



TEXAS HEALTH CARE POLICY COUNCIL

-POLICY PAPER-

THE STATE OF HEALTH INFORMATION TECHNOLOGY IN TEXAS

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The term “health information technology” generally refers to the use of information technology (IT) to improve the quality, safety, and/or efficiency of clinical practice. Health IT tools available to health care providers and facilities include, but are not limited to, electronic medical records, computerized physician order entry, electronic prescribing, and clinical decision support. In addition, miscellaneous types of electronic health information exchange (HIE), which allow for the electronic exchange of clinical information among providers, are often considered as aspects of health IT.

COSTS AND BENEFITS

Numerous studies have attempted to present the possible costs, benefits, and returns on investment associated with health IT and HIE. One of the most oft-cited cost-benefit analyses estimated the total annual net value of HIE as \$77.8 billion per year once fully implemented. A similar analysis focusing on the state of Texas estimated that a fully electronic health information infrastructure in Texas could save \$14.2 billion per year after full implementation.

INVESTMENT IN IT BY THE HEALTH CARE INDUSTRY

The IT revolution has allowed many industries to increase the productivity, efficiency, and quality of their core business practices through investments in IT systems and infrastructure. Although some components of the health care industry have been able to benefit from IT investments, those components of the health care industry that support the actual delivery of health care services have remained largely paper-based.

HEALTH IT IN THE PRIVATE SECTOR

Many private-sector health care providers and facilities have adopted health IT tools to improve their quality, safety, and efficiency. Results from the 2005 Texas Medical Association Special Survey on Electronic Medical Record System Implementation indicated that only 27 percent of physicians in Texas are currently using an electronic medical record (EMR) system. National survey data indicate that Computerized Physician Order Entry (CPOE) systems are installed in about 23% of hospitals and that approximately 20% of physicians prescribe electronically. In Texas there are a number of regional HIE initiatives. The key element behind the success of some regional HIE initiatives,

both here in Texas, and in other states, seems to be the identification of a viable business model specific to the health care ecosystem that characterizes the region.

HEALTH IT IN STATE AGENCIES AND PROGRAMS

A number of different state agencies and programs maintain electronic medical records or other clinical data repositories to support the health care needs of their clients including: the Texas Department of Criminal Justice, the Texas Youth Commission, the Department of State Health Services, the Health and Human Services Commission, and health science centers associated with public universities.

HEALTH IT PLANNING AND POLICY DEVELOPMENT

In his April 2004 State of the Union address, President Bush called for all Americans to have an electronic health record within a decade. At the same time, the President, through an Executive Order, established the Office of the National Coordinator for Health Information Technology (ONC), which has pursued an aggressive planning and promotion strategy focused on facilitating the transition to a fully integrated, electronic health information infrastructure by removing uncertainty from the relevant markets. Until recently, there were two primary entities engaged in health IT planning and policy development at the state level in Texas – the Health IT Advisory Committee (HITAC) and the Texas Health Care Policy Council. Recently, Governor Perry established a new advisory group through Executive Order called the Texas Health Care System Integrity Partnership (THCSIP), which will be developing operational plans to implement some health IT functions.

MAJOR ISSUES IN HEALTH IT

Some of the biggest issues in health IT are increasing the adoption of electronic medical records, funding health information exchange, ensuring privacy and patient control of medical information, and identifying the appropriate role for the state. The most significant barriers to the adoption and implementation of electronic health records are cost, the lack of a sufficient return on investment, and the potentially unreliable nature of an electronic system. Financing for HIE initiatives is complicated by the inability to identify customers who value HIE services enough to pay the full cost of these services. Rigorous privacy protections for electronic health information will be essential to the long-term success of the mission. Although market forces alone may be capable of creating an electronic health information infrastructure, the state may be able to play a role in hastening this emergence by facilitating the analysis of these markets and dynamics, convening key stakeholders, and financing the adoption of health IT through the state's role as a health care purchaser.

THE STATE OF HEALTH INFORMATION TECHNOLOGY IN TEXAS

INTRODUCTION

Among its several charges, the Texas Health Care Policy Council was created to facilitate and promote the use of technology in the health care system as a way to decrease administrative costs and to increase and improve the quality of health care. The Council is also responsible for monitoring, researching, and promoting initiatives relating to patient safety and the use of telemedicine and telehealth, and with coordinating its activities with other offices and state agencies that are primarily focused on the use of technology or the use of technology in health care.

BACKGROUND

The term “health information technology” generally refers to the use of information technology (IT) to improve the quality, safety, and/or efficiency of clinical practice. There are many different health IT tools available to health care providers and facilities including, but not limited to, electronic medical records, computerized physician order entry, electronic prescribing, and clinical decision support. In addition, miscellaneous types of electronic health information exchange (HIE), which allow for the electronic exchange of clinical information among providers, are often considered as aspects of health IT. Both clinical health IT tools and health information exchange can serve as integral components of a larger electronic health information infrastructure.

VISION

There is a growing consensus in the health care and health policy communities that the health care system of the future will be supported by a technological infrastructure made up of ubiquitous, interoperable, electronic health records composed of structured data elements, and a secure network to support the exchange of health information among providers. An electronic health information infrastructure with these characteristics would be able to:

- ★ Improve clinical care by allowing providers access to relevant clinical data at the point of care;
- ★ Contain health care costs by reducing duplicate tests and adverse drug events;
- ★ Improve emergency preparedness by making medical records portable;
- ★ Support bio-surveillance activities by making symptom-level information from across the population available in real time; and
- ★ Lower administrative costs for health care providers by reducing paperwork and manual reporting.

Prior to the emergence of an electronic health information infrastructure through which these benefits can be realized, there are at least two necessary conditions that must be met. First, the use of electronic health records and other clinical health IT tools by providers must become widespread; and second, the technical and social capacities for enabling health information exchange must be developed. These two conditions can be considered interim goals, which can potentially be pursued in a meaningful, albeit incremental way through state policy.

COSTS AND BENEFITS

Numerous studies have attempted to present the possible costs, benefits, and returns on investment associated with health IT and HIE. One of the most often-cited cost-benefit analyses estimated the total annual net value of HIE as \$77.8 billion per year once fully implemented. A similar analysis focusing on the state of Texas estimated that a fully electronic health information infrastructure in Texas could save \$14.2 billion per year after a 10-year implementation period during which average annual savings of \$7.8 billion could be realized. Other analyses of electronic medical records and other clinical health IT tools suggest that health care providers and facilities can recognize positive returns on investments in health IT and HIE. Most of these analyses only examine financial costs and benefits. Although rarely quantified in cost-benefit analyses, there are many additional benefits of health IT and HIE including improved patient safety, health care quality, coordination of care, and adherence to clinical guidelines.

INVESTMENT IN INFORMATION TECHNOLOGY BY THE HEALTH CARE INDUSTRY

The IT revolution has allowed many industries to increase the productivity, efficiency, and quality of their core business practices through investments in IT systems and infrastructure. Although some components of the health care industry have been able to benefit from IT investments, those components of the health care industry that support the actual delivery of health care services have remained largely paper-based. Overall, the health care industry has not historically made investments in IT proportional to those made by other industries and those investments that have been made have generally supported administrative rather than clinical functions.

There are several main reasons for the slow adoption of information technology to support the clinical components of the health care industry.

- ✦ Most health care providers operate in small practices, which do not necessarily have the capital to invest in IT systems. Although businesses engaged in the delivery of health care can recognize economies of scale through consolidation, the benefits of consolidation in the health care industry are not as great as they are in other industries.
- ✦ Adoption of health IT requires a significant change in workflow that many providers are unwilling to make. For example, the incorporation of an electronic medical record system into clinical practice requires changing the way every member of the primary care team interacts with patients and each other.
- ✦ The predominant reimbursement systems in the health care system do not create incentives for the delivery of high-quality health care. Few, if any, payment structures are in place through which health care providers are paid more for providing high-quality care or for keeping people healthy, goals that can be enhanced through greater use of health IT.

TERMINOLOGY

Although it may be more appropriate to place definitions in a glossary, the health IT world is sufficiently replete with acronyms, abbreviations, and buzzwords that it becomes difficult to provide complete information in a meaningful way without supplying some of the key terms towards the beginning of any explanation.

ELECTRONIC MEDICAL RECORD (EMR)

A computerized medical record providing real-time access to clinical data to support medical care. Many commercial EMR systems also contain additional functionality in the form of built-in clinical decision support, drug interaction databases, electronic prescribing, and lab and radiology ordering. The term electronic health record (EHR) has also come into use fairly recently and often denotes a record that includes clinical information from all of a patient's providers. Many people use these terms interchangeably.

CLINICAL DECISION SUPPORT (CDS)

A system designed to improve clinical decision making related to diagnostic or therapeutic processes of medical care. CDS systems address activities ranging from the selection of drugs to detailed support for optimal drug dosing and support for resolving diagnostic dilemmas.

COMPUTERIZED PHYSICIAN ORDER ENTRY (CPOE)

A computer application that allows a physician's orders for diagnostic and treatment services (such as medications, laboratory, and other tests) to be entered electronically instead of being recorded on order sheets or prescription pads.

HEALTH INFORMATION EXCHANGE (HIE)

The mobilization of health care information electronically across organizations within a region or community. HIE provides the capability to electronically move clinical information between disparate health care information systems while maintaining the meaning of the information being exchanged.

REGIONAL HEALTH INFORMATION ORGANIZATION (RHIO)

Regionally oriented, multi-stakeholder group organized to serve as the hub for regional exchange of clinical information.

PRIVATE SECTOR

This section discusses the adoption of electronic medical records and other clinical health IT tools among health care providers and facilities in Texas, and the implementation of regional health information exchange initiatives in Texas communities.

ELECTRONIC MEDICAL RECORDS

Results from the 2005 Texas Medical Association Special Survey: Electronic Medical Record System Implementation indicated that only 27 percent of physicians in Texas are currently using an electronic medical record (EMR) system. Younger physicians are somewhat more likely to use EMR systems, which includes 37 percent of physicians under the age of 40. Almost half, 46 percent, of all Texas physicians are planning an EMR implementation. The age of the physician in this instance has no effect on the decision to implement, as older physicians are almost as likely as younger physicians to be planning an EMR implementation. A third of respondents over the age of 70 are planning to implement an EMR system.

Of physicians that have implemented EMR systems, an overwhelming majority report that among the most important features are better medical record access, followed by improved work flow, and reduced medication errors. Physicians also value several features that could serve to improve financial performance of their practice, including improvements in charge capture, visit coding, claim submission, and reduced medical records storage and transportation costs. When asked what they liked least, physicians who have implemented EMR systems reported that it is difficult, awkward, or time consuming to input data, that there is no interface with hospital or ancillary providers systems, that new kinds of errors are possible, and that productivity is lost during implementation. Among physicians, who do not plan to implement an EMR, the most common reason given was that cost is prohibitive and that external funds would be necessary for them to reconsider that decision.

The Texas Medical Association's survey identified cost as the most common impediment to EMR implementation. The median implementation cost per physician was found to be \$20,000. However, a quarter of the respondents reported costs of over \$30,000. Moreover, large groups of physicians (five or more working within the same practice) reported even higher implementation costs, reaching \$36,000 on average. Another striking fact is that over ten percent of those polled reported their actual implementation costs as exceeding the amounts initially proposed by their vendors by over fifty percent. The three major concerns expressed by this group, in order of significance, were 1) cost, 2) the lack of a clear return on investment, and 3) the potentially unreliable nature of an electronic system. Over half (56 percent) of the physicians in this group admitted that the one thing that could get them to change their minds on EMR implementation would be receiving a grant. The next most influential factor would be evidence of a greater return on investment in terms of practice operations (52 percent) and quality of patient care (49 percent).

Most interestingly, half of the doctors polled who were considering implementation, felt as though their practices would not be able to afford the process on their own while only 36 percent of doctors with EMR systems say that the cost was too much for them to bear alone. Across every single area of concern, more doctors are anticipating problems than are actually reporting those problems afterwards. This calls for better communication between the two sides and possibly a forum whereby some of these unnecessary fears can be alleviated. Anecdotal evidence suggests that the rate of EMR adoption by Texas hospitals is in line with national trends. Hospital survey data from 2004 indicates that 56% of hospitals have installed EMRs.

OTHER CLINICAL INFORMATICS

In Texas, adoption of Computerized Physician Order Entry (CPOE) is consistent with national trends. National survey data indicate that CPOE systems are installed in about 23% of hospitals. Most hospitals and health systems have come to regard CPOE as part of a larger, more comprehensive electronic health record initiative, rather than as a standalone health information technology effort. Accordingly, health care delivery organizations are laying the groundwork for CPOE by implementing clinical documentation systems and updating their ancillary information systems (e.g., radiology, laboratory, and pharmacy).

Although full CPOE systems are not widely used outside of hospitals, physicians in ambulatory care settings are beginning to use electronic prescribing. Although Texas-specific data on electronic prescribing are not available, anecdotal evidence suggests that adoption rates are in line with national trends. National survey data estimate that approximately 20% of physicians prescribe electronically.

HEALTH INFORMATION EXCHANGE

Within the context of health IT, health information exchange (HIE) generally refers to the ability of multiple providers to exchange health information in such a way that it allows any given provider to view clinical information collected by another provider for a patient that the providers have in common. The most fashionable strategy for enabling health information exchange is the regional health information organization (RHIO).

In Texas there are a number of regional HIE initiatives. The key element behind the success of some regional HIE initiatives, both here in Texas, and in other states, seems to be the identification of a viable business model specific to the health care ecosystem that characterizes the region. For example, in areas with multiple, small health care organizations, which do not tend to compete directly with one another, we are starting to see health information exchange emerge as part of larger, natural collaboration. In other areas with highly competitive health care organizations but dominant physician groups, health information exchange can emerge through the coordinated activity of the physician groups. In large urban areas with many competing health care organizations and lots of other vested interests but no singularly powerful entities or consortia, health information exchange can emerge as a response to large uninsured populations and pressures on the safety net.

These different scenarios have emerged both here in Texas and in communities across the United States. The common driving force across these different HIE initiatives is that the business case around which they are each formed is specific to the characteristics of the regional health care ecosystem. This emphasis on regionally-appropriate health information exchange planning can and should be replicated throughout the state.

The following list represents the set of regional HIE initiatives that have been identified as currently active in Texas, either at the planning or operational phases. It is anticipated that a registry of regional HIE initiatives will be established and maintained by the Texas Health Care Policy Council pursuant to its statutory charge to coordinate and promote health IT initiatives throughout the state.

ACCESS MEDICA – EAST TEXAS

Access Medica was founded in 2005 to provide health care IT services to physicians, hospitals, and patients of east Texas. The nonprofit RHIO includes members of the Physicians Contracting Organization of Texas and other independent practices. The result will be improved quality of care, lives saved, and reduced health care costs for the businesses and families of East Texas. Access Medica is deploying an Electronic Health Record system from Allscripts to 29 physicians in six clinics during the first phase of the rollout, with an additional 50 to 60 physicians expected on board by mid-2006.

ACCESS TO CARE FOR THE UNINSURED - SAN ANTONIO

The purpose of this project is to develop a shared patient database called ACU Information System that will integrate and coordinate health care for the uninsured. The system will enable providers to share results of laboratory and other tests and help monitor diseases. Eventually, the system will allow authorized users to view a patient's medical record, improving patient care and health provider coordination. Finally, the system will improve analysis of uninsured patients' use of the health care system.

CRITICALCONNECTION – SOUTH AUSTIN

CriticalConnection is a pilot program in South Austin that focuses on developing a community-accessible medical information database and providing an electronic link between patients, providers and payers. Their goal is to provide a community solution that creates a collaborative environment of secure, electronically shared health care information between patients, physicians, hospitals, other caregivers, and payors.

INDIGENT CARE COLLABORATION

The ICC is an alliance of health care safety-net providers that work together to increase access, improve quality and impact financing solutions to provide care to the region's medically indigent. The goal of the system is to have an impact on obtaining "one-stop" health care for the patient and to better coordinate the needs of the medically under-served in Hays, Williamson, and Travis counties by improving continuity of care, reducing duplicate procedures, and reducing the time spent in seeking health care services. One of ICC's strategies is the Master Patient Index / Clinical Data Repository system, also known as I-Care, through which safety net providers build shared longitudinal electronic health records for uninsured and other low income patients to improve health care continuity and delivery.

NORTH TEXAS RHIO PROJECT

The goal of the North Texas RHIO is to improve the quality and safety of medical care through the sharing of accurate patient information. The Dallas- Fort Worth Hospital Council, Tarrant County Medical Society, and Dallas County Medical Society agreed to create the North Texas RHIO Steering Committee. This Committee will oversee the governance and development of processes required to deliver accurate and secure patient information to participating North Texas RHIO members.

SOUTH EAST TEXAS HEALTH SYSTEM

The Southeast Texas Hospital System (STHS) is an organization consisting of 8 hospitals with associated referring physicians, clinics and other rural health facilities that is committed to improving patient access, quality of care and cost efficiencies among the health care providers in the middle Gulf Coast region. STHS has partnered with HealthMeans, Inc. to launch a project involving the use of smart card technology as the backbone of an electronic health information exchange and will include a private patient personal health record and registration web portal for access by physician practices in the STHS network. This will be the first step towards building a virtually integrated Regional Health Information Organization and is specifically designed to deploy a set of clinically integrated pathways that provide a structured process for identifying and defining quality care, as well as providing a step-by-step guide to measurable positive outcomes.

PUBLIC SECTOR – STATE

ELECTRONIC MEDICAL RECORDS

CRIMINAL AND JUVENILE JUSTICE

The complete health care system within both the Texas Youth Commission (TYC) and most of the health care system within the Texas Department of Criminal Justice (TDCJ) are operated under contract by the University of Texas Medical Branch (UTMB). As part of the administration of the TYC and TDCJ health care systems, UTMB maintains electronic medical records for all inmates.

BEHAVIORAL HEALTH

The Department of Health and Human Services (DSHS) has an online case management and electronic medical record system that is used by contractors providing substance abuse treatment services. DSHS also maintains a patient encounter system for mental health providers and is in the process of developing an integrated behavioral health case management and electronic medical record system. In addition DSHS maintains a single electronic patient encounter system for all of the state hospitals.

FOSTER CARE

The Health and Human Services Commission (HHSC) is in the process of developing an electronic medical record system for children in the state's foster care system.

ACADEMIC MEDICAL CENTERS

All of the hospitals associated with public universities and health science centers have implemented electronic medical record systems for their patients.

OTHER CLINICAL INFORMATICS

MEDICAID

The Texas Medicaid program collects a significant amount of claims data, which includes some clinically relevant information.

PUBLIC HEALTH

DSHS collects several categories of personally identifiable public health data including data on birth, death, immunizations, cancer, infectious diseases (e.g., STDs, HIV, tuberculosis, etc.), birth defects, trauma, hospital discharges, and newborn screening results.

BIO-SURVEILLANCE

The Texas DSHS is funding local health department offices for enhanced bio-surveillance capability using clinical data typically referred to as syndromic disease surveillance. All local health departments in significant population areas of the state have invested in syndrome-based surveillance software for the monitoring of clinical diagnoses which could hold clues to provide early detection of potential health risks. When critical symptoms appear above normal thresholds in the software, these symptom-based spikes typically initiate additional investigation by health department epidemiologists as to the cause and potential threat, if any, to the public's health.

HEALTH INFORMATION TECHNOLOGY PLANNING AND POLICY DEVELOPMENT

FEDERAL

In his April 2004 State of the Union address, President Bush called for all Americans to have an electronic health record within a decade. At the same time, the President, through an Executive Order, established the Office of the National Coordinator for Health Information Technology (ONC). Over the two years since its inception, the ONC has pursued an aggressive planning and promotion strategy focused on facilitating the transition to a fully integrated, electronic health information infrastructure by removing uncertainty from the relevant markets. The federal strategy is being implemented through four major initiatives:

- ★ The development of a credential processes for electronic health records and other components of an electronic health information infrastructure;
- ★ The development of data standards for health information exchange;
- ★ The development of technical architecture designs for regional health information exchange; and
- ★ The development of privacy and security policies for governing intra- and inter-state health information exchange.

Guiding the work of the ONC is a 16-member federal advisory commission on health IT called the American Health Information Community (AHIC), which was established and is chaired by the Secretary of the U.S. Department of Health and Human Services, Michael Leavitt. Since the announcement of its Commissioners in September 2005, the AHIC has held multiple meetings and commissioned supporting workgroups (electronic health records, bio-surveillance, consumer empowerment, chronic care, and privacy and security) to discuss and develop additional policies relating to specific implications for health IT and its use.

STATE

Until recently, there were two primary entities engaged in health IT planning and policy development at the state level in Texas – the Health IT Advisory Committee (HITAC) and the Texas Health Care Policy Council (HCPC). Recently, Governor Perry established a new advisory group through Executive Order called the Texas Health Care System Integrity Partnership (THCSIP), which will be developing operational plans to implement some health IT functions.

The HITAC and HCPC were created by the Texas Legislature during the 79th Regular Legislative Session.

The work of both the HITAC and the HCPC has been based on several key principles:

- ✪ The patient and consumer should be the focus of all other efforts in health information technology. Patient control over personal health information must be protected and patient privacy must be respected. Health information technology has great potential to empower consumers, and it should, but not at the risk of personal privacy.
- ✪ Market-based solutions should be sought whenever possible. In the case of health information technology, there is a large and growing body of research suggesting that there is economic value to be recognized at every stage in the evolution of the electronic health information infrastructure. With respect to health information technology, government participation should generally be limited to catalyzing relevant markets, facilitating collaborations, easing regulatory burdens, and assisting in the appropriate alignment of incentives.
- ✪ Regional solutions should be pursued whenever possible. Every region of Texas is different and should be given the freedom to fit into the emerging electronic health information infrastructure in the most appropriate way.
- ✪ A transformation of this scale and variety will necessarily proceed via an incremental, evolutionary process. The capacity for this sort of transformation – technical capacity, system capacity, and most importantly, social capacity – cannot be dictated by government decree.

HEALTH IT ADVISORY COMMITTEE

The Legislature created the Health Information Technology Advisory Committee (HITAC) as a subcommittee to the Statewide Health Coordinating Council and charged it with developing a long-range health information technology plan for Texas. The HITAC members were appointed in January 2006. The HITAC published its preliminary recommendations in July 2006, considered public comments, and published final recommendations in September 2006. The HITAC's recommendations fall into four broad categories:

- ✧ State-level functions to support the development and operation of an electronic health information infrastructure;
- ✧ Recommendations for regional development of health information exchange initiatives;
- ✧ Provider-centric recommendations developed to promote the adoption of clinical health IT tools; and
- ✧ Consumer-centric recommendations, designed to protect the privacy, confidentiality, and security of personal health information while empowering consumers with greater control over their personal health information.

TEXAS HEALTH CARE POLICY COUNCIL

The Texas Health Care Policy Council (HCPC) in the Office of the Governor is responsible for coordinating and aligning these various health IT initiatives while remaining focused on promoting incremental progress toward the widespread use of electronic health records and the capacity for health information exchange.

In pursuit of these goals, the HCPC has been pursuing several major strategies:

- ✧ Coordinating the health IT and HIE projects in Texas among each other to ensure that future statewide interoperability is achievable;
- ✧ Interfacing with the emerging federal health IT initiatives, both to ensure that state health IT projects are in line with the federal direction that emerges from these projects as they mature and to maintain a strong Texas presence in the development of federal health information technology policy;
- ✧ Participating with the Southern Governors' Association in the Gulf Coast Health IT Task Force, charting an electronic recovery for the Gulf Coast health information infrastructure in the wake of Hurricanes Katrina and Rita, and helping to ensure that the health information infrastructure in the Gulf Coast region is robust enough to survive other disasters and improve patient outcomes;
- ✧ Serving as a health IT resource for state policy makers as we enter the 2007 session of the Texas Legislature; and
- ✧ Providing research and policy support to the HITAC, which was charged with developing a long-range health information technology plan for Texas, and with whom we will be working to develop options for legislative consideration.

TEXAS HEALTH CARE SYSTEM INTEGRITY PARTNERSHIP

The Texas Health Care System Integrity Partnership (THCSIP) was created by the Governor through Executive Order to develop the finance and governance structures for a public-private collaborative, tentatively named the Texas Health Care System Integrity Authority (THCSIA). The mission of the THCSIA will be to promote a safe, high-quality, and efficient health care system by:

- ⊕ Enabling the electronic exchange of health information;
- ⊕ Providing consumers with access to health care provider quality measurements and pricing information; and
- ⊕ Fostering a robust small-employer health insurance market.

MAJOR ISSUES IN HEALTH INFORMATION TECHNOLOGY

ADOPTION OF ELECTRONIC MEDICAL RECORDS

While the use of electronic health record systems by health care providers is increasing in Texas, there are noted challenges and barriers to adoption and implementation. The three major concerns expressed by providers, in order of significance, are cost, the lack of a sufficient return on investment, and the potentially unreliable nature of an electronic system. Health care providers perceive that they will not recognize the financial benefits from the costly conversion to electronic health records and those laboratories, pharmacies, patients, payers, and purchasers are more likely to benefit after doctors and hospitals switch to electronic health records. As perceived by providers, incentives are misaligned under the current health care system. Providers will remain reluctant to adopt new technologies until they believe that their investment will yield a positive return. Many providers are concerned about implementing technology without interoperability standards in place.

FUNDING HEALTH INFORMATION EXCHANGE

Financing for HIE initiatives is complicated by the inability to identify customers (e.g. patients, payers, hospitals, or employers) who value HIE services enough to pay the full cost of these services. Perhaps as a result, capital funding for HIE start-ups has been scarce and has typically been assembled from a variety of philanthropic sources, namely grants from foundations and government entities and contributions from institutional providers (mostly hospitals) and employer groups. Even the most established HIE initiatives throughout the country continue to move toward sustainable revenue models (i.e. models where some of the participants pay fees that are equal to or greater than ongoing operating costs).

On the other hand, a high percentage of physician offices continue to use paper medical charts as a means to record clinical information.

PRIVACY AND PATIENT CONTROL OF MEDICAL INFORMATION

A variety of state and federal regulations and statutes including the Health Insurance Portability and Accountability Act (HIPAA) and the Children's Online Privacy Protection Act (COPPA), will affect electronic health information exchange in Texas. Among the key implications of these laws is the requirement that health information included in an electronic health information exchange must be private and secure. Implementation of the Texas Roadmap requires that various legal issues be addressed. Rigorous privacy protections for the health information handled by an electronic health information exchange is essential to the long-term success of the mission. Health information technology should be used to promote high quality, effective health care for the people of Texas. Health information technology systems must first and foremost serve the needs of patients.

THE APPROPRIATE ROLE FOR THE STATE

Although market forces alone may be capable of creating an electronic health information infrastructure, the state may be able to play a role in hastening this emergence by facilitating the analysis of these markets and dynamics (including the provision of care to the medically uninsured), facilitating data standards and connectivity, convening key stakeholders, and financing the adoption of health IT through the state's role as a health care purchaser.



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