

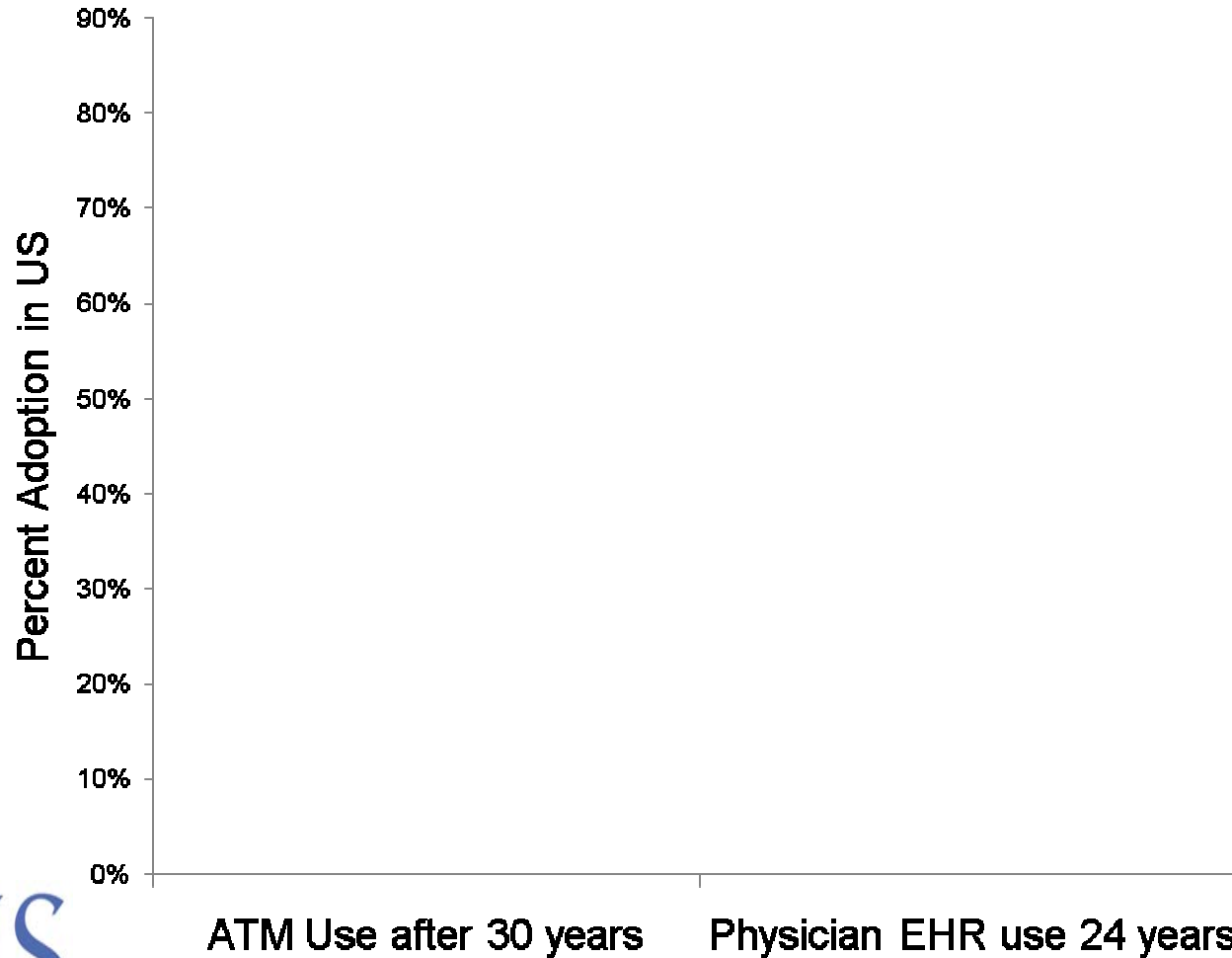


# Health Information Technology State - Industry Collaboration

May 12, 2009  
HIMSS Advocacy Day

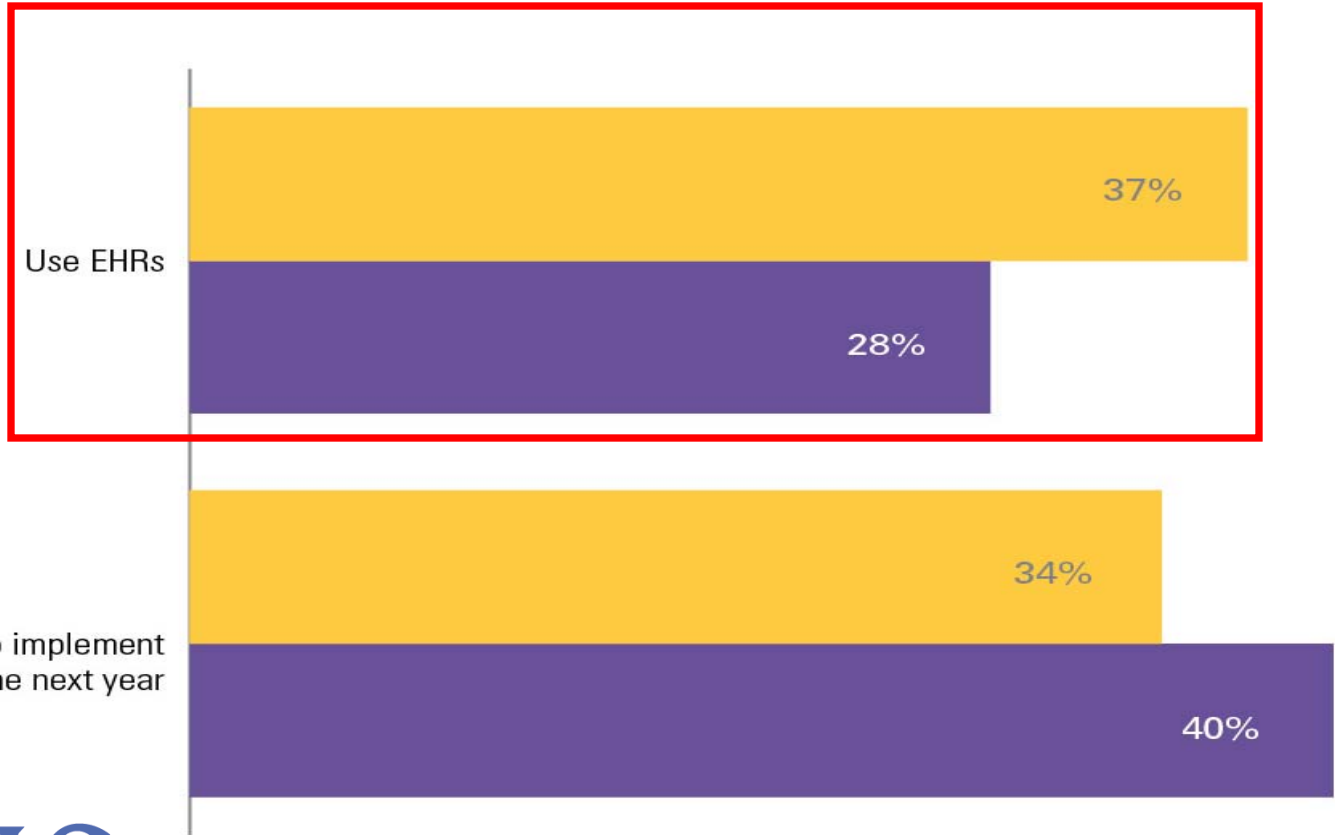


# A Perpetually Evolving Technology



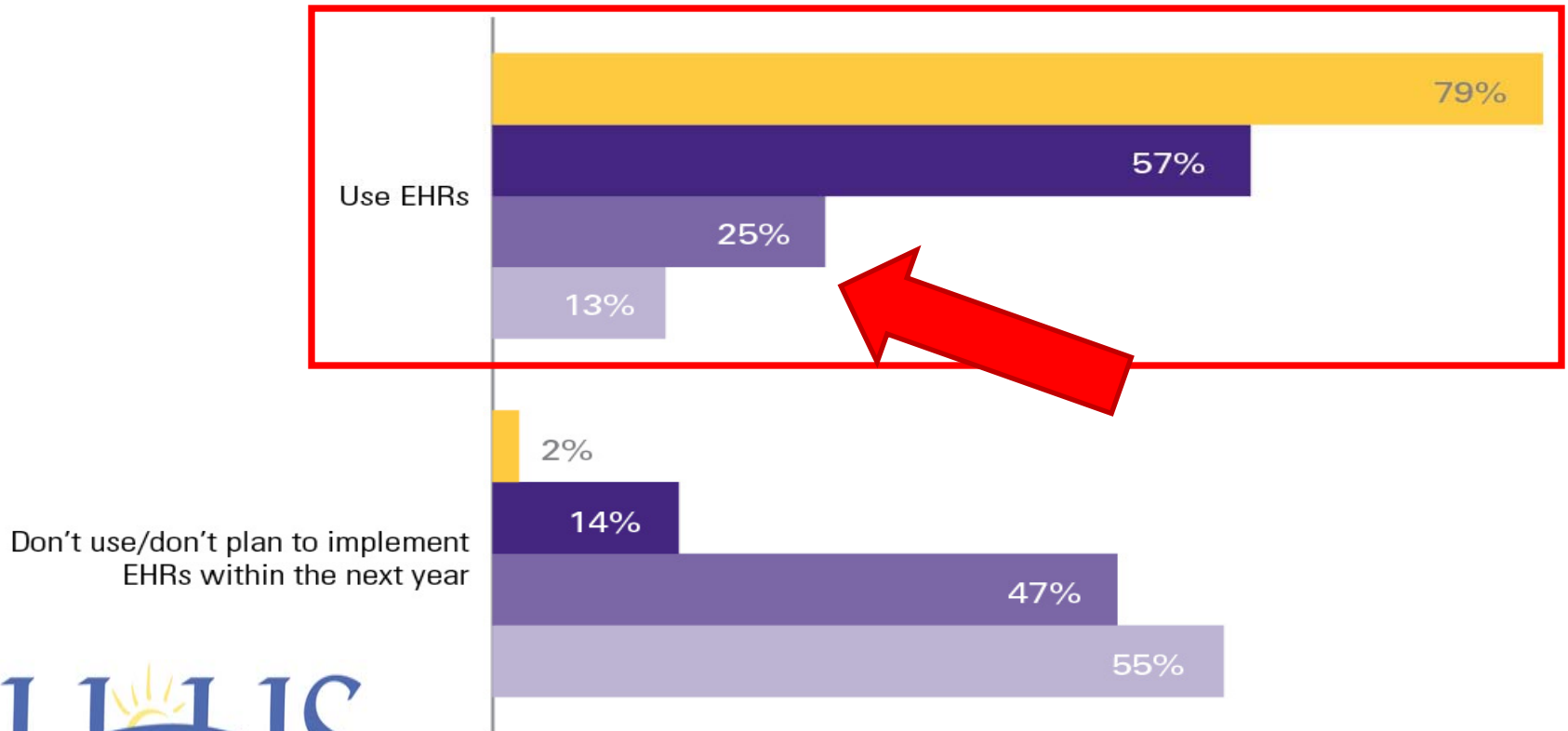
# Individual Physician Use of Electronic Health Records, California vs. U.S., 2007

California  
U.S.

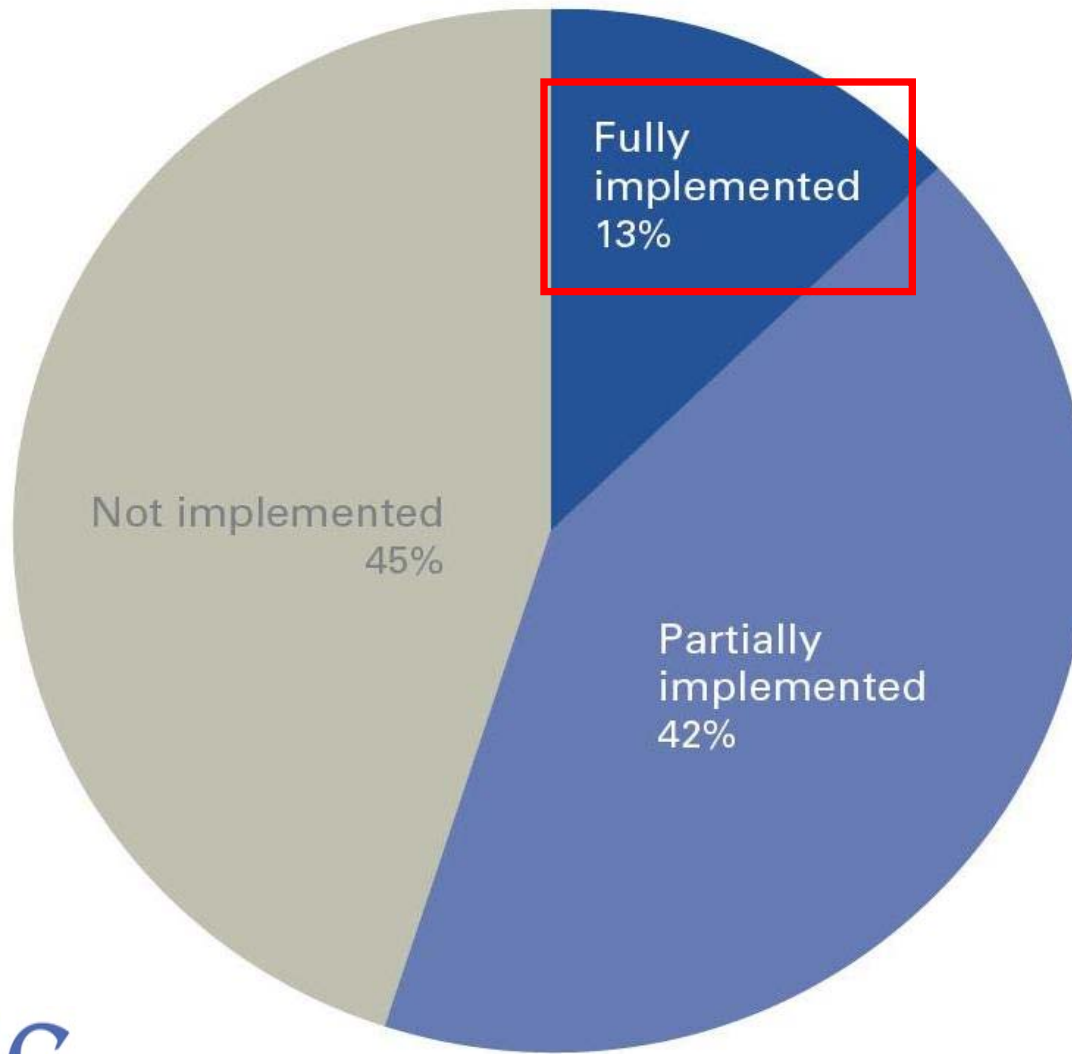


# Physician Use of EHRs, by Practice Size, California, 2007

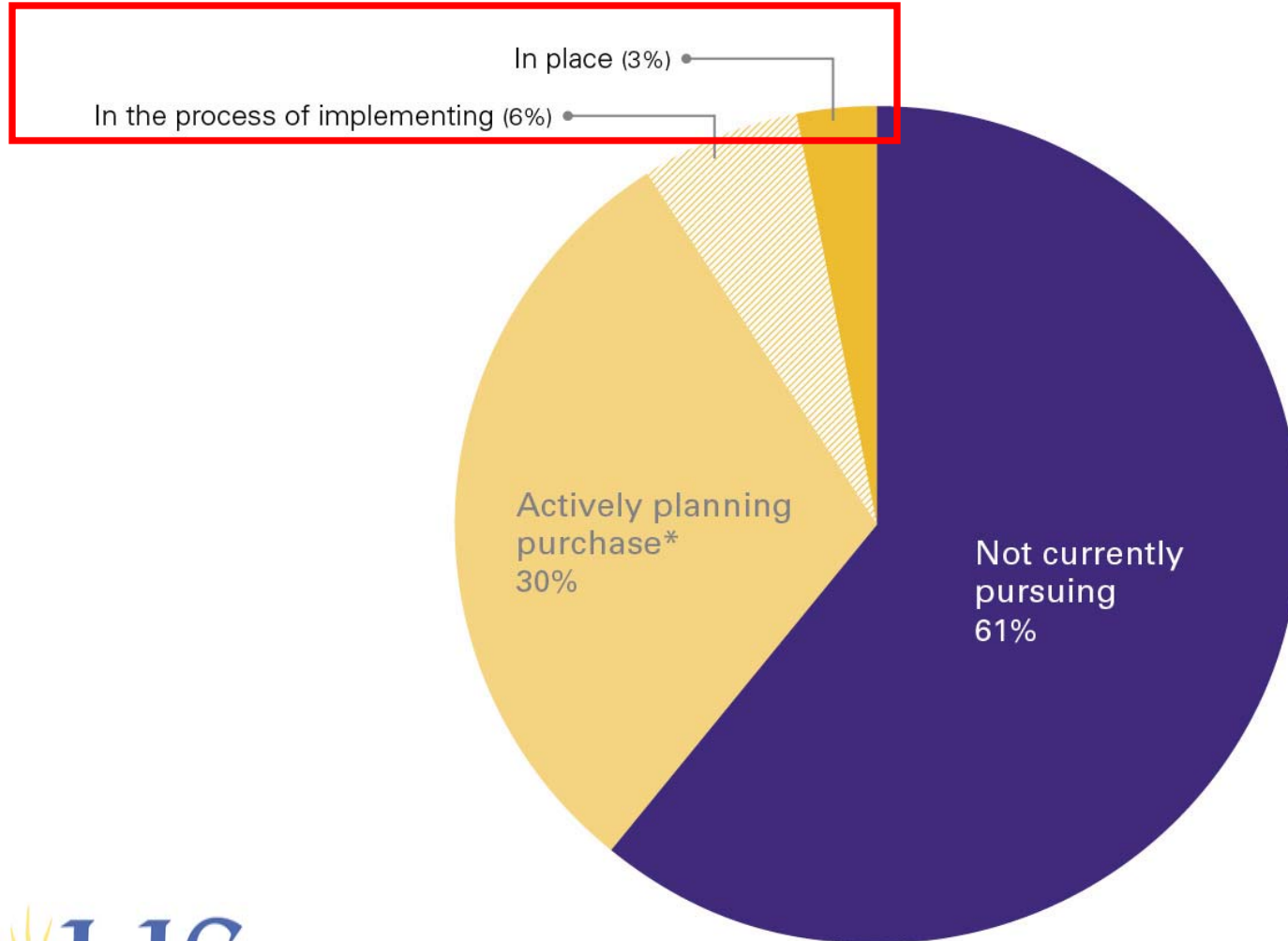
- Kaiser
- Large Practice
- Small/Medium Practice
- Solo Practitioner



## Use of EHRs at Hospitals, California, 2006/2007



## Use of EHRs at Community Clinics, California, 2005



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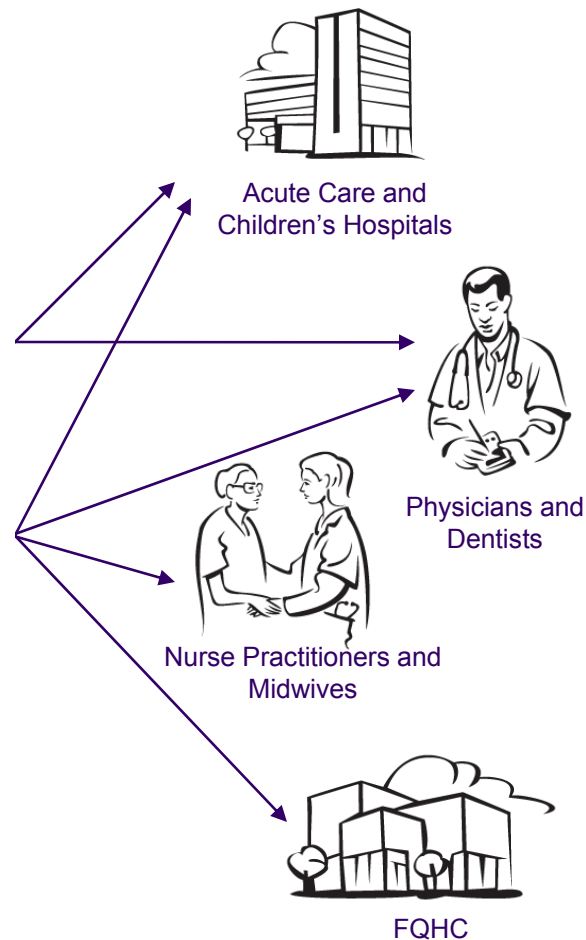
# HITECH Overview

(aka – an Unprecedented Opportunity)

# Funding Flows – Entitlements

## Entitlement Funds (\$34 billion in gross outlays)

Program	Distribution Agency*	Use of Funds
Medicare Payment Incentives	CMS	Incentive Payments through Carriers
Medicaid Payment Incentives	CMS and states	Incentive Payments through State Agencies



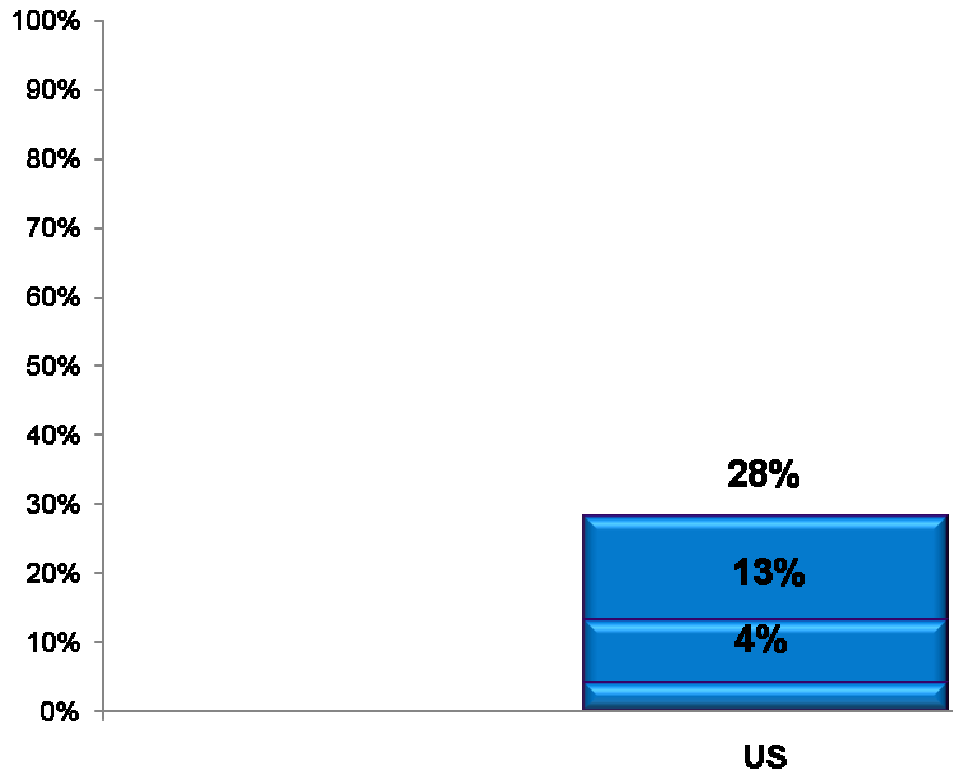
## “Meaningful Use”



Source: California HealthCare Foundation, 2009  
 CMS is Center for Medicare and Medicaid Services,

# “Meaningful Use” of Ambulatory EHRs in the US

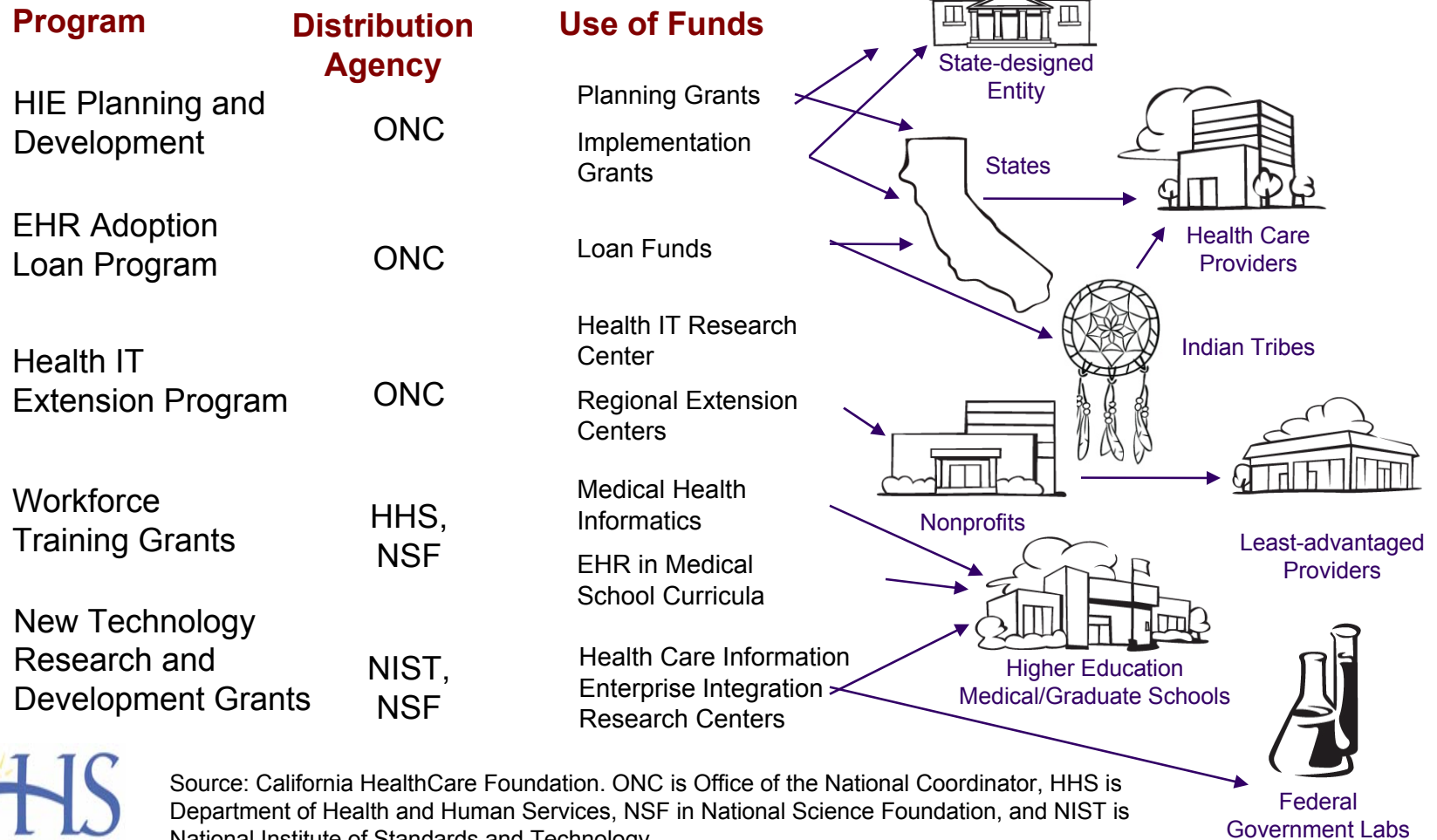
Percent



Survey Response	Fully Functional System
<b>Does your main practice site have a computerized system for any of the following?</b>	
<b>Health information and data</b>	
Patient demographics	X
Patient problem lists	X
Electronic lists of medications taken by patients	X
Clinical notes	X
Notes including medical history and follow-up	X
<b>Order-entry management</b>	
Orders for prescriptions	X
Orders for laboratory tests	X
Orders for radiology tests	X
Prescriptions sent electronically	X
Orders sent electronically	X
<b>Results management</b>	
Viewing laboratory results	X
Viewing imaging results	X
Electronic images returned	X
<b>Clinical-decision support</b>	
Warnings of drug interactions or contraindications provided	X
Out-of-range test levels highlighted	X
Reminders regarding guideline-based interventions or screening	X

# Funding Flows – Appropriations

## Appropriated Funds (\$2 billion in gross outlays)



Source: California HealthCare Foundation. ONC is Office of the National Coordinator, HHS is Department of Health and Human Services, NSF in National Science Foundation, and NIST is National Institute of Standards and Technology.

# Estimate of California HITECH Funding

Program	Federal Allocation*	California Estimate**
Medicare EHR Incentive Program	\$20 billion Up to \$44,000 per physician	\$2 billion
Medicaid EHR Incentive Program	\$14 billion Up to \$64,000 per physician	\$1.4 billion
Other Grant Programs	\$2 billion	???

\* Congressional Budget Office estimate of outlays  
 \*\* California's proportionate share estimated at 10%

# Related Areas of Funding

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## Broadband and Telehealth

- \$4.3B for broadband and \$2.5B for distance learning / telehealth grants

## Comparative Effectiveness

- \$1.1B to HHS for comparative effectiveness research

## Federally Qualified Health Centers

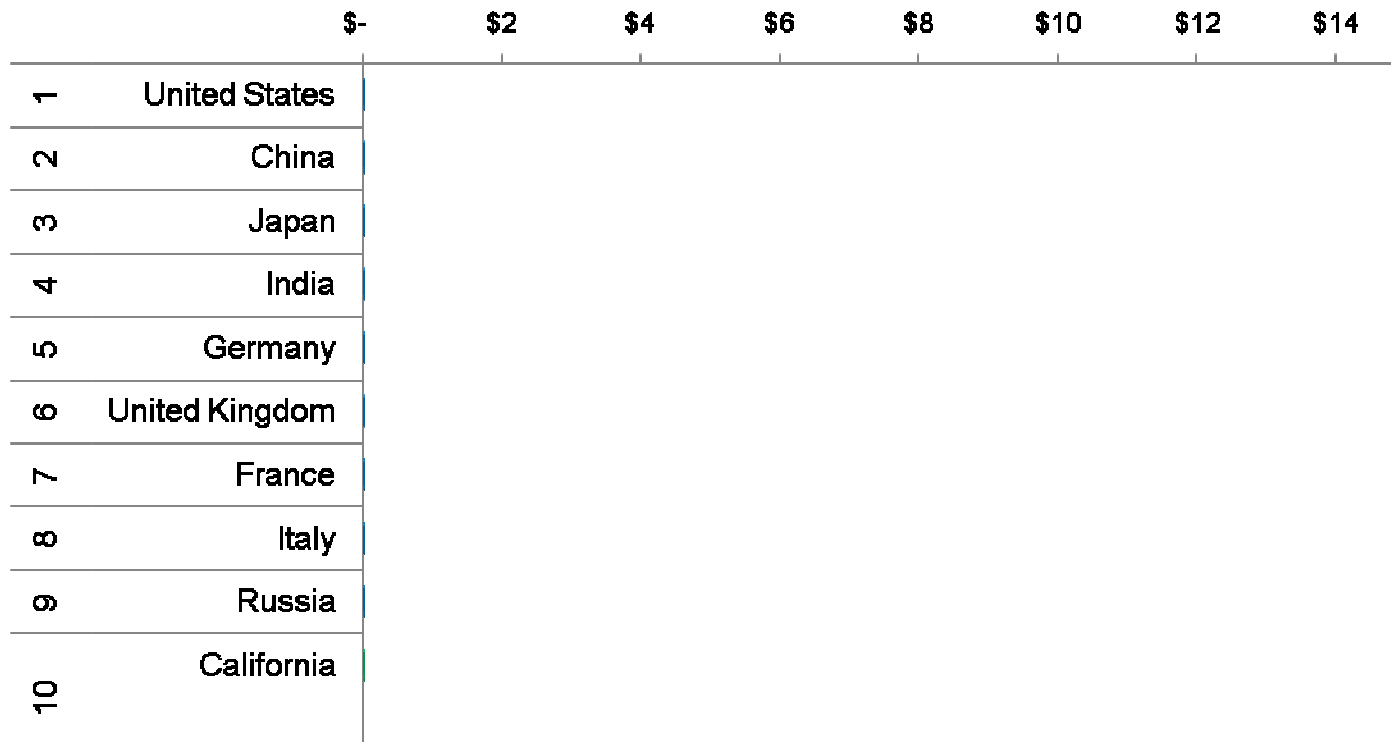
- \$1.5 billion for construction, renovation, equipment and acquisition of health IT systems

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# State-Industry Collaboration

# California

## Economy Comparison (Trillions – 2006)



# How Are We Different?

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- Wal-Mart knows when a 6 oz. can of low-sodium Campbell's tomato soup is sold in Fresno store #1815; how much the customer paid for it; how many more they have in stock; and can instantaneously order more to replace it
- No one in California can accurately account for the number of people who die or are sickened from a prescribing error

# Efficiency

- Cost of dispensing a drug for a Medi-Cal beneficiary<sup>1</sup>:
  - \$13.18 per prescription
- Communication between pharmacies and private physician practices account for<sup>2</sup>:
  - 25% of pharmacists' time
  - 20% of the workload of physician-office staff
- Meanwhile over at Wal-Mart:
  - Generics drugs are \$4 (and they're making money on it)
  - Saved consumers >\$1 Billion

Sources: <sup>1</sup>Grant Thornton, LLP, *National Study to Determine the Cost of Dispensing Prescriptions in Community Retail Pharmacies*, January 2007.

<sup>2</sup>Jane Sarasohn-Kahn & Matthew Holt, *The Prescription Infrastructure: Are We Ready for ePrescribing?* California HealthCare Foundation, January 2006.

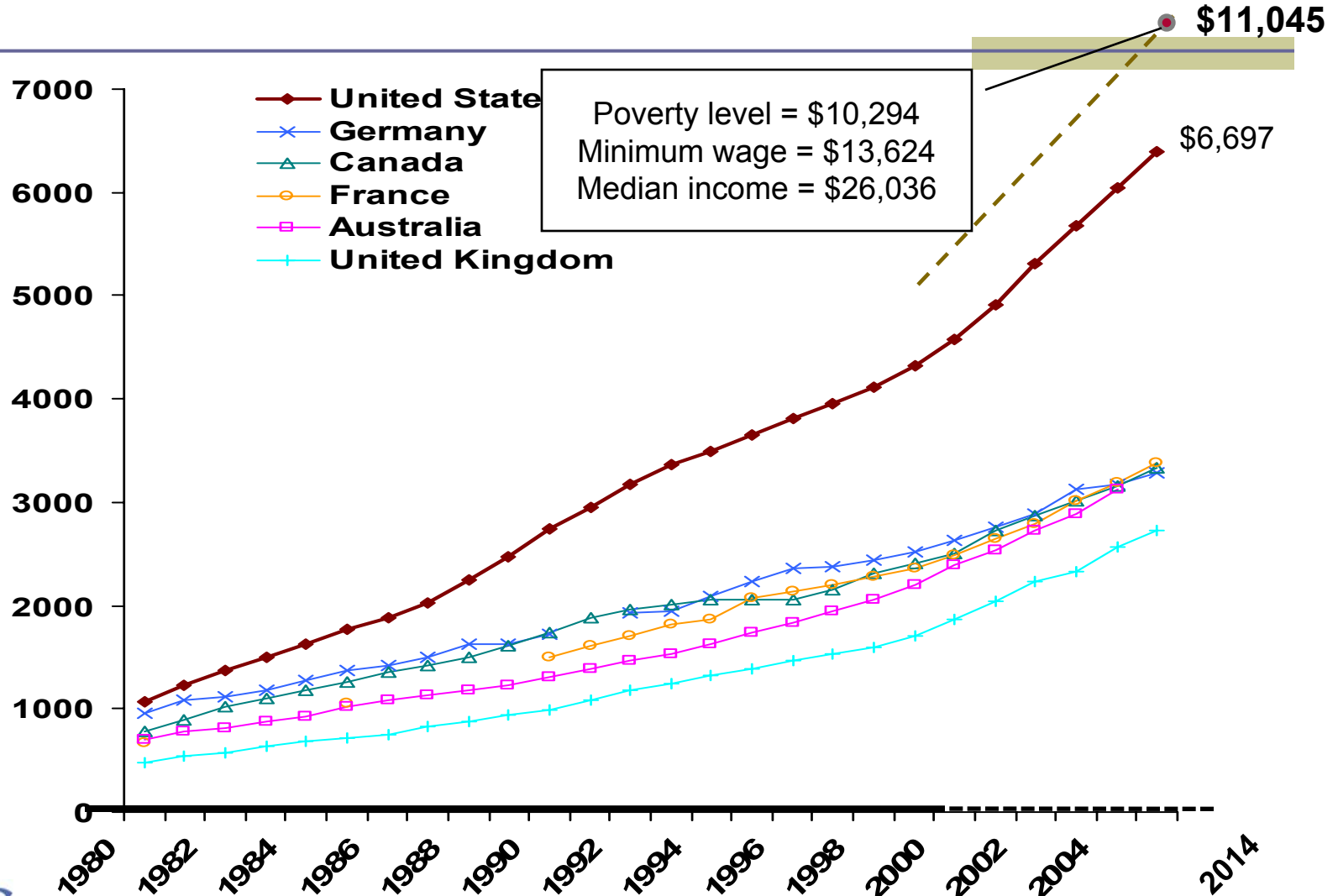
# International Comparison of Health Spending,

Average spending on health per capita 1980 – 2005 (\$U.S. PPP)



# International Comparison of Health Spending

Average spending on health per capita 1980 – 2005 (\$U.S. PPP)



Sources: "U.S. health spending projections for 2004–2014." Stephen Heffler et al., *Health Affairs*, 23 February 2005. OECD Health Data 2007.

Mark Perry: Professor of economics and finance University of Michigan: <http://mjperry.blogspot.com/2008/06/how-rich-are-you-even-minimum-wage.html>

# Goal

To dramatically improve safe and secure access to information and patient and provider decision-making benefiting the health and wellbeing, safety, efficiency, and quality of care for all Californians.

# Objectives

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- To engage in an open, inclusive, collaborative, public-private process that supports widespread EHR adoption and a sustainable statewide health information exchange
- To maximize California's access to critical ARRA stimulus funds
- To ensure patients have safe, secure access to their personal health information and the ability to share that information with others involved in their care

# A Plan for the State

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- Health Information Exchange
- Workgroups to develop:
  - Health IT Extension Centers
  - EHR Loan Fund
  - Workforce Training/Development Programs
  - Technology R&D Centers
- A plan that coordinates:
  - Broadband/telehealth expansion
  - Medicaid EHR incentive program
  - Consistent and effective privacy and security policies
  - Integrated emergency response and public health systems

# A Word of Caution...

***...The relatively easy lifting in Medicare, or broader health care, reform — things like better health information technology, wellness, prevention, outcomes research, and the like — will have only a modest and insufficient impact on health care costs to really get the job done.***

***The real heavy lifting will be in actually changing provider behaviors by finally eliminating wasteful procedures and technology, addressing payment reform head-on, and finally cracking the high administrative costs we carry in the U.S. health care system.”***

-Bob Laszewski's, January 15, 2009, Health Care Policy and Marketplace Review  
(Blog - [healthpolicyandmarket.blogspot.com](http://healthpolicyandmarket.blogspot.com))

# Questions?

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Jonah Frohlich

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California Health and Human Services Agency

[jfrohlich@chhs.ca.gov](mailto:jfrohlich@chhs.ca.gov)

Be part of the solution, sign up and participate:

[hie@chhs.ca.gov](mailto:hie@chhs.ca.gov)

[www.chhs.ca.gov](http://www.chhs.ca.gov) → Initiatives → Health Information Exchange

# Call Information

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## **Stake Holders Call**

**Date: 2<sup>nd</sup> Thursday Every Month**

**Time: 1:00 p.m.**

**Next call – Thursday May 14<sup>th</sup>**

**Dial In: 877 – 531 – 2985**

**Passcode: 100470**