

Legislative Budget and Finance Committee

Pennsylvania eHealth Partnership Authority Evaluation

Report Presentation by Dr. Maryann Nardone at October 19, 2016, Meeting

Good morning. Act 2012-121 created the PA eHealth Partnership Authority as an independent agency of the Commonwealth to facilitate voluntary sharing of health records and public health information statewide through regional health information organizations (HIOs) and other health information service providers. The Act also directed our Committee to review the Authority's performance and make recommendations as to reauthorization, dissolution, or assumption of the responsibilities by another entity prior to the Authority's sunset date in July 2017.

Act 121 authorized the creation of the Authority effective July 2012. The primary purpose of the Authority was to oversee a federal grant Pennsylvania received to establish a statewide health information exchange between hospitals and other healthcare providers. As you might guess, this is a complex endeavor. The Authority held its first meeting about one year after (April 2013) the effective date of the Act, and hired an Executive Director and Deputy Director about two years after (April 2014). Despite such delays, with significant involvement of its Board and stakeholders, by June 2016, the Authority had accomplished many of the responsibilities assigned in statute. For example, despite many challenges (e.g., technology barriers, incomplete national standards, absence of a demonstrated patient-matching algorithm, etc.) that have confronted health information exchanges nationwide,

the Authority established Pennsylvania's statewide exchange, known as P3N (PA Patient and Provider Network).

In June, one Health Information Organization or, HIO, was fully operational with the state exchange, and others with the potential to cover much of the state were positioned to become operational in summer 2016. To protect consumers, the Authority also established certification standards for P3N participants, developed and conducted public information programs to educate and inform consumers, and established a registry for consumers wishing to opt-out of the statewide exchange.

The Authority also invested about 40 percent of a Commonwealth \$17.1 million federal grant for support to local and regional exchange activities. Through the Department of Human Services (DHS), it also obtained about \$5 million in mostly federal CMS funding for regional HIOs to help link over 70 hospitals and ambulatory centers to regional and state exchanges.

The Authority's Board members have been actively engaged in its operations, and complied with Act 121's requirements for public meetings. As of June 2016, however, the hospital representative seat on the Board had been vacant for more than one-and-one-half years, and a consumer seat had been vacant for almost a year.

As required by Act 121, and following much deliberation, the Authority in March 2015 adopted a fee schedule for regional HIOs and others who voluntarily participate in the state exchange. Subsequently, the Board delayed implementation of the fee schedule until at least two regional HIOs were fully operational with the statewide exchange. However, the fee schedule anticipates only \$500,000 annually from private sources. In part, this is due to the design of Pennsylvania's exchange, which builds on existing local networks and health information service providers and is not designed to financially compete with them or supplant the services they may provide. Private revenues, therefore, will not be anywhere near sufficient to sustain statewide exchange operations, which required funding in the neighborhood of \$4 million annually.

Primarily for these budgetary reasons, the Governor proposed and the General Assembly enacted legislation in July 2016, eliminating the PA eHealth Partnership Authority and creating the PA eHealth Partnership Program within the Department of Human Services (DHS) with an advisory board to be appointed within 90 days by the General Assembly and the Secretary of DHS. DHS's FY 2016-17 budget included about \$4 million for the Partnership Program created in Act 2016-76, with about half of such funding from federal sources.

Our report concluded that continuation of a program along the lines of the eHealth Partnership Authority is reasonable in view of the considerable private and

public investment that has been made for health information exchange, the progress that has occurred thus far in Pennsylvania and nationwide, and federal initiatives that are underway. The transfer to DHS is also reasonable in light of its interest and support for the work of the Partnership Authority and statewide health information exchange, its ability to take on the administrative work performed through interagency agreements with other state agencies, and its recognition that electronic health information exchange is essential if it is to achieve its goal of increasing coordination of care and service quality for those served through its programs.

The Chairman of the Authority Board has endorsed the legislation to transfer the duties and responsibilities of the Authority to DHS. Board members with whom we spoke also concurred with the transfer if it assures stability and continuity for the work of the Partnership Authority.

With regard to recommendations, we recommend that DHS and the General Assembly form an advisory board for the eHealth Partnership Program created by Act 76 and that the hospital and consumer representative seats on the board not remain vacant.

The General Assembly may also wish to require the newly created DHS program be evaluated in three to five years in light of the many changes that are occurring in health information technology and exchange, the implementation of federal payment reform initiatives, and to assess the effect of the transfer of the Authority's responsibilities to the Department.

We thank the Pennsylvania eHealth Partnership Authority board and staff. In particular, we thank the Authority's Board Chairman, David Simon, Alexandra Goss, the Authority's former executive director, and Kelly Hoover Thompson, its current executive director. We also thank representatives of the non-profit Pennsylvania eHealth Initiative (PAeHI) and regional health information exchanges for sharing their insights. Without their valuable assistance, we would not have been able to successfully complete this study.