ACOs Driving HIE Development, Competition

By Chris Dimick

Health information exchange is about more than just connecting providers for the electronic transfer of records. Direct financial benefits can also result from this exchange.

Accountable care organizations (ACOs), which incentivize competing providers to link together and exchange data in order to lower costs and share savings, are becoming a true market driver for private and public HIE development.

As private and public HIEs jostle for their position in the marketplace, both entities are looking to ACOs as an opportunity for both saving and making money. ACOs join the meaningful use program and other initiatives that are giving providers a nudge to invest in HIE.

Both private and state HIEs claim to be the best at helping providers create and utilize ACOs, with private HIE vendors saying they excel at connecting local organizations and state HIEs saying they can offer wide-reaching connections for an even greater breadth of shared information.

It remains to be seen which HIE type—the enterprising private HIE or the non-profit state level HIE—will corner the ACO market.

ACOs are better serviced by a private HIE exchange, said Chris Voigt, senior director at Siemens Healthcare-owned private HIE vendor MobileMD. ACO participants would never share the sensitive financial information they need to transact between ACO participants at a state level – such matters would need to be handled more discreetly, he said.

However, state-HIE developers have a different outlook. The wide reach that state HIEs provide offers the diversity and connectivity that will make an ACO successful beyond the limited, local reach of private HIEs, said Gary Ozanich, Ph.D., senior research fellow at the Center for Applied Informatics at Northern Kentucky University and chair of the business development and finance committee at the state-level Kentucky Health Information Exchange (KHIE).

A state HIE can cover those "white spaces" that private HIEs don't typically include in their networks—the small and fringe providers. The state HIE provides real continuity of care, encouragement of meaningful use, and patient engagement for the entire population of a state, said Karen Chrisman, staff attorney for the Kentucky Governor's Office of Electronic Health Information, the agency operating KHIE.

While some providers might be hesitant to join a state HIE, and thus share information with competitors, the ongoing development of accountable care organizations and the rapid shift from payment based on service to payment based on outcomes will cause more providers—even those with private HIEs—to want to more freely exchange information at the state level, Ozanich said.

Argument for Private HIEs

Private and state HIEs are competitors—but that shouldn't be seen as a bad thing, one vendor CEO said. May the best HIE rise to the top of the marketplace, contends Marc Willard, CEO of Certify Data Systems, an HIE vendor.
Private HIEs have the ability to improve healthcare through sustainable, profitable services—something many state HIEs will struggle to achieve, Willard said.

HIE should not be a forced, top-down development led by state HIEs. Since healthcare is mainly local, private HIEs that serve segments of a state is a more natural and sustainable approach to information exchange.

"State systems tend to drive maybe the large hospitals working within them, but they also drive bureaucracy and it is unclear whether the funding will come outside of a grant," Willard said. "The health system approach is just more natural to say 'look, it is our population, our community of patients and physicians, why don't we just do it ourselves.'"

Many health systems cross state lines, meaning those systems would need to belong to several state HIEs just to exchange health information within its own system. Better to leave HIE to the private HIEs, which can then connect to a state HIEs to trade information with competitors and far-off systems if necessary, Willard said.

"I can tell you we have five or six health systems that will connect with each other without any state HIE, without any bureaucracy, and they will do that on an as needed basis," he says.

State HIEs take longer to develop than private HIEs because they have many different stakeholders providing input. This can lead to a state HIE with a limited capacity when stakeholders disagree on how to exchange information and what can be exchanged, Voigt said.

But private HIEs can develop their own rules. Since physicians are sharing information within their own network, they may see the exchange as more trustworthy and valuable, Willard said.

Healthcare is primarily a local initiative, and localized HIEs driven by private enterprise will lead to the only real HIE benefit, Willard says.

"What are the chances of a patient from California ending up in a hospital in New York in their lifetimes, two percent? But the chances of that patient ending up in a hospital within 10 minutes from their current home is an awful lot higher," Willard says. "Let's make sure we have the local HIE running really well and can make that connection if something happens and you need to send that record."

Argument for State HIEs

State HIEs are necessary to cover the gaps in service that private HIEs don't offer, as well as to foster collaboration between a sometimes polarized healthcare community, Ozanich said. For many rural and independent providers, the state HIE might be their only link to information exchange.

State HIEs are also necessary to provide services that aren't financially attractive to private HIEs but are needed for the greater good of the healthcare community, contends Leslie Lenert, professor of medicine and biomedical informatics at the University of Utah's School of Medicine.

In a paper published in the January 2012 Journal of the American Medical Informatics Association, Lenert said state-HIEs and their nonprofit mission are essential for driving initiatives that might not turn a dollar, but offer wide improvements in the quality of healthcare provided. If private HIEs drive out state HIEs, then those services would not be realized, he said.

While private HIEs could eventually do everything a state HIE promises, some HIE vendors do see the current need for a state entity. For example, having a record locator service at the state level would be helpful to private HIE operators, Voigt said.

"If I can go to the state and say 'Hey, I have this patient, can you guys tell me where else their records are,' and you could go look them up and the state provides me the direct services and utility to go ahead and securely, with proper authorization and authentication, pull those records from some other non-affiliated provider, that would be a helpful thing," Voigt said.

Vendors argue that health systems should develop connections naturally and through specific business ventures. Asking competing hospitals to work together—the model of state HIE—could easily fail, Voigt says.
But state HIEs are seen as a unifying point, working to encourage healthcare providers that are usually stingy with their health data to share in the name of better coordinated care and the eventual improvement of healthcare processes.

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