



Iowa Health Information Network Transition

Problem statement: The Iowa Health Information Network (IHIN) currently functions under a state government-led governance structure however this model is not suitable for the long-term sustainability of the Network.

Background: The governance structure of the IHIN is currently state government-led, with a heavily involved public and private executive committee and advisory council. The Iowa Department of Public Health (IDPH) manages all business and technical operations of the IHIN, with recommendations provided by the executive committee and advisory council, and oversight by the State Board of Health. IDPH, the Business and Financial Sustainability Plan Workgroup, and executive committee and advisory council have discussed and considered several alternative forms of governance structures including the following models, not-for-profit, for-profit, public utility, quasi-governmental, and state government-led. Please see Appendix A for additional information on the options reviewed and some of the advantages and disadvantages for each alternative governance structure considered. Additional information on other states is also provided in Appendix A.

A long-term solution should be considered.

It is becoming clear that a long-term model of state government-led governance for the IHIN requires some evaluation. There are several reasons for this including limited flexibility due to public procurement processes and the inability to react quickly to technology innovations. These vulnerabilities increase the financial liability and risk to the millions of dollars that the state and federal government have invested in the IHIN. They are the reasons that a long-term solution to the governance of the IHIN is needed and may not be found within a state government-led model.

Health information technology is rapidly evolving. A government-led model of governance is at the mercy of measured and deliberate government processes. For example, the request for proposal (RFP) process is required to be used by state agencies for procurement of services over a certain threshold of expense. A typical RFP process will take months to post, evaluate, award, and have a contract signed by the vendor before work can begin. Hiring and travel processes are similarly slow-moving and untimely.

The IDPH Office of e-Health must seek several layers of approval from four separate entities (advisory council, State Board of Health, Governor's Office and General Assembly) in order to move forward with needed changes to administrative rules or laws. On average, it has taken at least two legislative sessions to pass needed legislation. A recent example of this occurred in the 2014 session. Legislation proposed by the department was directly related to a service that some participants in the IHIN have access to while others do not. This inequity was caused by legislative negotiations in 2012. The effort to make the service more equitable was stalled and ultimately failed last session. This inaction leaves reasonable consumer needs unfulfilled and further delays the ability to sell an attractive value-add service to potential customers.

Iowa Code Section 135.156A requires the IHIN to be self-sustaining. The IHIN must charge reasonable fees to enough participants to generate a sufficient revenue stream to cover its operating costs. Lengthy timeframes are burdensome to any business and especially one in the health IT market. Timely reaction to customer needs is nearly impossible under the current state-government led governance structure. The IHIN must be in the position to respond to its customers' needs and the marketplace with more urgency than what a state government-led model can provide.

Recommendation: The IHIN should transition from a state government-led model of governance to a private not-for-profit model to ensure its long-term business and financial sustainability. Among the possibilities, this model fits best with Iowa's collaborative health care environment as evidenced by the success of the Iowa e-Health Collaborative. The Iowa e-Health Collaborative is a public and private collaboration that works to improve health care quality, safety, and



efficiency through the use of health information technology (health IT). Health organizations that are traditionally competitors in the marketplace have joined together to work toward the collective benefits and public good that health IT can bring to their patients, quality improvement outcomes, and operational costs. The success of the Iowa Health Information Network is attributable to the fruits of their labor.

A not-for-profit model of governance continues the spirit of collaboration amongst the IHIN's stakeholders. An entity governed by a board of directors that meet the requirements of the proposed legislation is the best model for continuation of this effective collaboration toward the public good of health IT. The proposed legislation requires a board of directors that is representative of all participants in the IHIN; no single industry may hold a majority of voting members. It also requires the transfer of administrative duties relating to the e-Health Collaborative, including a time-limited directive to continue the work of the executive committee and advisory council. This will ensure that diverse stakeholder input is influential in decisions made by the board of directors. These participants essentially own the IHIN already. They helped to create it, finance it, and govern it. A transition to a not-for-profit model would make them more accountable and vested in the success of the Network for the long-term.



Appendix A

Governance Structure	Advantages	Disadvantages
<p>Not-For-Profit Not-for-profit HIEs are driven by their charter to help consumers and the community in which they provide services. Their tax-exempt status helps reduce funding challenges and provide special tax credits/incentives.</p>	<ul style="list-style-type: none"> • Generally nimble with regard to governance, operations and procurement • Limited political influence • Low financial risk to state government • Concentrates on promotion of the public good. 	<ul style="list-style-type: none"> • Lengthy transition of IHIN or establishing sub recipient • Transition from state government could create instability • Participant fees may need to increase to cover expenses
<p>For-Profit For-profit HIEs are created with private funding and have firm return on investment targets. These organizations look to reap financial benefits from their transactions and have solid start-up funding.</p>	<ul style="list-style-type: none"> • Generally nimble with regard to governance, operations and procurement • Flexibility in structure • Limited political influence • Low financial risk to state government • Incentive to have high-performing system and technology 	<ul style="list-style-type: none"> • Lengthy transition of IHIN or establishing sub recipient • May not be eligible for government (e.g., ONC / CMS) and foundation funds • Transition from state government could create instability • Participant fees may need to increase to cover expenses
<p>Public Utility Public utility HIEs are created and maintained with the assistance of federal/state funds and are provided direction by the federal/state government. The organization’s funding source is the primary differentiator for this category along with highly regulated fees and strict monitoring.</p>	<ul style="list-style-type: none"> • Funded by those who benefit from the system • Regulated environment • Fee collection models and processes already exist 	<ul style="list-style-type: none"> • Few working examples of a public utility model for HIE • Regulations can be burdensome • Limited flexibility due to slow decision making • May be unable to react quickly to technology innovations
<p>Quasi-Governmental The HIE is a private entity started by a public organization. In this model, the board is comprised of both state and private sector representatives. The board is responsible for setting policy and may be also responsible for operation of the HIE.</p>	<ul style="list-style-type: none"> • Generally nimble with regard to governance, operations and procurement • Board structure encourages public-private partnership • May be supported by state or federal funding 	<ul style="list-style-type: none"> • Political influence • Regulations can be burdensome • Limited flexibility due to slow decision making • May be unable to react quickly to technology innovations
<p>State Government Led The HIE is solely governed by the state government. While there may be private sector representation on governance committees, the state government is responsible for the work produced, and is the final authority on the policies and operations of the HIE. The public entity may contract with a non-governmental entity to</p>	<ul style="list-style-type: none"> • Established processes • Liability coverage exists within state government • State has compelling public health interest • Transparent and open meetings • Resources remain focused on current goals and objectives 	<ul style="list-style-type: none"> • Political influence • Regulations can be burdensome • Limited flexibility due to slow decision making • May be unable to react quickly to technology innovations • High financial risk to state government



Governance Structure	Advantages	Disadvantages
implement components of the HIE.		

Source: Iowa e-Health Business and Financial Sustainability Plan, November 2011

Other states

As of October of 2013, at least 24 states were using a private not-for-profit model or moving toward one. Examples include Kansas, Missouri, Nebraska, Ohio, Utah, Virginia, and Wisconsin. Fourteen states were using a government-led model or a hybrid/quasi-government model. Examples include Iowa, Illinois, Minnesota, North Dakota, and South Dakota.

Not-for-profit examples

Wisconsin www.wishin.org. The Wisconsin Department of Health was authorized by their legislature to conduct a request for application process in 2011. The Wisconsin Statewide Health Information Network (WISHIN) has been the state designated entity since that time. WISHIN is a consortium of four organizations – the Wisconsin Hospital Association (WHA), the Wisconsin Medical Society (the Society), the Wisconsin Health Information Organization (WHIO) and the Wisconsin Collaborative for Health Care Quality (WCHQ). The consortium brings together the two most significant and established statewide associations representing physicians and hospitals and the two most prominent and successful multistakeholder health care information organizations to advance the goals of health information exchange in Wisconsin.

Virginia www.connectvirginia.org. Community Health Alliance (CHA) is a Virginia-based 501 (c)(3) organization that was created by a consortium of not-for-profit hospitals in 2002 to improve access to healthcare services and resources for those in need. CHA subcontracts with an IT firm (MEDfx), a business and technical operations firm (MedVirginia), and a law firm (Troutman Sanders, LLP).

