**eHEALTH INITIATIVE**
Real Solutions. Better Health.

# PRELIMINARY KEY FINDINGS
# 2012 SURVEY ON HEALTH INFORMATION EXCHANGE

For the past nine years, eHealth Initiative (eHI) has monitored the growth, development, use, and sustainability of health information exchange initiatives (HIE) in the United States. Preliminary findings from the *2012 Annual Survey of Health Information Exchange Initiatives* reveal there are currently close to 300 initiatives in the US. After contacting each of these initiatives, 166 responded to the survey. Of the 166, 127 completed the survey, 29 started the survey (but did not finish) and 10 groups declined to respond. Preliminary key findings based on the 2012 survey are highlighted below. A full report will be released later this fall.

1. **A substantial number of initiatives are supporting health reform efforts**.
   Over 40% of respondents are supporting either Accountable Care Organizations (ACOs) or Patient Centered Medical Homes (PCMHs). Furthermore, more than a quarter of all respondents indicated that while they currently do not support either ACOs or PCMHs, they plan on doing so in the future.  To support payment reform efforts, many HIEs are providing technical infrastructure, analytics or consulting on design or operational approach.

2. **Competition may be impacting participation.**
   Thirty-six initiatives reported that competition from other HIEs was an important challenge, and 50 expressed concern about competition from health IT system vendors offering exchange solutions. Initiatives that try to engage stakeholders in data exchange are finding that many of these stakeholders are worried about their competitive position in the marketplace. A large number (67) reported that they are dealing with stakeholder concerns about their competitive position in the market when enticing them to participate in the exchange.

3. **Sustainability and privacy remain the top challenge for groups.**
   Stakeholder concerns about privacy and confidentiality issues have increased in importance for initiatives. The most often cited challenges in this year's survey were: stakeholder concerns about privacy (81); developing a sustainable business model (76); lack of funding (71); stakeholder concerns about their competitive position in the marketplace (67); addressing technical barriers (67); and addressing government policy and mandates (65).

4. **Membership fees and government funding are primary revenue sources.**
   Advanced initiatives (defined as stages 5, 6, or 7 on eHI's development scale) received most of their funding in the past year through either membership/subscription fees or through federal or state funding.  Many of these initiatives reported that they either "probably will" or "definitely will" earn sufficient revenue from participating entities to cover 100% of their operation expenses. However, advanced initiatives believe it will take 10 to 30 months to earn sufficient revenue from participating entities to achieve this goal.

5. **HITECH served as a catalyst for exchange activity and assisted with sustainability challenges.**
Many respondents felt positive about the HITECH legislation. Respondents (57) stated that the HITECH legislation made it easier for their HIE to become sustainable over time. Only 5 thought that HITECH made it more difficult to become sustainable.

6. **Most exchange initiatives expect to remain financially sustainable after government funding ends.**
Most initiatives indicated that they believe their initiative will be operational (90) and financially sustainable (79) after the State HIE Cooperative Agreement program ends, even if no additional federal funding is available.  Of these 79, 17 report that their primary source of revenue is federal funding, while the remaining 62 employ other models, such as membership or assessment fees.  Of the HIEs receiving federal funding as their primary source of revenue, 30 reported that they expect to earn sufficient revenue from participating entities to cover 100% of their operating expenses, and 26 expect to be financially sustainable.

7. **HIEs continue to incorporate Direct into their services.**
Eighty-one initiatives are either currently offering Direct (46) or are planning to incorporate Direct (35) into their offerings. By comparison, only 25 HIEs indicated that they were already using Direct in 2011.  The primary purpose of either using or planning to use Direct is for transitions of care (clinical summary from hospital to PCP, PCP to specialist, and specialist to PCP).  Other uses include public health reporting and exchange of lab results.

## PRELIMINARY CONCLUSIONS AND RECOMMENDATIONS

While eHealth Initiative is still analyzing the data and results, some preliminary conclusions and recommendations can be drawn.

➢ **Competition concerns from stakeholders need to be addressed.**
Questions about competition in the 2012 survey revealed that initiatives may be uneasy about competition, while their potential participants fear losing their competitive position in the marketplace. Given the importance of stakeholder buy-in to sustainability, competition between data exchanges and health IT vendors over smaller stakeholder populations could impact development in the area. Similarly, these findings suggest that some stakeholders may not engage in data exchange because of fear of losing revenue. This finding elevates the importance of privacy and information-sharing issues. It will be important for groups to create secure technical infrastructure and policies that can help allay fears from stakeholders.

➢ **A small set of initiatives dependent upon HITECH funding do not currently have sustainable revenue streams.**
HITECH served as an important catalyst for HIE development, but there is still a cycle of dependency on Federal funds from a number of initiatives. Some of the federally funded groups, who reported that they believe they will be operational and financially sustainable when HITECH funding expires, still rely on Federal funding as a substantial component of their sustainability model. It is incumbent upon these groups to develop business models that will enable the exchange to operate beyond the current funding cycle. Without immediate action to create new revenue streams, these dependent groups may become defunct when funding from the State HIE Cooperative Agreement Program and other sources expire.

➢ **Revenue diversification is key to successful sustainability.**
Sixty-five initiatives reported reaching advanced stages of development. According to eHI's development scale, these initiatives are considered advanced because they are operational, have a sustainable business model, and/or demonstrate value-add services. The most successful exchanges use a combination of models to achieve financial sustainability. A number of the advanced initiatives indicated that they are aligning themselves with multiple models to generate revenue, which reduces the risk of insolvency and increases the probability of sustainability even as Federal funding expires. There needs to be more development in other areas of revenue generation, such as transaction fees, assessment fees and membership for HIEs to truly become sustainable.

# FREQUENTLY ASKED QUESTIONS
# 2012 SURVEY OF HEALTH INFORMATION EXCHANGE

**1.  When was the survey fielded?**

The *2012 Annual Survey of Health Information Exchange* was in the field from July through September of 2012.

**2.  How many people responded to the survey?**

Approximately 166 groups responded to the survey. Of the 166, 127 completed the survey, 29 started the survey (but did not finish) and 10 groups declined to respond. Not all health information exchange initiatives responded to the survey. Repeated attempts through e-mail and telephone were made to contact all of the organizations that participated in the 2010 and 2011 *Surveys*, as well as any HIEs determined since then.

**3.  How many health information exchange initiatives exist in the US?**

Based on historical information, previous surveys and current respondents, eHealth Initiative estimates there are approximately 300 initiatives currently in existence. It is difficult to nail down a number, because many private initiatives do not identify themselves as health information exchange initiatives, and other organizations do not respond to requests for information.

**4.  How do you verify the responses?**

Reponses to the survey were self-reported by participants. eHealth Initiative does not verify all the responses.

**5.  Why did eHealth Initiative revise the survey?**

In 2012, eHealth Initiative significantly revised the survey instrument. Many questions on the 2012 survey instrument were condensed from their past versions in order to reduce the time necessary to complete the survey. This will impact some of the comparisons to past years.

**6.  Why are these results preliminary?**

A significant amount of data was gathered this year. It will take several weeks to thoroughly analyze the results. However, eHealth Initiative wanted to provide the field with an update on some of the basic information about data exchange. The preliminary results are primarily based on raw data and could be revised as further review is conducted.

**7.  When will the final results be released?**

eHealth Initiative plans to release a full report in November with more detailed findings.