board.

The current AzHeC Board composition is as follows: The Board of AzHeC is a non-profit legal structure independent of government but involving government participation and designation as some of the permanent members of the Board of Directors. Historically, the organization has provided some staffing and convened a number of

	Board Allocation	Board Organization	Board Member
Permanent Members	The Governor of Arizona	Governor's Office	Beth Kohler Lazare, MPA, Policy Advisor, Health and Human Services
	Arizona Health Care Cost Containment System (AHCCCS)	AHCCCS	Thomas Betlach, Director
	Arizona Department of Health Services (ADHS)	ADHS	William Humble, Interim Director
	Arizona Government Information Technology Agency (GITA)	GITA	Chad Kirkpatrick, State CIO & Director
	Arizona Hospital & Healthcare Association	AzHHA	John Rivers, FACHE, President & CEO

Position	Name	Annual Salary/Rate	Level of Effort	Cost
State-wide HIT	Beth	$130,000 x 6	100%	$60,000

	Arizona Medical Association	ArMA	David Landrith, Vice President, Policy and Political Affairs
	Arizona Osteopathic Medical Association	AOMA	Amanda Weaver, MBA, Executive Director
Non-Permanent Members	Health Plans	Blue Cross Blue Shield of AZ	Richard Boals, CEO & President
		Humana	Mark El-Tawil, President
		Schaller Anderson	Thomas Kelly, President
			Benton Davis, CEO, Western States
		CIGNA	James Burrell, III, MD, CMO
	Hospitals	Banner Health	Michael Warden, Senior VP and CIO
		Northern Arizona Healthcare	Recent retirement of Board member; vacancy to be filled
	Employers	Intel Corporation	Celeste Fralick, Principal Engineer & Director of Biomedical Engineering, Digital Health Group
		Arizona Chamber of Commerce & Industry	Glenn Hamer, President & CEO
		Arizona State University	William Johnson, MD, Director, Center for Health Information and Research
		Sonora Quest Laboratories	David Dexter, President & CEO
		Arizona Pharmacy Alliance	Mindy Rasmussen, RPh, CEO
	Medical Trading Areas (MTAs)	Phoenix MTA	Bruce Bethancourt, MD
		Tucson MTA (SAHIE)	Norman Botsford, Chair
	At-Large	Your Partners in Quality (Consumer Representative)	Debra Nixon, MSHA, BSN
		Arizona Advisory	Bennett Smiley, Gila River Indian Tribe
		University of Arizona, College of Medicine	Ronald Weinstein, MD, Founding Director, Arizona Telemedicine Program

venues for gathering input and public communications. AzHeC has operated a number of workgroups focusing on:

1 Clinical technical standards development
2 Communications and outreach for consumers, media and host of Western States Summit, and monthly forums and newsletters
3 Policy development serving as the Arizona Steering Committee for adoption of all reports and policies created by Arizona's Privacy and Security Projects under the Federal Health Information Security and Privacy Collaborative (HISPC) legal and policy
4 e-Prescribing through the EAzRx, the five-year statewide electronic prescribing initiative
5 Medicare Personal Health Record Choice Pilot Program

The workgroups have been meeting on and off since AzHeC was started in 2007. The organization has applied to ONC to be the Regional Extension Center for Arizona, which ties in well with its mission of education and outreach. With the new ONC guidance related to meaningful use, and the possible new role in the Regional Extension Center, the organization is looking at how to realign itself to meet the expectations of its stakeholders.

The AzHeC Board voted in January of this year to support an independent governance capacity assessment that is being coordinated through St. Luke's Health Initiative. St. Luke's Health Initiative (SLHI) is a public foundation with a history of informing, connecting and supporting efforts to improve the health of people and communities in the state. It has been involved as an independent convener and funding source of various health care system improvements efforts, including health information exchange/health information technology efforts. SLHI was one of the two private foundations that helped underwrite the 2006 State Roadmap activities and publication.

The two goals of the SLHI independent HIE/HIT Governance and Collaborative Capacity Assessment (GCCA) are:

1 To provide an independent assessment of existing HIE/HIT governance and collaboration efforts underway in Arizona as a baseline for continuous improvement of multi-stakeholder, collaborative, and consensus-based HIE/HIT Governance models for the state
2 To assess the capacity to leverage the strengths, skills and resources of all stakeholders in current and future HIE/HIT efforts

SLHI is investing $30,000 towards this assessment which will be measuring collaborative capacity, not a set of recommendations or a plan for governance models. The consultant is meeting with many or all of the AzHeC Board members, members of the AMIE-SAHIE Board, GOER staff and others to get a full snapshot of current thoughts about governance. This work product should be completed by the end of May 2010.

GOER anticipates that this assessment will act as a data point that can be shared with members of all organizations and help further refine the work of the Governance domain workgroup. The HIT Coordinator would also like to use other tools found in the state HIE toolkit. Of particular interest is the **Self-Assessment and Technical Assistance checklist** that was included as part of the cooperative exchange application.

This assessment tool has not been shared with any of the board members of the three organizations so the HIT Coordinator may want to administer this tool to all three groups (AzHeC, SAHIE and AMIE Boards), get their feedback and comments, and then share these findings along with the St. Luke's information into the beginning stages of state roadmap planning. It would be very valuable to know the impressions and opinions of the participants within all three of the key organizations to better understand if there are similarities and differences in people's perceptions about strengths and weaknesses to ensure they can get addressed through the workgroup and meeting process.

Progress in Achieving Statewide HIE

Arizona Health-e Connection has been playing a supporting role in health information exchange. To describe the current status of Arizona's progress in achieving statewide HIE among health care providers, the other two organizations mentioned earlier, AMIE and SAHIE, need to be discussed.

The Southern Arizona Health Information Exchange (SAHIE) organization, while never achieving operational status, has been a critical player in developing an exchange for southern Arizona. SAHIE is an Arizona not-for-profit entity incorporated in 2009. It began in 2006 when organizers convened a community task force representing broad segments of the health and social service community. Over time the board was formed to guide the development and vision of exchange. Their mission statement is: to improve the access, quality and safety of health care while reducing and stabilizing costs in Southern Arizona through the creation of a secure health information exchange. It will provide - with the patient's permission - the relevant clinical data from all available sources for an appropriate, safe, medical decision to be made about the patient.

The SAHIE Board is a reflection of a large collaborative effort of major healthcare entities - including health plans, hospitals, large group practices, business leadership, and local administrations - in Pima, Cochise and Santa Cruz Counties. Based in Tucson, it would cover about 1.4 million lives once its regional exchange became operational. The SAHIE Board represents about 30-40% of the providers in Arizona and has strong representation from organizations who are serving medically needy and medically underserved populations, such as Medicaid health plan representatives, FQHCs, and Critical Access Hospitals (CAH).

List of SAHIE Board Members

• AHCCCS
• *Arizona Community Physicians (APIPA) - Children's Rehabilitative Services (CRS) contractor for the State
• Beach Fleischman
• Benson Hospital – Critical Access Hospital
• BlueCross BlueShield of Arizona
• Carondelet Health Network- Critical Access Hospital
• Carondelet Medical Group
• El Rio Community Center - largest FQHC in the state and 14th largest in US
• HealthNet of Arizona • *HealthChoice, Phoenix
• Hospital Council of Southern Arizona

- Marana Health Center (FQHC)
- Mariposa Health Center (FQHC) • *Mercy Care Plans
- New Pueblo Medicine
- Northwest Medical Center and Oro Valley Hospital
- Pima County Medical Society
- Radiology Ltd.
- Rural Hospital Flexibility Program, University of Arizona
- Schaller Anderson, Phoenix
- Southeast Arizona Medical Center, Douglas –Critical Access Hospital
- Southern Arizona Leadership Council
- Tucson Medical Center
- UnitedHealthcare
- University Medical Center • *University Physicians Healthcare

* Indicates AHCCCS/Medicaid Health Plan

SAHIE Timeline

Beginning in 2006, SAHIE convened stakeholders for two workshops were held with input from the healthcare and business communities in the region. Strategic decisions, including the regional system requirements, were made. By 2008, UnitedHealthcare of Arizona awarded a $200,000 grant to El Rio Community Health Center. The grant award from UnitedHealthcare was to help cover the cost of purchasing and implementing an electronic health record system. El Rio is using the grant, as well as $460,000 of its own money, to connect the EHR system to the Southern Arizona Health Information Exchange. El Rio led the way with other FQHCs and did a joint purchase of NextGen that now covers staff in at least four other health care facilities.

The SAHIE Board undertook writing a business plan that was developed based on three factors:

1. The community's prioritization of the HIE functions
2. An economic analysis of the gross return on investment from these functions
3. Approximations on what the cost would be of the technology

SAHIE issued a Request for Concept (RFC) in August 2007. Support in preparing and issuing the RFC was provided by consultants through Deloitte. There were 28 letters of intent returned and 16 final submissions were received by the closing date of mid-September 2007. The submissions were reviewed in several stages where SAHIE created a technology team of 28 members, mainly with stakeholders from IT, physicians, business and financial departments of the groups and community organizations. Deloitte Consulting provided a summary of the 16 responses and brought these along with the submissions themselves to the Review Teams. The Teams prioritized the top five from the list by consensus. The list of five was then brought to the steering committee of SAHIE for discussion at two separate sessions.

The three finalists were invited to make presentations in December 2007. Each vendor was given two days for the presentation with the first day devoted to the presentation and discussion, and the second day to work on identifying an incremental strategy for implementation. Following these presentations, the field was narrowed to two vendors.

In January 2008 a team from SAHIE conducted site visits at locations where the two finalists had implementations. The site visits conducted included physical and phone conferences between HIEs in Delaware, Virginia, Massachusetts, and Tennessee. The SAHIE Steering Committee made its final decision, selected a vendor and did a Letter of Intent with a vendor in February 2009. In 2009, SAHIE was incorporated as an Arizona not-for-profit entity and since December, has been focused on partnering with the AMIE Board to form a state exchange. Their technology choice is identified in the Memorandum of Understanding between SAHIE and AMIE as the preferred vendor of the joint boards.

History of the Arizona Medical Information Exchange (AMIE)

Through its Medicaid Transformation Grant, which was awarded on January 25, 2007, AHCCCS was able to develop Arizona's first operational electronic web based health information exchange called the Arizona Medical Information Exchange (AMIE). CMS grant funds were used to support the planning, design, development, testing, implementation, and evaluation of an exchange.

The goals of the Medicaid Transformation Grant included decreasing duplication of tests and diagnostic studies, decreasing adverse drug events, decreasing unnecessary hospitalization, decreasing lag time for clinician's access to clinical information, reducing costs, and improving business processes using technology.

The **AMIE Proof of Concept** was launched on September 29, 2008 with a proof of concept phase that ended on December 29, 2008. AMIE enabled 39 AMIE certified and credentialed AHCCCS registered clinicians to identify patients, locate their relevant medical information, and view individual patient records. AHCCCS did not use, collect or store clinical data; AMIE provided the means for clinicians to locate and view information available from health care facilities participating in AMIE, for treatment purposes only.

The "proof of concept" included:

1. **Hospital Discharge Summaries** (from Maricopa Integrated Health Systems, St. Joseph's Hospital and Medical Center, and selected Banner Health facilities)
2. **Laboratory Test Results** (from Sonora Quest Laboratories)
3. **Medication History** (from Managed Care Pharmacy Consultants)

These "starter" record types were identified by clinicians as being of the highest value with respect to records that could be made available through an exchange. Due to the interest from the participating clinicians and the value already being realized through the initial launch of AMIE, additional clinicians were added and additional data sources available through AMIE were explored.

Building on the lessons learned under the AMIE Proof of Concept starting in February 2009, the **AMIE Behavioral Health Expansion** began. AHCCCS, working with the Division of Behavioral Health Services (DBHS) from the Arizona Department of Health Services (ADHS), and the Regional Behavioral Health Authorities (RBHAs), added behavioral health medication information to the AMIE medication histories, and approximately 30 behavioral health care providers to access the information available through AMIE using the AMIE web-based Viewer.

On a month to month basis many different reports were generated by the AMIE team to monitor, assess and develop solutions for any issues that were identified. One example, the Monthly Summary Activities Report, captured a total number of patient records that were in the AMIE Master Patient Index along with the expanding list of records by type were also counted. **(See Attachment #1 for December 2009 Sample Monthly Report.)**

As of December 2009, there were 10 different types of records collected:

1. Cardiac Study/Report
2. Consultation
3. Discharge Summary
4. Emergency Report
5. History and Physical
6. Lab Report
7. Medication History
8. Operative Report
9. Procedure Notes
10. Study Report

While the project was started under Medicaid, it was recognized that it could more effectively serve the state if it was its own entity. In August 2009, AMIE formed its own non-profit organization and formed its own board of directors. The AMIE Board is made up the following data partners:

- AHCCCS
- Banner Health Systems – largest hospital system in the state
- Catholic Health Care West – St. Joseph's Hospital
- Maricopa Integrated Health System
- Phoenix Children's Hospital
- Sonora Quest Laboratory

Recognizing the importance of working with GOER to collaborate on state planning, the AMIE Board wrote GOER on October 1, 2009 asking if it could share information about how the State of Arizona would establish a distribution methodology for grant funds that would allow AMIE to meet the goals set out by the ONC for an exchange. The Board offered some of their thoughts about how GOER could structure its review and grant process. **(See attachment #2 –GOER Letter)**

Moving Towards a Single Health Information Organization

In December 2009, the AMIE Board felt strategically it would be best to suspend its technical operations and pursue a vision of developing a single state level health information exchange and roadmap with SAHIE. It was felt this could be a complimentary strategy to what GOER would need to do under the ONC Cooperative Exchange grant.

The AMIE Board assessed their organizations an amount of funding to ensure that over the course of the first quarter of 2010 they would be able to support a small senior staff team to focus on participating in all strategic planning efforts aligned toward realizing a vision of a single statewide HIE.

In January 2010, the joint AMIE-SAHIE Boards created the following Guiding Principles that are helping to support their evolution to a single organization:

1 Alignment with ONC principles and standards
2 Honoring patient privacy and consent requirements
3 The HIO would be agnostic to technologies at participating institutions and vice versa
4 Governance would ensure a level "playing field" for all participants and stakeholders
5 Any exchange would meet "meaningful use" requirements
6 Ensure that any governance structure established would meet any ONC criteria either established or adopted by GOER
7 The rollout of the HIE would be regionally balanced
8 The importance of creating a viable self-sustaining business plan and finance strategy that could guarantee the financial continuation of the HIO is critical
9 The HIO recognizes the importance of the need to improve patient safety and improve health care quality

Based on these principles, the AMIE-SAHIE Boards upon agreeing to collaborate, initiated a **Technology Assessment Work Team** made up of representatives from health plans, hospitals, Medicaid, County Correctional facilities, and others to do a technology assessment and a separate due diligence and interview process with current clients of the SAHIE technology vendor. The results of that inclusive and transparent process, is a preferred vendor product that is felt would meet all of the architecture, privacy and security requirements established by ONC.

The **Governance Workgroup** of the joint AMIE-SAHIE Boards was charged with identifying an organization that would oversee and govern the exchange of information among the participants according to and in compliance with any ONC standards. Through the signing of the Memorandum of Understanding between both boards, the **Transition Committee**, made up of representatives of three members from each board, will be making recommendations for a new structure that can balance geography with a governance structure that is inclusive and encompasses the diverse interests of the healthcare, business and government communities.

Both boards recognize the importance of having a **viable business plan** that could generate revenue for the exchange, independent of the grant. The **Governance Workgroup** also volunteered to be the overseer of the joint AMIE-SAHIE business plan. Through the use of staff and consultants, a pricing strategy and business plan is emerging for consideration by all of the board members.

Meeting and Updating GOER about Board Progress

Representatives of the AMIE-SAHIE Board of Directors met with the Acting HIT Coordinator and GOER staff on February 11, 2010. The purpose of the meeting was not to ask for resources, but to ensure that GOER was aware of the progress the group was making to further the vision of a single exchange. In addition, a letter was shared with the staff from the Arizona Association of Health Plans supporting the work of the joint partnership. A brochure that served as a Summary of Progress and Letter of Support from the Arizona Association of Health Plans is attached. **(See Attachment #3 for Summary of Progress, and Attachment #4 for AzAHP letter.)**

As of March 31, 2010 the joint AMIE-SAHIE Boards signed a Memorandum of Understanding to form a new organization to oversee the development of the exchange. The new company (not yet named so will be called ***NEW CO***), once fully operating **will represent over 50 – 60% of the hospital beds in the state and will cover almost two-million of the six-million lives in the State of Arizona**. It is a unique and impressive alliance:

- It covers the largest population centers of Phoenix- Maricopa County and Tucson- Pima County,
- Is being funded by its own board members,
- Has technology that it wants to deploy and has experienced staff already engaged and informing their efforts.
- The NEW CO will be building on the vetted and executed data sharing agreements, policies, procedures and processes used by AMIE and developed thru the HISPC collaboration and
- Are anxious to partner with GOER to establish a comprehensive state plan for HIE. (**See Attachment #5 for Letter of Support from Joint AMIE-SAHIE Board.)**

Financial Summary of Joint AMIE-SAHIE Efforts

At this time, the joint AMIE-SAHIE Boards have been operating without any funding from the ONC Cooperative Exchange Grant or any other source of funds other than what the board members have paid out of their own institutions.

From January to March 2010 both organizations spent almost $300,000 to support the strategic discussions for consolidation. At the joint Board Meeting on March 31, 2010 both Boards reassessed themselves an additional $300,000 to keep the staffing in place to support their new Health Information Organization. **In total, both boards have spent $600,000** to pursue an incremental approach of implementation that will generate revenue to ensure a sustainable and **viable business model**, and have adopted a strategic position that leverages existing resources and requires limited capital investment.

The ***NEW CO*** has conceptually drafted a HIE Roadmap where they describe a three stage overlapping approach for health information exchange that includes data partners located in different parts of the state. Each stage is embedded in a robust security and privacy framework, but because the plan is still evolving and is requiring careful discussion, more information will be needed from the ***NEW CO*** to better understand their plans and needs.

The ***NEW CO*** has been very aggressively moving to forming an HIO but also recognizes it is still lacking in a number of critical areas. While the combined entity does represent 14 hospitals, there were several other large hospitals that were not deliberately excluded from AMIE or SAHIE, but due to time pressures and limited staffing, were not around at the initial planning table. Both Boards want to pursue additional collaborators and see this as another step in their evolution to being a single exchange. It also wants to ensure it is meeting required security, privacy, legal, technical, finance and operations policies that are a part of the ONC Cooperative Exchange agreement.

Currently it is not clear how the ***NEW CO*** would work to ensure that electronic public health reporting, particularly as it relates to immunizations, and notifiable laboratory results would be incorporated. Arizona has an immunization registry that is managed by the Arizona Department of Health Services (ADHS) ADHS is receiving immunization data from providers via HL7 2.x format messages transmitted via a proprietary product called iWEB by STC and via our web application, ASIIS. ADHS is transmitting immunization data to counties, legislatures, and the CDC via CDC's PHINMS application and a secure FTP process, and ASIIS is used for aggregate and geographic public queries.

For notifiable lab results, ADHS is receiving communicable disease data from ARUP, Labcorp, Bostick, and the Arizona State Lab via HL7 2.x format through CDC's PHINMS application and a FTP process. The same method is used to transmit this data to the counties and the Centers for Disease Control and Prevention.

The Arizona landscape for Electronic Health Records is interesting and will need to be integrated into the planning strategies for meaningful use. According to an AHCCCS transformation grant funded analysis on the "Use of Electronic Medical Records and Physicians' Attitudes toward a Health Information Exchange" conducted by the Center for Health Information and Research at Arizona State University, almost 45% of physicians in Arizona use some form of Electronic Medical Record with a wide variation of use from 71% in government organizations to 25% among solo practitioners. The data was gathered over a two year period and shows that only a little more than half of EMR users exchange any information with other health related organizations.

GOER will be leveraging all of these data points through workgroups to develop a state roadmap for HIE that enhances the strategic efforts of the ***NEW CO*** across all of the five domains, and clarifies how GOER and Arizona Health-e Connection can compliment the HIE landscape being careful to ensure all efforts are coordinated and not duplicative.

C. Proposed Project Summary

GOER is appreciative of the opportunity to resubmit its cooperative exchange application to ONC. Arizona, like many states, is managing through severe state budget problems. Elected officials are having to make decisions about three interconnected issues of:

1 A current year deficit shortfall of $1.4 billion remaining for FY 2010
2 A structural deficit that is projected to be $3.2 billion for FY 2011 and beyond
3 A cash flow problem where the state treasurer is borrowing $1.0 billion, which has been slightly offset by the state recently completing a $735 million sale of assets.
4 Since FY 2004, AHCCCS has added 475,000 new members and annual costs of nearly $1.5 billion (General Fund).

These problems plus agency administrative cuts and furloughs, provider reductions, and higher unemployment rates are forcing all decision makers to come together and identify cost containment and quality improvement strategies that can provide a return on investment. A key deliverable for this grant will be a business model that is sustainable outside of this funding opportunity.

Description of Approach the Applicant proposed to implement the Plan

It is GOER's intent that Arizona's application be considered in the category of having a Strategic Plan that is not consistent with planning guidance. Therefore, first steps should be:

GOER infrastructure development for the first 90 days once approved.

Phase I

The goal of the first 90 days is to provide staffing for infrastructure development and to start gathering information that will assist workgroup members with better understanding of the current state - "As-Is" information for state HIE planning and developing solutions and next steps for the next five years.

1. Support the role of the HIT Coordinator by hiring a Project/Roadmap Director
    a. The Project/Roadmap Director will assist the Coordinator with:
        1) Monitoring and tracking the progress of the St. Luke's Governance Capacity assessment – review preliminary findings, support/oversee final report production a) Expected Budget Impact – minimal as it is being underwritten by SLHI
        2) Determine if the State Level Assessment Tool can add any information, additional dimension or insights by administering it to a wide range of participants including the joint Boards of AMIE-SAHIE ***NEW CO***, the AzHeC Board, and others if identified.

a) Expected Budget Impact – minimal as tool is available at no cost

3) Initiate an analysis that compares the 2006 Roadmap against the current ONC standards and guidance for all of the domain areas. The analysis would identify any areas of the current roadmap that Arizona is not meeting the ONC guidance and milestones and highlight any areas where a "gap" exists between the two. The report should also make recommendations based on urgency and/or feasibility about areas that the HIT Coordinator and staff might want to prioritize on how to approach issues. The analysis should include preliminary recommendation(s) about what could be done to close any identified gaps and is meant to be shared with all workgroup participants. The Roadmap analysis will be another data point for stakeholders to interpret as they look out over the next five years and create and ONC compliant State Roadmap. a) Expected budget - under $50,000

4) Support the work of the HIT Coordinator to contact other critical state agencies and invite them to participate in state planning

5) Initiate hiring process for **HIT Policy Analyst** to assist with ONC standards analysis and **Finance Advisor** to assist with cash Flow analysis, accounts payable and contracts or sub award compliance, and **Project Administrator** to assist with administrative tasks associated with the project.

Phase II

120 days after award - four months

Using the next 30 days GOER would like to invite representatives of ***NEW CO***, other state agencies, and AzHeC to work along side GOER in establishing a project work team. The project work team would be charged with creating a workgroup and public sharing process that is inclusive, transparent and utilizes the work product from all of the Phase I activities to help inform planning efforts. The goal for this phase is to be able to help move people to describe the "To-Be" vision either through consultants/subject matter experts and/or in-kind resources that will result in a five year vision of what state HIE should look like. Knowing the community of experts and participants between all organizations, suggestions for workgroups can be made and tactical decisions about how to conduct the workgroups will be adopted and finalized.
• Expected Budget Cost – up to $50 - $100,000

Phase III

150 days after award - 5 months

1. Start and complete within 30 -60 days a workgroup and public information process building on the efforts of existing organizations. Maximize the use of communication tools like iLinc, Share Point, and face-to-face meetings to ensure wide spread geographic participation. It is anticipated that each domain committee would have at least one or two meetings and possible sub-meetings depending on the content and issues that would be

addressed.

2. Draft Summary Strategic Plan Prepared and shared among participants for comment and reflection
   - Expected Budget Cost- variable from $15,000 for materials, in-kind facilities and facilitators to up to $100,000 for outside support

Phase IV

210 days after award – six-seven months

1 Comments and feedback are synthesized and if needed changes can be incorporated to the produce a final strategic plan.
2 GOER oversees the final plan production and submission to ONC for approval.

- Expected Costs – writing and summary document $100,000

Timeline

GOER is very aware of the tight timeline it has to meet to ensure conditions of the cooperative exchange agreement are met. Upon ONC approval and release of its conditional award status, the HIT Coordinator and GOER would focus in April 2010 on hiring the State Project/Roadmap Director, Finance Advisor, Project Administrator, and HIT Policy Analyst. At the same time the hiring is occurring, the HIT Coordinator will be identifying and convening representatives from some of the other agencies and key organizations. These invitees will make up the overall State Roadmap Project Management Team and will be helping the HIT Coordinator by providing resources, knowledge, and expertise to inform GOER planning efforts. Upon approval of application the HIT Coordinator will gather the project team and orient them to the revised application. Outreach to ***NEW CO*** Boards and AzHeC will also be initiated.

Coordination with Medicaid

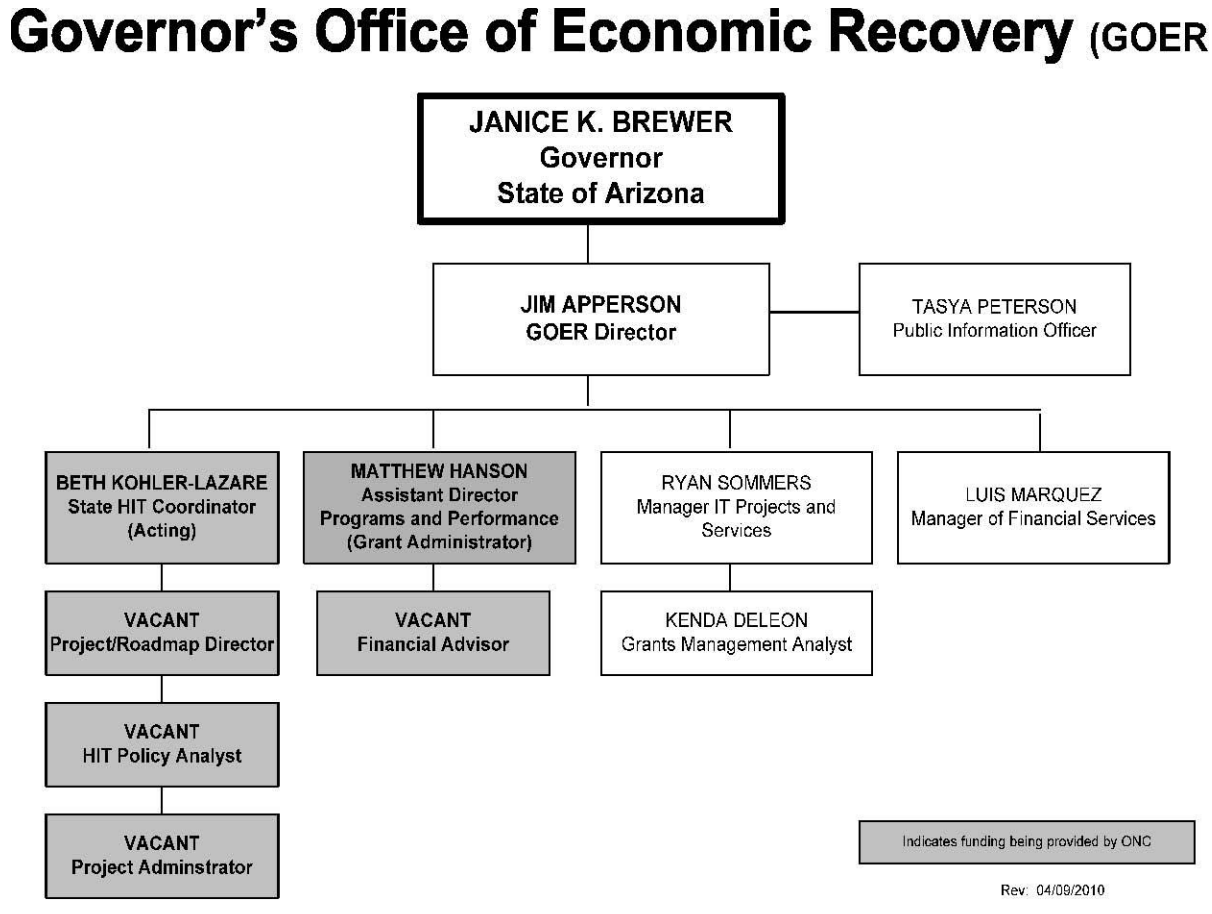
The Medicaid agency, AHCCCS, is tasked with producing a State Medicaid HIT Plan (SMHP). The vision for ensuring coordination between the state roadmap and the SMHP is that Medicaid staff will be on the project team being convened by GOER and that they work with the State Project/Roadmap Director to include information that is also required in the SMHP (i.e., As–Is and the To-Be Environment). Medicaid will be required to provide information to inform the state roadmap and to meet the Medicaid specific information needed in the SMHP. The goal for AHCCCS is to be able to send its SMHP to CMS for review by August 2010.

To ensure the project is incorporating the privacy and security requirements the group will incorporate the HISPC policy recommendations into its planning process. In addition, GOER can contract with a consultant who served as the HISPC project director to ensure review of its plan meets the standards.

To ensure communication with key stakeholders and the health community, GOER could rely on its existing partners to track all of the workgroup work products, or possibly develop a web space where all of the information could be shared. The state has tools such as SharePoint that allows for the common sharing of documents across organizations and could enable a more coordinated approach for maintaining work group product.

Organizational Capability Statement

To implement this cooperative agreement, the Governor's Office of Economic Recovery will be hiring to form a team as identified below:



State of Arizona Strategic Plan Development Budget (April/May 2010 – September 2010)

A. Personnel:

	Board Allocation	Board Organization	Board Member
Permanent Members	The Governor of Arizona	Governor's Office	Beth Kohler Lazare, MPA, Policy Advisor, Health and Human Services
	Arizona Health Care Cost Containment System (AHCCCS)	AHCCCS	Thomas Betlach, Director
	Arizona Department of Health Services (ADHS)	ADHS	William Humble, Interim Director
	Arizona Government Information Technology Agency (GITA)	GITA	Chad Kirkpatrick, State CIO & Director
	Arizona Hospital & Healthcare Association	AzHHA	John Rivers, FACHE, President & CEO

Position	Name	Annual Salary/Rate	Level of Effort	Cost
Statewide HIT Coordinator	Beth Kohler-Lazare, Acting	$120,000 x 6 months	100%	$60,000
Project/Roadmap Director	To be selected	$95,000 x 6 months	100%	$47,500
HIT Policy Analyst	To be selected	$90,000 x 6 months	100%	$45,000
Grant	Matthew	$90,000 x 40	25%	$11,250

An employee of the applying agency whose work is tied to the application

Table 1: Federal Request

NARRATIVE JUSTIFICATION:

Statewide Coordinator (1.0 FTE) Will provide overall statewide coordination of this strategy. The State is actively soliciting applications for the state HIT Coordinator position and expects to appoint a coordinator in the near future. **Beth Kohler Lazare**, the Governor's Policy Advisor for Health and Human Services, will serve as the interim HIT coordinator until a permanent coordinator is named.

Project/Roadmap Director (1.0 FTE) The project director will be accountable for the project scope, schedule, task assignment, issues list and reconciliation as well as the overall project status. Coordination with the project team, including contractors and status reporting will also be the responsibility of the project director. The project director will also be responsible for escalation of issues to the appropriate parties in order to reach consensus and resolution.

Grant Administrator (.25 FTE) **Matthew Hanson** as the grant administrator will ensure day to day compliance with the terms and requirements of this grant award. The grant administrator will be responsible for ensuring that all ARRA related certifications and assurances are complied with and for all programmatic reporting including ARRA Section 1512.

Finance Advisor (1.0 FTE) The finance and administration director will have fiscal responsibility for all monies allocated to Governor's Office of Economic Recovery, including the budget versus actual and analysis of any variances that may occur. Accounts Payable, Receivable, Cash Flow Analysis and other duties as specified will be the responsibility of the finance and administration director. They will also make sure that any contracts or (sub) awards are made in compliance with applicable state and federal procurement rules.

Project Admin (1.0 FTE) The project admin will be working with the project/roadmap director to handle the administrative tasks associated with the project. This may include updating the project schedule, scheduling meetings, meeting minutes, issues documentation through resolution and other responsibilities as assigned by the project director.

HIT Policy Analyst (1.0 FTE) The HIT policy analyst will be responsible for ensuring policy adheres to national standards as set forth by the Health IT Policy Committee under the ONC. This will include privacy and security, national e-prescribing policy (controlled substances), business/financial policy as needed, standards, implementation specifications and certification criteria. The HIT policy analyst will work closely with stakeholders to facilitate use of the national standards.

Table 2: Non-Federal Match

	Board Allocation	Board Organization	Board Member
			Beth Kohler Lazare, MPA,

NARRATIVE JUSTIFICATION: N/A
SOURCE OF MATCH FUNDS: N/A

FEDERAL REQUEST (enter in Section B column 1 line 6a of form SF424A): **$209,375**
NON-FEDERAL MATCH (enter in Section B column 2 line 6a of form SF424A): **$0**

B. Fringe Benefits:
Fringe benefits may include contributions for social security, employee insurance, pension plans, etc. Only those benefits not included in an organization's indirect cost pool may be shown as direct costs.

List all components of fringe benefits rate

Table 3: Federal Request

	Board Allocation	Board Organization	Board Member
Permanent Me	The Governor of Arizona	Governor's Office	Beth Kohler Lazare, MPA, Policy Advisor, Health and Human Services
	Arizona Health Care Cost Containment System (AHCCCS)	AHCCCS	Thomas Betlach, Director
	Arizona Department of Health Services (ADHS)	ADHS	William Humble, Interim Director

NARRATIVE JUSTIFICATION: The fringe rate is based on actuals and totals to just under 31%. Arizona's fringe rate averages between 28% and 32% and we anticipate these numbers changing slightly over the course of the four year grant program. The discrepancy between the above total and the number on 6b is due to rounding issues. The one unique item to Arizona is the sizeable retirement contribution. Under the Arizona State Retirement System, each employee has to contribute a mandatory 9.5% which is matched dollar for dollar by the state.

	Board Allocation	Board Organization	Board Member
			Beth Kohler Lazare, MPA,

Table 4: Non-federal Match

NARRATIVE JUSTIFICATION: N/A **SOURCE OF MATCH FUNDS:** N/A

FEDERAL REQUEST (enter in Section B column 1 line 6b of form SF424A)**: $64,654**
NON-FEDERAL MATCH (enter in Section B column 2 line 6b of form SF424A): **$0**

C. Travel:

	Board Allocation	Board Organization	Board Member
Permanent Members	The Governor of Arizona	Governor's Office	Beth Kohler Lazare, MPA, Policy Advisor, Health and Human Services
	Arizona Health Care Cost Containment System (AHCCCS)	AHCCCS	Thomas Betlach, Director
	Arizona Department of Health Services (ADHS)	ADHS	William Humble, Interim Director
	Arizona Government Information Technology Agency (GITA)	GITA	Chad Kirkpatrick, State CIO & Director
	Arizona Hospital & Healthcare Association	AzHHA	John Rivers, FACHE, President & CEO

Position	Name	Annual Salary/Rate	Level of Effort	Cost
Statewide HIT	Beth	$120,000 x 6	100%	$60,000

Explain need for all travel other than that required by this application. The lowest available commercial fares for coach or equivalent accommodations must be used. Local travel policies prevail.

Table 5: Federal Request

NARRATIVE JUSTIFICATION: Describe the purpose of travel and how costs were determined.

The grant requires travel of two members to attend the two-day State HIE Leadership Training in Washington, DC. We feel that sending a 3 person team will be the most beneficial to Arizona's planning efforts. Additional in-state travel will be needed to conduct meetings with the various stakeholder groups.

Table 6: Non-Federal Justification

	Board Allocation	Board Organization	Board Member
Permanent Members	The Governor of Arizona	Governor's Office	Beth Kohler Lazare, MPA, Policy Advisor, Health and Human Services
	Arizona Health Care Cost Containment System (AHCCCS)	AHCCCS	Thomas Betlach, Director
	Arizona Department of Health Services (ADHS)	ADHS	William Humble, Interim Director
	Arizona Government Information Technology Agency (GITA)	GITA	Chad Kirkpatrick, State CIO & Director
	Arizona Hospital & Healthcare Association	AzHHA	John Rivers, FACHE, President & CEO

Position	Name	Annual Salary/Rate	Level of Effort	Cost
Statewide HIT Coordinator	Beth Kohler-Lazare, Acting	$120,000 x 6 months	100%	$60,000
Project/Roadmap Director	To be selected	$95,000 x 6 months	100%	$47,500
HIT Policy Analyst	To be selected	$90,000 x 6 months	100%	$45,000
Grant	Matthew	$90,000 x 40	25%	$11,250

NARRATIVE JUSTIFICATION: State Alliance for e-Health's Regional Health IT Consultations will be conducted across the country during the month of April, and are the second round of regional consultations conducted through the Center. They will convene state officials from around your region to discuss the programs and policies generated by ARRA and HITECH, and share best practices and challenges with your regional peers. This meeting is designed around peer-to-peer discussion of key issues relating to electronic health information exchange and health IT, including the recent distribution of ONC grants to further HIE in the states. Officials from ONC will be on-hand for portions of the discussion to engage in dialogue and help answer questions states may have.

eHealth Initiative National Forum on Health Information Exchange will convene health IT coordinators from dozens of states to discuss the challenges and best practices needed to achieve widespread and sustainable health information exchange (HIE) within the states.

SOURCE OF MATCH FUNDS: The National Governor's Association and the eHealth Initiative will be providing funding for Arizona HIT representatives to attend these regional and national events.

FEDERAL REQUEST (enter in Section B column 1 line 6c of form SF424A): **$5,808**
NON-FEDERAL MATCH (enter in Section B column 2 line 6c of form SF424A): **$2,048**

D. Equipment:

	Board Allocation	Board Organization	Board Member
			Beth Kohler Lazare, MPA,

Item(s)	Rate	Cost

Permanent equipment is defined as nonexpendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more.

If applicant agency defines "equipment" at lower rate then follow the applying agency's policy.

	Board Allocation	Board Organization	Board Member
	The Governor of Arizona	Governor's Office	Beth Kohler Lazare, MPA, Policy Advisor, Health and

	Board Allocation	Board Organization	Board Member
	The Governor of Arizona	Governor's Office	Beth Kohler Lazare, MPA, Policy Advisor, Health and

NARRATIVE JUSTIFICATION: N/A **Table 8: Non-Federal Match**

NARRATIVE JUSTIFICATION: N/A **SOURCE OF MATCH FUNDS:** N/A

FEDERAL REQUEST (enter in Section B column 1 line 6d of form SF424A): **$ 0 NON-FEDERAL MATCH** (enter in Section B column 2 line 6d of form SF424A): **$ 0**

	Board Allocation	Board Organization	Board Member
Permanent Members	The Governor of Arizona	Governor's Office	Beth Kohler Lazare, MPA, Policy Advisor, Health and Human Services
	Arizona Health Care Cost Containment System (AHCCCS)	AHCCCS	Thomas Betlach, Director
	Arizona Department of Health Services (ADHS)	ADHS	William Humble, Interim Director
	Arizona Government Information Technology Agency (GITA)	GITA	Chad Kirkpatrick, State CIO & Director
	Arizona Hospital & Healthcare Association	AzHHA	John Rivers, FACHE, President & CEO

E. Supplies: Materials costing less that $5,000 per unit and often having one-time use **Table 9: Federal Request**

Table 10: Non-Federal Match

Item(s)	Rate	Cost
SharePoint User Licenses	6 X $150	$900

NARRATIVE JUSTIFICATION: Five of six employees identified above will be new to government service and will need computers, either desktop or laptop along with a Blackberry or cell phone. The entire team will share one printer and one projector which will be procured from state contract. General office supplies and postage are estimates but seem appropriate for the amount of activity expected for this office. If any computer equipment is available through government surplus the budget for the supplies category will be adjusted accordingly.

NARRATIVE JUSTIFICATION: N/A **SOURCE OF MATCH**: The State of Arizona previously purchased these Sharepoint licenses and will provide them as in kind contributions to this project in order to

facilitate information and document sharing.

FEDERAL REQUEST (enter in Section B column 1 line 6e of form SF424A): **$11,720**
NON-FEDERAL MATCH (enter in Section B column 2 line 6e of form SF424A): **$900**

F. Contract:
The costs of project activities to be undertaken by a third-party contractor should be included in this category as a single line item charge. A complete itemization of the cost comprising the charge should be attached to the budget. If there is more than one contractor, each must be budgeted separately and must have an attached itemization.

A contract is generally the amount paid to non-employees for services or products. A consultant is a non-employee who provides advice and expertise in a specific program area.

Item(s)	**Rate**	**Cost**
SharePoint User Licenses	6 X $150	$900

Name	**Purpose**	**Cost**
TBD	To perform a 2006 Arizona Health-e Connection Roadmap analysis	$50,000
TBD	Workgroup document preparation and technical writing	$50,000 -$100,000
	TOTAL	**$150,000**

Table 11: Federal Request

NARRATIVE JUSTIFICATION: Initiate an analysis that compares the 2006 Roadmap against the current ONC standards and guidance for all of the domain areas. The analysis would identify any areas of the current roadmap that Arizona is not meeting the ONC guidance and milestones and highlight any areas where a "gap" exists between the two. The report should also make recommendations based on urgency and/or feasibility about areas that the HIT Coordinator and staff might want to prioritize on how to approach issues. The analysis should include preliminary recommendation(s) about what could be done to close any identified gaps and is meant to be shared with all workgroup participants. The Roadmap analysis will be another data point for stakeholders to interpret as they look out over the next five years and create and ONC compliant State Roadmap. Additional contractual resources will be secured to provide technical writing services in order to prepare for and document the work of the various workgroups. The technical writing resource will also help develop the final state Strategic Plan and programmatic and budgetary frame works for the future phases of this initiative.

Table 12: Non-Federal Match

Name	**Service**	**Cost**
St. Luke's Health Initiative	HIE/HIT Governance and Collaborative Capacity Assessment	$30,000
	TOTAL	$30,000

NARRATIVE JUSTIFICATION: SLHI is investing $30,000 towards this assessment which will be measuring collaborative capacity, not a set of recommendations or a plan for governance models. The consultant is meeting with many or all of the AzHeC Board members, members of the AMIE-SAHIE Board, GOER staff and others to get a full snapshot of current thoughts about governance. This work product should be completed by the end of May 2010.

SOURCE OF MATCH FUNDS: St. Luke's Health Initiative

FEDERAL REQUEST (enter in Section B column 1 line 6f of form SF424A): **$150,000**
NON-FEDERAL MATCH (enter in Section B column 2 line 6f of form SF424A): **$30,000**

G. Construction: NOT ALLOWED
On your SF424A, leave the following section blank: Section B columns 1&2 line 6g

Name	**Service**	**Cost**
St. Luke's Health Initiative	HIE/HIT Governance and Collaborative Capacity Assessment	$30,000
	TOTAL	$30,000

Item	**Rate**	**Cost**
1. Working Group Meeting Support	15 meetings x $500	$8,000
Certifications and	3 X $1,000	$3,000

H. Other: Expenses not covered in any of the previous budget categories **Table 13:**

Federal Request

Table 14: Non-Federal Match

Item	**Rate**	**Cost**
	TOTAL	$0

NARRATIVE JUSTIFICATION: The plan development phase of this project will involve multiple stakeholder meetings throughout the state. The Arizona team intends to use existing state office space or space secured from stakeholders to conduct these meetings but have included this funding as a contingency in case space and audio visual needs to be secured. As the exact personnel have not yet been selected to comprise the Arizona HIE/HIT team, funding is being reserved for ongoing certifications and professional development.

NARRATIVE JUSTIFICATION: N/A **SOURCE OF MATCH FUNDS**: N/A

FEDERAL REQUEST (enter in Section B column 1 line 6h of form SF424A): **$11,000**
NON-FEDERAL MATCH (enter in Section B column 2 line 6h of form SF424A):**$0**

TOTAL DIRECT COSTS: FEDERAL REQUEST (enter in Section B column 1 line 6i of form SF424A): **$452,557 NON-FEDERAL MATCH** (enter in Section B column 2 line 6i of form SF424A):**$32,948**

TOTAL INDIRECT COSTS: FEDERAL REQUEST (enter in Section B column 1 line 6j of form SF424A): **$54,307 NON-FEDERAL MATCH** (enter in Section B column 2 line 6j of form SF424A): **$0**

TOTAL PROJECT COSTS: Sum of Total Direct Costs and Indirect Costs FEDERAL REQUEST (enter in Section B column 1 line 6k of form SF424A):**$506,864**

Item	**Rate**	**Cost**
	TOTAL	$0

Category	**Federal Request**	**Non-Federal Match**	**Total**
Personnel	$209,375	$0	$209,375
Fringe	$64,654	$0	$64,654
Travel	$5,808	$2,048	$7,856
Equipment	0	$0	0
Supplies	$11,720	$900	$12,620
Contractual	$150,000	$30,000	$180,000
Other	$11,000	$0	$11,000
Total Direct Costs*	$452,557	$32,948	$485,505
Indirect Costs	$54,307	$0	$54,307
Total Project Costs	$506,864	$32,948	$539,812

NON-FEDERAL MATCH (enter in Section B column 2 line 6k of form SF424A): **$32,948** **Table 15:**

Budget summary

**This phase of the project is designed to be concluded before the 1st quarter of federal fiscal year 2011 when the first allocation of match is required. Even so, we have included in-kind match resources totaling more than 6% of the total plan development phase budget.*