

**MINUTES OF THE MARCH 5, 2013, MEETING  
OF THE BUDGET & FINANCE COMMITTEE  
OF THE GOVERNING BOARD OF THE  
ILLINOIS HEALTH INFORMATION EXCHANGE AUTHORITY**

The Budget and Finance Committee (“Committee”) of the Board of Directors (the “Board”) of the Illinois Health Information Exchange Authority (“Authority”), pursuant to notice duly given, held a meeting at 3:30 p.m. on March 5, 2013, at the offices of the Office of Health Information Technology (“OHIT”), State of Illinois James R. Thompson Center, 100 W. Randolph, Suite 2-201, 100 W. Randolph Street, Chicago, IL 60601, with a telephone conference call capability.

<p><u>Committee Members Present</u> Mr. Mark Neaman (by telephone) Dr. Bruce Wellman (by telephone)</p>	<p><u>OHIT Staff Present</u> ILHIE Executive Director – Raul Recarey; Mark Chudzinski (by telephone); Mary McGinnis; Sanjay Patel; Jeremy Kohn (Legal Intern)</p>
<p><u>Committee Members Absent</u> HFS Director – Julie Hamos Dr. Cheryl Whitaker</p>	

*Roll Call and Previous Meeting Minutes*

Mr. Mark Chudzinski, Secretary to the Board, confirmed the presence of the Members of the Authority Board and others present in person and by telephone, and the ability of those participating by phone to hear clearly and participate. There were no objections expressed to the participation of Directors by electronic means. However, it was noted that no quorum was present, so the minutes of the October 31, 2012 meeting could not be formally approved.

*Report on Recent Financial Activity*

Mr. Patel described the largest categories of expenditures: payments to the ILHIE’s technology partner InterSystems Corporation (ISC); OHIT personnel and fringe benefits; payments to the OHIT technology partner InterSystems Corp (ISC); \$2M allocation to on-board entities and provide HIE services to rural and underserved areas; and finally Mr. Patel recognized Ms. Laura Zaremba, OHIT Director, for her extraordinary efforts to negotiate a very favorable arrangement with the ONC. The ONC has granted OHIT approval to financially remunerate the ILHIE Authority for services rendered and achieving milestones towards establishing HIE connectivity with health care customers in Illinois. These OHIT remuneration payments to the ILHIE Authority will be executed whenever a written agreement between the Authority and a customer is executed. The amount of remuneration will depend on the type of customer (ACH, CAH, provider, RHIO, etc) and corresponding HIE service established. For example, the ILHIE Authority will be remunerated \$200,000 for executing a written commitment for RHIOs that will utilize the ILHIE to access statewide Master Patient Index and another \$200,000 for establishing Direct HISP to HISP connectivity.

*Update on the ILHIE Business Model – Draft Pricing*

Mr. Recarey presented the updated ILHIE Draft Pricing List. It includes simplified revenue categories with fewer tiers, resulting in a further refined pricing structure. It also caps the pricing for larger organizations; any health system with over 1,000 beds would pay \$120,000 per year for bi-directional HIE services. In contrast, Critical Access Hospitals (up to 25 beds) would pay only \$5,000 per year for bi-directional HIE services.

One issue raised by the Committee members was how to price access to the ILHIE by physicians employed by, or independently affiliated with, a hospital. Mr. Recarey, based on information from InterSystems, said that cost is largely driven by the number of access logins to the HealthShare platform. Thus, for a hospital with a single login, the price could cover all the doctors who use that hospital's EMR system, either inside the hospital or via a remote web interface. Mr. Recarey also said that flexibility in pricing (rather than a rigid pricing sheet) was important in order to negotiate individual negotiated deals with different organizations that have differing structures.

A different price might be charged for separate EMR systems used within a physician's own practice. This in turn led to another issue: the meaning of a "separate site practice." It might potentially be defined according to the classifications of licensed professionals in Illinois (physician, physician's assistant, nurse, etc.) – and if so, who might be classified as a physician (MD, DO, DDS, etc.)

*Update on the ILHIE Business Model – Projected Budget*

Mr. Patel presented the updated ILHIE Authority Projected Budget through fiscal 2017. The spreadsheet document includes projections for the (1) overall budget, (2) expense categories, (3) personnel costs, and (4) revenues from user connection fees.

The projected revenue includes \$1 per member per year from Medicaid (currently \$2.7 million per year), which will grow with the Medicaid population. Aside from Medicaid, the budget at this time does not include revenue from insurers or other payers. Other revenue referenced in the model is directly attributed to the OHIT financial remuneration to the ILHIE Authority, as approved by the ONC.

Mr. Recarey presented the ILHIE staffing model, which now includes financial information and presents a steady ramp-up of ILHIE Authority staff over SFY13 and SFY14. Taking salary and fringe benefits into account, the total compensation for the ILHIE Authority staff positions is very competitive with similar positions in the private sector, according to a review by an outside firm (the Waldinger Group) with subject matter expertise in human resources. Additionally, the ILHIE benefits package as recommended by the Waldinger Group will align with the benefits package to existing State employees. The ILHIE benefits package will be incorporated into a revised ILHIE Authority Employee Handbook for review by the Committee at a future date.

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The revenue categories and the tiers within each category have been refined in order to simplify the model, and to align it with surrounding states' revenue models and with the provider landscape in Illinois.

*Public Comment*

There were no comments offered from the general public.

*Adjournment*

The meeting was adjourned at 4:24 p.m.

Minutes submitted by Jeremy J. Kohn, Legal Intern