

Interoperable Statewide Health Information Exchange (HIE)

State Medicaid General Fund and Alaska Health Care System Cost Savings Projections

Annual Medicaid State General Funds	Net Value Percentage	Annual Net Value of HIE*	
\$248,544,000	4.68%	\$11,631,859	Based on standard cost benefit model
\$248,544,000	3.69%	\$9,171,274	Based on high-cost HIE model
\$248,544,000	5.70%	\$14,167,008	Based on low-cost HIE model

Annual AK Health Care Spending	Net Value Percentage	Annual Net Value of HIE*	
\$5,294,000,000	4.68%	\$247,759,200	Based on standard cost benefit model
\$5,294,000,000	3.69%	\$195,348,600	Based on high-cost HIE model
\$5,294,000,000	5.70%	\$301,758,000	Based on low-cost HIE model

*Full Annual Net Value realized beginning 2013

Assumptions:

Fully standardized and fully implemented statewide interoperable Health Information Exchange State Medicaid GF budget based on Gov 09 Request for Medicaid Services Component only State Medicaid GF budget remains flat

Annual AK Health Care Spending remains flat

Based on national cost benefit model (see Sources):

- Cost savings: 5.68% of annual health care expenditures, minus cost: 1% of annual health care expenditures
- National cost benefit model calculates projected cost savings based on projected efficiencies in laboratory testing, imaging procedures, interactions between outpatient providers and pharmacies, provider to provider connectivity, provider to public health agency connectivity, and provider-payer transactions

Sources:

Institute for Social and Economic Research, UA Research Summary No. 6, March 2006

http://www.iser.uaa.alaska.edu/Publications/researchsumm/RS6_06.pdf

Walker, J, et al, The Value of Health Care Information Exchange and Interoperability, Health Affairs, January 2005.

<http://content.healthaffairs.org/cgi/content/full/hlthaff.w5.10/DC1>