

**2007 Innovations Awards Program**  
APPLICATION

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ID # (assigned by CSG): 07-W-11AZHEALTH-E

**Please provide the following information, adding space as necessary:**

State: Arizona

Assign Program Category: Health Services

1. Program Name: Arizona Health-e Connection
2. Administering Agency: Government Information Technology Agency (GITA)
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9. Please provide a two-sentence description of the program.

Governor Napolitano convened a steering committee of public and private health care stakeholders to determine and implement a strategy to achieve the vision of 100 percent electronic health data exchange among payers, healthcare providers, consumers of healthcare, researchers, and government agencies. The development of the Statewide Roadmap for E-Health and associated implementation activities involved hundreds of people, and led to the establishment of a not-for-profit organization, Arizona Health-e Connection, which will continue and accelerate the initiative.

10. How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on April 2, 2007, to be considered.  
October 2005 (18 months).

11. Why was the program created? What problem[s] or issue[s] was it designed to address?

Governor Napolitano recognized that adoption of a statewide e-health infrastructure would improve the quality and reduce the cost of health care in Arizona by: 1) ensuring health information is available at the point of care for all patients; 2) reducing medical errors and avoiding duplicative medical procedures; 3) improving coordination of care between hospitals, physicians, and other health professionals; 4) furthering health care research; and 5) providing consumers with their own health information to encourage greater participation in their own health care decisions.

By striving to control health care costs, the Arizona Health-e Connection initiative is also a key to reducing state expenditures and enhancing the business environment for large and small employers. It is estimated by the U.S. Department of Health and Human Services that savings of \$140 billion per year, or close to 10% of total health spending in the United States, could be achieved through health information technology (HIT) by reducing the duplicative care, lowering health care administrative costs, and avoiding errors in care. That would translate to approximately \$2.6 billion in annual savings on health care provided to Arizona citizens.

This statewide initiative is consistent with President Bush’s vision outlined in his executive order of April 12, 2004, calling for widespread adoption of interoperable electronic health records within ten years, and the subsequent establishment of what is now the Office of the National Coordinator (ONC).

12. Describe the specific activities and operations of the program in chronological order.

Below is the timeline for the milestones of the Arizona Health-e Connection

August 2005	Governor Napolitano’s Executive Order
October 2005	Call to Action Summit
October 2005 – April 2006	Roadmap Development
April 2006	Health-e Connection Roadmap published with the input of the following task groups: <ul style="list-style-type: none"> <li>• Clinical</li> <li>• Technical</li> <li>• Financial</li> <li>• Legal</li> <li>• Governance</li> </ul>
April 2006	Implementation Teams Established: <ul style="list-style-type: none"> <li>• Health Information Exchange</li> <li>• Health Information Technology Adoption</li> <li>• Education and Outreach Team</li> <li>• Governance</li> <li>• Security and Privacy</li> <li>• Medical Trading Areas (MTAs)</li> </ul>
April 2006	Under a U.S. Department of Health and Human Services contract, Research Triangle Institute (RTI) awards Arizona a \$350,000 grant to explore privacy and security issues surrounding the exchange of electronic health information
June 2006	The Governor Arizona State Legislature budgets \$1.5 million for the Rural Health Information Technology Adoption (RHITA) Grant Program to further implement the sharing of electronic health information in rural areas
December 2006	Governance Team completes formation of Arizona Health-e Connection, a non-profit organization to continue the work of the transition teams and the Arizona Health-e Connection Roadmap
December 2006	The Technical Team submits two projects for the Arizona Health-e Connection to begin working on, a central Provider Index and a web-based, basic Electronic Medical Records system.
January 2007	Through the Rural Health Information Technology Adoption (RHITA) Grant Program, \$1.5 million dollars in grant money was distributed to 33 communities, and will impact 325 providers and 178,710 patients.
January 2007	The Board of Directors for the Arizona Health-e Connection is formed

March 2007	The Arizona Health-e Connection Summit occurs with over 350 attending.
April 2007	The Arizona Privacy Project is completed and final reports are submitted to RTI

The following meetings were held between October 2005 and April 2006 in order to develop the Arizona Health-e Connection Roadmap.

Project Activity	Impact
<b>Weekly Project Management Meetings</b>	<ul style="list-style-type: none"> <li>▪ Increased awareness of activities and scope management</li> <li>▪ Obtained stakeholder input and collaboration</li> <li>▪ Initiated task group activities</li> <li>▪ Ongoing creation of the <i>Roadmap</i></li> </ul>
<b>Arizona Briefing / Assessment Paper</b>	<ul style="list-style-type: none"> <li>▪ Identified barriers and priorities</li> <li>▪ Established a baseline of information</li> </ul>
<b>Steering Committee Meetings (5 Meetings Total)</b>	<ul style="list-style-type: none"> <li>▪ Established expectations and roles</li> <li>▪ Provided leadership for the process and a communication channel between the Governor and Steering Committee</li> <li>▪ Created Task Group charges</li> <li>▪ Provided guidance and approval of Task Group recommendations</li> <li>▪ Assured adherence to the Executive Order</li> <li>▪ Identified <i>Roadmap</i> Mission Statement and Values and Guiding Principles</li> </ul>
<b>Five Task Groups Meetings (17 Meetings total)</b>	<ul style="list-style-type: none"> <li>▪ Identified urgent and feasible priorities</li> <li>▪ Developed recommendations for <i>Roadmap</i></li> </ul>
<b>Task Group Leadership Meetings</b>	<ul style="list-style-type: none"> <li>▪ Provided synchronization between all Task Groups</li> <li>▪ Reviewed all Task Group work</li> <li>▪ Verified recommendations for feasibility and urgency</li> </ul>

### 13. Why is the program a new and creative approach or method?

eHealth Initiative and Foundation of Washington D.C. outlines the standard progression of Health Information Exchange (HIE) efforts throughout the world as follows:

- Stage 1 – Awareness
- Stage 2 – Regional Activity
- Stage 3 – State Leadership
- Stage 4 – Statewide Planning
- Stage 5 – Statewide Plan
- Stage 6 – Statewide Implementation

Arizona started at Stage 3, through Governor Napolitano’s leadership and executive order, and within six months progressed through Stage 4 and Stage 5, involving over 300 volunteers. Arizona then began the transition to implementation, while the umbrella governance organization was formed. Today, the governance organization, Arizona Health-e Connection, is rapidly moving forward with Statewide Implementation (Stage 6), while other states are now moving into Stage 3 from Stages 1 and 2. Arizona has been leading other states in development of a statewide e-health initiative.

14. What were the program's start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

The program start-up costs, approximately \$150,000, were provided by St. Luke's Health Initiatives and BHHS Legacy Foundation. The monies allowed the State to contract with eHealth Initiative to help guide and support the development of the Arizona Health-e Connection Roadmap. Additionally, the \$350,000 grant the state received from RTI for the Health Privacy Project provided the resources to hire a consultant to manage that project. The Arizona Government Information Technology Agency also devoted a significant portion of three staff members' time to manage the program, including drafting the Roadmap document, and to design and administer the Rural Health Information Technology Adoption (RHITA) Grant Program – for which \$1.5 million was budgeted by the Governor and Legislature.

The project was managed by the Government Information Technology Agency staff with volunteers from various health-related organizations comprising the teams.

15. What are the program's annual operational costs?

The approximate annual amount of central coordination organization funding required is estimated to be 3 to 4 million dollars. A modest budget is recommended for the central organization to coordinate, facilitate and standardize statewide efforts. As defined in the recommended governance structure for the Arizona Health-e Connection, the central organization is "thin." It will provide staffing, implementation and support for projects and services that are of benefit to all organizations and therefore difficult to assign value to specific organizations.

It is not necessary to invest large amounts of capital into a central organization in order to create a top-down funding structure for all electronic health exchange activities. This approach is consistent with the proposed governance roles of the central organization. In fact, many projects will be funded on a case by case basis at a medical trading area (MTA) or Regional Health Information Organization (RHIO) level.

16. How is the program funded?

The planned interim executive director (ED) is a loaned executive from a not-for-profit foundation, including office space and administrative support. This interim ED will be supported by state staff from the Government Information Technology Agency. Development of the final business model for the non-profit organization has commenced, in parallel with the search for a permanent executive director. It is estimated that this interim staffing and office solution will be utilized through September 2007.

In the future, membership fees from organizations joining the not-for-profit are expected to cover organizational overhead. Since activities of the central organization are designed to promote the common good, future funding may also be obtained from grants and donations, State funds, in kind donations of staff, and transaction fees, in addition to organizational membership dues. Items such as a secure network, secure messaging, Web portal, clinician directory and the patient health summary application are expected to be funded centrally.

The Rural Health Information Technology Adoption (RHITA) Grant Program will continue, subject to funding through the state budget process. In addition to providing incentives for continued local health information technology development (needed for the Statewide HIE to fully function), it will also enable centralized staff to oversee the process and coordinate with Arizona Health-e Connection.

Arizona's Medicaid agency, the Arizona Health Care Cost Containment System (AHCCCS), using Arizona Health-e Connection as a foundation for its application, won a \$12 million Federal Centers for Medicare and Medicaid Services (CMS) Medicaid Transformation Grant (the largest of any state) for the implementation of a web-based electronic health records system to facilitate the exchange of health information between Medicaid physicians, hospitals, and other health care providers. This is described as a statewide Medicaid Health Information Exchange (HIE). Portions of the CMS grant, initially \$350 thousand for each of the first two years, are to be directed to Arizona Health-e Connection, to pay for certain pieces of health information exchange infrastructure necessary to facilitate the statewide Medicaid HIE – such as the statewide provider directory – which can also be leveraged for non-Medicaid HIE.

Costs presented in this section are estimates for the products, organization and implementation envisioned for the Arizona Health-e Connection. Current funding estimates/models are based on similar products nationwide, research analysis, current level of discovery of the Arizona e-Health "landscape" and expert opinion. As the Arizona Health-e Connection is implemented, changes in scope will obviously impact costing analysis.

Additional individual projects will be funded through specific business models designed to balance value gained and expense required appropriately.

17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number.

Executive Order #2005-25 was signed on August 30, 2005.

18. What equipment, technology and software are used to operate and administer this program?

The technical task force has identified two projects that will be presented to the board of directors of the Arizona Health-e Connection. The first project is the development of a master provider index in order to have a central location for all types of medical providers in Arizona. An implementation plan for this project has been developed. The second project involves development of a web-based electronic medical record. The Board of Directors of the Arizona Health-e Connection will be evaluating consultants who will determine the type of technology, hardware and software needed to develop this index.

The Health Privacy Project has also identified a plan for authentication, audit and access that needs to be addressed in order to have secure exchange of electronic health records. Again, this project will go before the Board of Directors for the Arizona Health-e Connection for approval and most likely, consultants will be hired to proceed with the project.

In addition, the legal task force is working on privacy issues as they relate to current laws. There will also be a recommendation to the board of directors for the Arizona Health-e Connection that this project continue. The legal task force has approximately 12 issues on the table that need to be addressed and each of these issues is being managed by a volunteer from the legal community.

19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator's name, present address, telephone number and e-mail address.

Yes, Arizona was the first state to develop a statewide roadmap for the electronic exchange of health information – a roadmap for action, and not a “plan to plan.” The program was initiated by Governor Napolitano and is administered by the Arizona Government Information Technology Agency which is located at 100 North 15<sup>th</sup> Avenue, Phoenix, Arizona 85007. The program was run under the direction of Director Chris Cumiskey, State of Arizona Chief Information Officer (tel: 602 364 4770; [ccumiskey@azgita.gov](mailto:ccumiskey@azgita.gov)).

20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?

According to a survey conducted by eHealth Initiative (eHI), only six percent (2) of the states are now in Stage 6 with Arizona. Stage 6 is described as follows:

*Implementation of state plan or Roadmap is well underway, with key milestones completed.*

eHI has also stated that Arizona leads the small handful of states developing and implementing statewide plans. This leadership includes involving over 300 volunteers, and its involvement of employers, providers, insurers, and the Federal government in the process and governing organization formation.

Additional characteristics of the Arizona program that set it apart include the following:

- Funding of statewide planning and roadmap development by non-profit foundations
- Largest comprehensive steering committee – 43 representatives
- Federal Government representatives on the Steering Committee
- Major Arizona employers on the Steering Committee
- Governor's Office, Cabinet and other state officials on the Steering Committee (other states have perhaps 2 state government representatives)
- Broadest participation of the public/stakeholders in Roadmap development (approximately 300), according to a representative from the Federal Department of Health and Human Services.
- Roadmap recommendations were able to be immediately implemented, and did not require legislative or other official action (for example, to create the statewide non-profit organization)

21. Has the program been fully implemented? If NO, what actions remain to be taken?

The Roadmap has been developed and the management of the program has transitioned to a nonprofit 501c3. Below is a chart outlining the next steps that are being considered by the Arizona Health-e Connection Board of Directors:

<ul style="list-style-type: none"> <li>• Develop statewide business plans</li> <li>• Develop model participation agreements</li> <li>• Identify and establish baseline measures of Health-e Connection outcomes</li> <li>• Identify and approach Arizona MTAs</li> <li>• Establish the first MTA information exchange with a results delivery service             <ul style="list-style-type: none"> <li>○ Develop a provider directory</li> <li>○ Begin a master patient index (MPI)</li> <li>○ Begin data transformation</li> </ul> </li> <li>• Develop Arizona’s statewide Web portal with security infrastructure components</li> <li>• Pilot a basic patient health summary</li> <li>• Establish HIT adoption plan</li> <li>• Market and educate the healthcare community about Health-e Connection</li> </ul>
<ul style="list-style-type: none"> <li>• Provide guidance to first MTA information exchange for enhanced services</li> <li>• Establish other MTA information exchanges with results delivery services (including provider directories, master patient indexes, and data transformation)</li> <li>• Implement secured messaging</li> <li>• Obtain Health-e Connection outcome measurements</li> <li>• Encourage HIT adoption</li> </ul>
<ul style="list-style-type: none"> <li>• Establish and provide guidance to MTA information exchanges with results delivery services (including provider directories, master patient indexes, and data transformation)</li> <li>• Enhance the patient health summary with data from MTAs</li> <li>• Enhance public health functions</li> <li>• Obtain Health-e Connection outcome measurements</li> <li>• Encourage HIT adoption</li> </ul>
<ul style="list-style-type: none"> <li>• Establish and provide guidance to MTA information exchanges with results delivery services (including provider directories, master patient indexes, and data transformation)</li> <li>• Enhance the patient health summary with data from MTAs</li> <li>• Implement statewide patient locator</li> <li>• Develop statewide personal health record access</li> <li>• Obtain Health-e Connection outcome measurements</li> <li>• Encourage HIT adoption</li> </ul>
<ul style="list-style-type: none"> <li>• Enhance the patient health summary with data from MTAs</li> <li>• Add functions for oral health and other healthcare professions</li> <li>• Obtain Health-e Connection outcome measurements</li> <li>• Encourage HIT adoption</li> </ul>

22. Briefly evaluate (pro and con) the program’s effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

Planning for and implementing electronic health records and health information exchange is a significant and time consuming project. Thus far, all milestones described in the Governor’s executive order and the resultant statewide Roadmap have been achieved. This is due to leadership within and without state government, dedicated and skilled project staff, and subject matter experts participating in the various task forces who had a true interest in this project.

The most tangible examples of the effectiveness are the achievement of the Roadmap development (April 2006), the subsequent implementation of the non-profit organization (January 2007), the rapid deployment of a rural health information technology grant program (from design in July 2006 to disbursement of funds in January 2007), and use of the Roadmap and transition work as foundation for the application for/receipt of the largest CMS Medicaid Transformation Grant of any state.

By having a very powerful and well rounded steering committee the implementation teams were also able to continue working on the various interim tasks related to necessary legal and technology issues while the above more tangible results were achieved.

23. How has the program grown and/or changed since its inception?

Arizona Health-e Connection has evolved from a Governor initiated, state-led program, called upon to comprehensively review issues and develop recommendations to a not-for-profit, implementation organization directed by a very diverse board.

Since its inception, the program has grown to involve more stakeholders, including consumers. With the end goal unchanged, more funding opportunities have been identified, "cross pollination" of leadership and staff with regional efforts has occurred, and more organizations and leaders have come to the table. The non-profit organization board is composed of decision makers from the representative organizations – most often CEOs or presidents. Though the Roadmap development involved a large number of individuals and organizations, forty percent of the newly-established non-profit board were not members of the Roadmap Steering Committee – a clear example of the growing and widespread interest in this program.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

Arizona is fortunate to have a Governor who has taken a strong leadership role. Subsequently, organizations and individuals throughout the state quickly wanted to be part of an initiative with such priority. If a governor does show leadership in this area, it will be more difficult to obtain the stakeholder participation.

Maintaining the stakeholder participation is also challenging, and requires assigned staff to pay close attention to detail and follow up. Selection of appropriate staff for such a project is of great importance.

It is also important to note that the complexity of implementing electronic health records must be understood so that the timeline to which a state commits is both logical and feasible.

## **2007 Innovations Awards Program Program Categories and Subcategories**

Use these as guidelines to determine the appropriate *Program Category* for your state's submission and list that program category on page one of this application. Choose only one.

### *Infrastructure and Economic Development*

- Business/Commerce
- Economic Development
- Transportation

### *Government Operations*

- Administration
- Elections
- Public Information
- Revenue

### *Health & Human Services*

- Aging
- Children & Families
- Health Services
- Housing
- Human Services

### *Human Resources/Education*

- Education
- Labor
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- Workforce Development

### *Natural Resources*

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- Environmental Protection
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### *Public Safety/Corrections*

- Corrections
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This application is also available at [www.csg.org](http://www.csg.org), in the Programs section.

**Deadline: April 2, 2007**