



## Health Information Exchange Governance Options

**December 7, 2006**

The Redwood Health Information Collaborative steering committee was funded for one year. A governance recommendation is one of the four major deliverables for the steering committee. Aspects of governance have been discussed at three prior steering committee meetings. The following discussion points were reviewed and expanded during the October RHIC Steering Committee meeting. Currently, the Mendocino County Department of Public Health is preparing an application to the Robert Wood Johnson Foundation to apply unused funds from the current grant to further Steering Committee operations in 2007. Results of this request will be known by the end of December 2006.

### Summary of Health Information Exchange Efforts

The creation of a health information exchange in Mendocino and Lake Counties was first proposed in 2003. A history of local efforts towards the launch and operation of a health information exchange includes three distinct and overlapping efforts.

- Mendocino SHARE<sup>1</sup> was launched in August 2003 to develop a virtual chronic disease case management system among local safety net clinics. The first phase of the SHARE project produced a software solution for health information exchange. The software custom developed for the SHARE project -- named OpenHRE<sup>2</sup> for “Open Health Records Exchange” -- was released in 2004 (and is still under development). In 2005 the SHARE project shifted focus, ceasing development of a community wide health information exchange and building site-level capacity to acquire electronic health data.
- Mendocino Health Records Exchange<sup>3</sup> (Mendocino HRE), a demonstration project, continued the health information exchange software development initiated during the SHARE project. In June 2005 Mendocino HRE was funded by

---

<sup>1</sup> <http://www.ruralcommunityhealth.org/projects/msp.html>

<sup>2</sup> <http://www.openhre.org>

<sup>3</sup> <http://mendocinohre.org>

# DRAFT

Connecting for Health<sup>4</sup> to participate in the Record Locator Service<sup>5</sup> (RLS) project. The RLS was successfully demonstrated in November 2005 by collaborating health information exchange projects located in Mendocino, Indianapolis<sup>6</sup> and Boston<sup>7</sup>. Also in November 2005, the Connecting for Health team received a contract from the Office of the National Coordinator<sup>8</sup> to demonstrate a prototype architecture for a Nationwide Health Information Network<sup>9</sup> (NHIN). The Connecting for Health effort, coordinated by CSC<sup>10</sup>, includes the same three teams from Mendocino, Indianapolis and Boston. The NHIN prototype demonstration will be in January 2007. Mendocino HRE is currently administered by Redwood MedNet<sup>11</sup>.

- Redwood MedNet is a non-profit corporation formed in Ukiah, California in July 2005 by local physicians and technologists<sup>12</sup>. The mission of Redwood MedNet is “to demonstrate the secure and appropriate sharing of electronic health files and clinical data and to develop, improve and assist in the implementation of health information technology for all physicians, caregivers and consumers in Northern California.<sup>13</sup>” In November 2005 Redwood MedNet received a grant from Blue Shield of California Foundation<sup>14</sup> to build a clinical message service. The first phase of the service will deliver test results from analytical laboratories to 25 practices. Participating physicians include 22 private practices and 3 community clinics. Participating laboratories include one national chain and six small, rural hospitals. Redwood MedNet envisions this content delivery service as the starting point for an extensible community health information infrastructure.

---

<sup>4</sup> <http://www.connectingforhealth.org>

<sup>5</sup> <http://mendocinohre.org/hre.html#rls>

<sup>6</sup> <http://www.ihie.com>

<sup>7</sup> <http://www.mahealthdata.org/ma-share/>

<sup>8</sup> <http://www.os.dhhs.gov/healthit/> -- also known at the time as Dr. David Brailer’s office

<sup>9</sup> <http://www.os.dhhs.gov/news/press/2005pres/20051110.html>

<sup>10</sup> <http://www.csc.com> -- aka “Computer Science Corporation”

<sup>11</sup> <http://www.redwoodmednet.org>

<sup>12</sup> A monthly steering committee was initiated in July 2004 by Dr. Carl Henning. In November 2004 Dr. Henning and Will Ross proposed a community based Clinical Message Service to the Medical Staff at Ukiah Valley Medical Center -- see [http://www.redwoodmednet.org/news/20041104\\_uvmc.pdf](http://www.redwoodmednet.org/news/20041104_uvmc.pdf). The steering committee first sought to work within the umbrella of an existing community organization, but none were available to focus equally on all local health care delivery settings.

<sup>13</sup> Quoted from the Redwood MedNet Articles of Incorporation

<sup>14</sup> <http://www.blueshieldcafoundation.org>

# DRAFT

Redwood MedNet is clearly the most likely local entity to operate a health information exchange in Mendocino and Lake Counties. Redwood MedNet was explicitly named in the grant proposal to Blue Shield of California Foundation as the likely local operating entity. Redwood MedNet is currently a private non-profit governed by a self-appointing Board of Directors<sup>15</sup>.

## Steering Committee Options

Four options are available to the steering committee.

- Incorporate a new organization to launch and operate a community-based health information exchange for Lake and Mendocino Counties
- Support and advise an existing organization -- Redwood MedNet -- in launching and operating a local health information exchange
- Dissolve the steering committee at the end of the grant after publishing the four proposed reports
- Continue the steering committee

The following tables review pro and con aspects of each of these three options with an eye towards identifying the best alternative for advancing the local HIE development process.

---

<sup>15</sup>The nine member BOD has 6 physicians, 1 pharmacist, 1 hospital IT director, and 1 Community Clinic Executive Director.

# DRAFT

## Option #1 -- Incorporate a New Entity

Pro	Con
Community control of the HIE operation	Duplication of effort compared to merging with Redwood MedNet
Opportunity for future endeavors	Lack of organizational infrastructure
Not associated with any specific stakeholder group (e.g., Community Clinics, Physicians, Hospitals, etc.)	Perceived failure to collaborate if Redwood MedNet succeeds at building and operating an HIE
Potential for a Board of Directors broadly representative of all community stakeholders	Unnecessary if Redwood MedNet succeeds at building and operating an HIE
Incorporation is necessary if no other entity is available	Creation of a second HIE effort may doom both efforts
A broad based group of stakeholders is attractive to potential funders	Current IRS hold on new 501(c)(3) applications for HIE sponsoring entities
Organization structure allows dues collection or other revenue generating activities	Lack of funding
Can leverage momentum of current process	Liable for “failures” or “breaches”
Could be incorporated as a for profit or can be a for profit subsidiary of an existing non-profit.	Delay in apply for funding based on delay of 501(c)(3)

# DRAFT

## Option #2 -- Support and Advise Redwood MedNet

Pro	Con
Redwood MedNet already formed, with existing 501(c)(3) status from IRS & FTB	Potential of only an advisory role, which may be inadequate for non-physician stakeholder representation
RMN has some funding	Redwood MedNet is perceived as a “physician only” group
Unification prevents duplication of effort	May fail to broaden community wide stakeholder participation
Redwood MedNet has initiated development of health information exchange services	Advisory role may be opposed or prevented by current Redwood MedNet stakeholders
Redwood MedNet has fostered support from local physicians	Redwood MedNet is a new entity with no real track record or experience operating anything
Working with Redwood MedNet would help soften perception of Redwood MedNet as a physician-only group	Current physician led group is not used to working with community input
Successful community collaboration will increase legitimacy of the effort	Limited budget and lack of ongoing operations funding
Opportunity to advocate for other stakeholder participation on Redwood MedNet Board of Directors	
A broad based community group is attractive to funders	
Willingness of Redwood MedNet to modify their governance structure to meet the needs of the community	
Organization structure allows dues collection or other revenue generating activities	
Redwood MedNet has earned goodwill from traditional funders	
How soon is governing entity needed?	

# DRAFT

## Option #3 -- Dissolve the Steering Committee

Pro	Con
No current funding source to continue committee staff beyond December 2006	Loss of representation for participating community stakeholders in further health information exchange development
No need for staff support	Loss of opportunity for coordinated access to information about State and National health information exchange efforts
Grant deliverables complete	Enables naysayers to claim the community can't sustain collaboration
Fewer meetings to attend	
No lead at new Agency to continue the sponsorship	

## Option #4 -- Continue the Steering Committee

Pro	Con
RWJF may approve request for extension of funding, which would provide funded staff for up to six months of continued committee meetings	If RWJF declines request for extension of funding, then there is no budget for committee operations
Continuity for community participation	
Opportunity to expand participation	
Gives time for Redwood MedNet to launch online results delivery service	
Various participating entities available for further funding	