



California
Health Information Exchange Program
Status Report

April 2011

California Health Information Exchange Program Status Report – April 2011

- I. [Executive Summary](#)
- II. [Summary of Key Milestones Deliverables](#)
- III. [Health Information Technology and Exchange \(HITE\) Fund](#)
- IV. Appendices
 - [Appendix 1 - Cal eConnect Organization Chart](#)
 - [Appendix 2 - Board Membership and Composition](#)

I. Executive Summary

The California Health and Human Services Agency (CHHS) was awarded a four year \$38.8 million federal Health and Human Services (HHS) Cooperative Agreement grant, funded under the Health Information Technology for Economic and Clinical Health Act (the HITECH Act), which is part of the American Recovery and Reinvestment Act of 2009 (ARRA).

This status report covers the period of the award from April 2010 through December 2010. This is the period of time covered by the first grant agreement between CHHS and the designated nonprofit governance entity, Cal eConnect. During this time, Cal eConnect established its basic organizational structure, recruited and hired its staffing, put into place basic operational policies and procedures and performed a variety of planning functions in order to launch major programmatic initiatives and activities. During this time, CHHS worked closely with Cal eConnect to provide guidance, training and put into place communication and coordination protocols to manage the Health Information Exchange (HIE) Cooperative grant. Cal eConnect accomplished the deliverables under this first grant agreement in the manner and timeframes required.

This period represents the initial phase of the federal grant program and sets the stage for major programmatic activities beginning in 2011 and following through the balance of the grant period (ending February 2014). Subsequent reports will cover more substantive progress and contain more in-depth program evaluations. Because Cal eConnect has been operational for less than one year, it would be premature to report on programmatic activities that are in the preliminary stages of development.

CHHS will soon initiate evaluation activities that ensure the goals and deliverables of the federal grant agreement are met and identify critical statewide policy issues. In doing so, CHHS continues to work closely with Cal eConnect to foster strong communication linkages with California's health information exchange stakeholders and the Office of the National Coordinator (ONC), the federal grant oversight agency.

As required by Health and Safety Code Section 130254, known as the CA Health Information Technology (HIT) Act, CHHS is submitting this status report of the HIE program in California.

II. Summary of Key Milestones and CHHS Deliverables

As the recipient of the Cooperative Agreement grant, CHHS met a number of key planning and implementation milestones. As required by the grant application, CHHS completed the submission of the final strategic and detailed operation plan for the cooperative agreement. The plan was submitted to ONC in May with final approval of the plan on September 15, 2010. Upon approval of the plan, ONC released the balance of the federal grant to begin the implementation process. CHHS also developed and implemented the oversight and sub grant agreement model to

appropriate the initial planning funds to the designated governance entity, Cal eConnect. Finally, CHHS through its Office of Health Information Integrity, continued work on the privacy and security requirements to support health information exchange. This culminated in the acceptance of several recommendations from the California Privacy and Security Board (CalPSAB) on some critical policy issues, including a patent-centered affirmative consent model for health information exchange, adoption of security guidelines, and the harmonization of state law in the area of healthcare operations.

For the administration of California’s model for HIE, CHHS established a sub-grant agreement with the governance entity to meet its development and the State’s HIE planning deliverables. The agreement covered three critical areas:

1. Organization Development;
2. Implementation of Policies and Procedures consistent with the California Health Information Technology Act
3. Health Information Exchange Plan Deliverables

Table 1 below provides a summary view of the deliverables CHHS required of the governance entity, the status of each deliverable and CHHS evaluation of each deliverable.

**Table 1
Status of Governance Entity Deliverables to CHHS**

Deliverable	Deliverable Category	Status	CHHS Action
1. Actionable Detailed Work Plan	HIE Plan	Complete	Cal eConnect Implementation Plan and appendices with updated project plan dated 12/16/10.
2. Establish Diverse Board of Directors, as specified	Organization Development	95%	Two legislative seats remain to be filled, Assemblyman Monning and Senator Hernandez invited, awaiting their selection to the board. See Attachment 2.
3. Development of Bylaws	Organization Development	Complete	Received and Accepted Bylaws approved and ratified by Board 6/4/10.
4. Development of Procurement Policies & Procedures	Policies & Procedures	Complete	Received and Accepted Procurement Policy - 8/16/10 (revisions approved by Board).
5. Development of Conflict of Interest Policies & Procedures	Policies & Procedures	Complete	Received and Accepted Conflict of Interest Policies - 12/30/10.
6. Development of Human Resources and Hiring Policies and Procedures	Policies & Procedures	Complete	CHHS received and approved Employee Handbook.

Deliverable	Deliverable Category	Status	CHHS Action
7. Development of Data Security Policies and Procedures	Policies & Procedures	Complete	Received and accepted on 12/30/10.
8. Development of Fiscal Control Policies and Procedures	Policies & Procedures	Submitted & pending final approval	Fiscal Policies submitted to CHHS on 12/30/10 and are being reviewed.
9. Development of Policies and Procedures for Grant Agreement Compliance (Transparency,)	Policies & Procedures	Completed	Received and approved on 12/30/10.
10. Development of Business Model	HIE Plan	In progress, 15 % completed. Estimated date of completion October 2011	CHHS monitors the progress of this deliverable on a monthly basis.
11. Development and implementation of a Comprehensive Staffing Plan	Organization Development	Completed	Received and accepted on 12/30/10.
12. CEO in place by 6/22/10	Organization Development	Completed	CHHS confirmed the CEO appointment was effective July 1, 2010.
13. Establish a Sole Source Contract policy and procedure including obtaining prior CHHS approval for all sole source contracts and contracts over \$25,000	Policies & Procedures	Completed	Sole source procedure received and approved on 12/30/10.
14. Establish public work groups including: policy, technical, financial and engagement	HIE Plan	Completed	Workgroups created and functioning August 2010.
15. Develop detailed requirements for core services	HIE Plan	Completed	Detailed requirements developed and published in request for information and public comment. Solicitation for public comment elicited 28 responses.

III. Health Information Technology and Exchange (HITE) Fund

In October 2010, the CHHS applied for the ONC Cooperative Agreement grant to coordinate and develop statewide health information exchange services, and on February 8, 2010 was awarded \$38.8 million over four years. The grant award had an initial planning component of one million dollars that was immediately available to the state. ONC released the balance of the grant funds upon the acceptance of the state's strategic and detailed operational plan on September 15, 2010.

The program has the following in-kind, non-federal matching fund requirements:

Federal Fiscal Year (FFY)	State Match Requirement
Oct 1 2009 – Sep 30, 2010	0
Oct 1 2010 – Sep 30, 2011	10%
Oct 1 2011 – Sep 30, 2012	14%
Oct 1 2012 – Sep 30, 2013	33%

Based on the State's application, budget and projected annual expenditures, the minimum required match is \$4.05 million over four years. While the match **rate** is predetermined, the actual **amount** is dependent on the timing of expenditures and would increase if project milestones and timelines are not met and expenses are delayed to subsequent federal fiscal years when state match rates are higher. CHHS plans to provide the match through in-kind contributions totaling \$4.38 million for fiscal years 2010/11 through 2012/13.

This section covers the state and federal expenditures and a detailed list of contracting activity during the report period.

Expenditure Information

The following table displays the expenditures from the HITE Fund for the governance entity (GE) and the California Health and Human Services Agency (CHHS) for the April-December report period.

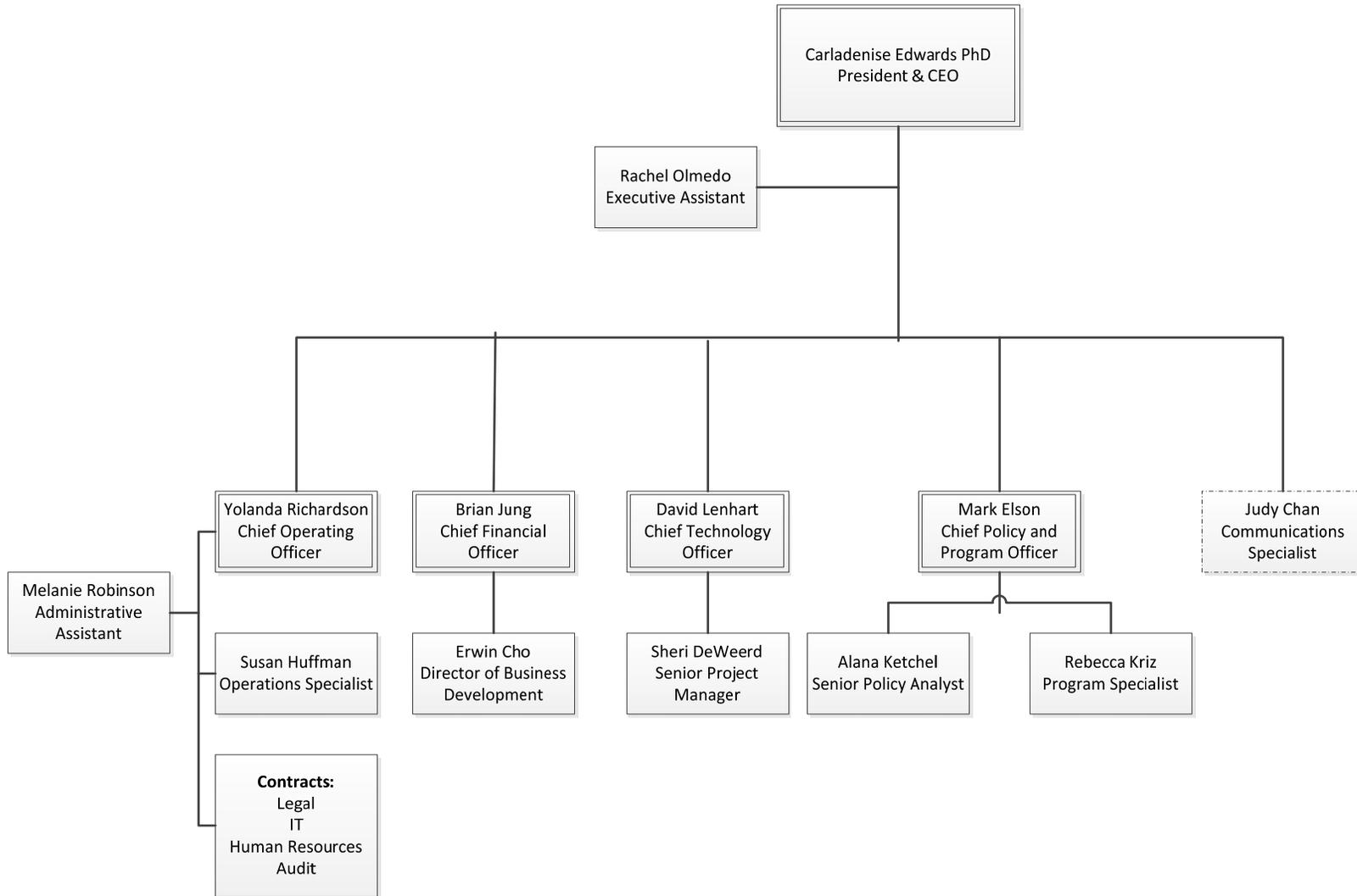
Expenditure Categories	Cal eConnect	CHHS
Personal Services	\$520,893	\$224,305 ¹
Contracts	\$1,054,196 ²	\$193,091 ³
Operational Expenses	\$207,020	\$9,244
Total:	\$1,782,109	\$426,640

¹ \$224,305 was spent on staff salary and benefits (Staff Services Manager I, Staff Services Manager II, and Staff Counsel III). Salary expenditures will be higher in the next update report if a freeze exemption is granted for the vacant ARRA funded positions which were authorized with a Budget Change Proposals for limited term positions approved by the Legislature and subsequently included in the Governor's Budget.

² Cal eConnect's contract expenditures through December 2010 includes \$49 on governance activities, \$139,150 on technical infrastructure, \$635,635 on business and technical operations, \$229,355 on legal and policy work, \$40,632 on finance and sustainability, and \$9,375 on other miscellaneous contracts.

³ CalOHII expended \$193,091 on contracts through December 2010. They included \$171,000 for the operational plan development, \$17,092 for student interns, and \$4,999 for pilot use cases for HIE. Cal eConnect's total expenditures for the period are \$1,782,109.

Appendix 1
Cal eConnect Organization Chart
As of 12-31-10



Attachment 2

Board Composition and Membership of Cal eConnect ***As of December 31, 2010***

Cal eConnect has a 22 member board of directors with four members representing State government (the only two members that have not been seated are the Assembly and Senate seats/designees – CeC is awaiting a selection from them). The specific constituencies are identified below:

Name	Organization	Representation
Unseated	Unseated	California Assembly Committee on Health Chair or his or her designee
Unseated	Unseated	California Senate Committee on Health Chair or his or her designee
Jonah Frohlich	CHHS	California Secretary of the Health & Human Services Agency or his or her designee
Toby Douglas	Department of Health Care Services	California State Administrator
Carladenise Edwards	Cal eConnect	CEO of Cal eConnect
David Lansky (at-large)	Pacific Business Group on Health	Co-chair
Don Crane (at-large)	California Association of Physician Groups	Co-chair
Marjorie Ginsburg	Center for Healthcare Decisions	Consumer
Mark Savage	Consumers Union	Consumer
Ann Boynton	CalPERS	Employer/Purchaser
Peter Yellowlees	UC Davis	Health Informatics
Bill Beighe	Santa Cruz HIE	Health information exchange organization
Laura Landry	Western Health Information Network	Health information exchange organization
David Joyner	Blue Shield of California	Health Plan - private
Howard Kahn	LA Care Health Plan	Health Plan - public
Thomas Priselac	Cedars Sinai	Hospital - private
Ron Jimenez	Santa Clara Valley Hospital	Hospital - public
David Regan	SEIU	Labor
J. Brennan Cassidy	California Medical Association	Physician – Independent
Keith Wilson	Talbert Medical Group	Physician – Medical Group
Ann Lindsay	Humboldt County	Public Health - local public health officer
Ralph Silber	Community Health Center Network	Safety Net Clinic

The CHHS Secretary designated State Administrator position on the board to the Director of the DHCS and therefore Medi-Cal, and the Deputy Secretary for Health IT for the CHHS position, creating a strong partnership with the Medi-Cal EHR incentive program.