

REGIONAL HEALTH INFORMATION ORGANIZATIONS: LOWER HEALTH CARE COSTS, FEWER IATROGENIC ILLNESSES, AND IMPROVED CARE – WHAT ARE WE WAITING FOR?*

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Health care in the United States is in crisis. Health insurance costs have increased fifty-four percent over the past five years, and Americans are paying more out-of-pocket through higher deductibles, co-payments, and coinsurance. To make matters worse, increases in health care costs have outpaced the economy and personal incomes. As a result, in 2005, 15.9 percent of 46.6 million Americans were uninsured.

Sadly, although the United States spends about two-and-a-half times more than the average industrialized nation on health care, it is ranked low in overall performance. Iatrogenic illness, otherwise known as medical error, is the eighth leading cause of death in the United States, causing approximately eight million outpatient events and 100,000 deaths each year.

Information technology can reduce health care costs, as well as improve the safety and quality of our health care system. Research suggests that by implementing electronic medical records and sharing patient data via Regional Health Information Organizations (RHIO's), the United States can save between \$81 billion and \$162 billion annually. In addition, this information technology can prevent medical errors caused by paperwork or manual errors and lower age-adjusted mortality by eighteen percent.

There are challenges associated with the formation of RHIOs. Communities must address regulatory, privacy, and jurisdictional issues. However, this process has already begun. The Centers for Medicare and Medicaid Services recently created exceptions to the Stark Laws, allowing hospitals and other health care organizations to assist physicians in acquiring and implementing health care technology by permitting donations of electronic prescribing and electronic medical record systems. The Office of the Inspector General created similar exceptions to the Anti-Kickback Statutes. In addition, the sliding scale approach developed by the court in *Zippo Manufacturing Company v. Zippo Dot Com, Inc.* can be used to address personal jurisdiction issues. Proposed legislation regarding privacy is currently being debated.

The challenge that must be addressed is funding. There is a disconnect between who pays for and who profits from implementing information technology in the health care setting. Physicians must pay up to \$30,000 for an electronic medical system, and communities must make significant investments in the RHIO

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infrastructure. However, it is the payors, not the physicians or RHIOs, who will profit from the use of this technology.

Encouraged by the projected cost savings, some health plans have begun donating necessary hardware and software, while others have begun paying bonuses to physicians who utilize health care technology in their practices. However, through such agencies as the Veterans Administration, Medicare, and Medicaid, the United States government is the largest employer and the largest health care payor in the country. Therefore, we have much to gain by the government taking action. The government must provide direct subsidies and grants to finance the adoption of electronic medical record systems and to create the network infrastructure required for sharing data among providers. Although Congress is debating several pieces of legislation that would subsidize health care information technology, efforts are moving slowly and the amount of money allocated is insufficient.

The government must also leverage its position as a payor and require participation in pay-for-performance programs under Medicaid and Medicare. These programs reward doctors for keeping patients healthy rather than paying for individual services to the patient. Since participation requires physicians to collect specific data and report patient outcomes, participation inevitably requires the health care provider to implement an electronic medical record system.

Health care costs are out of control. The effect is that 46.6 million Americans are uninsured. In a country of such wealth, it is unacceptable that quality health care is a luxury that millions of Americans cannot afford. The United States government can no longer depend on the private sector to address this issue. The government must do what it can to contain costs by encouraging the adoption of health care information technology. Whether subsidies, grants, or tax incentives, Congress must allocate sufficient funding for communities to develop the RHIO infrastructure and to make the adoption of electronic medical records affordable to physician practices. The government must also leverage its position as the largest health care payor and employer and require participation in pay-for-performance programs.