



Tax Status of Regional Health Information Organizations (“RHIOs”) and Health Information Exchanges (“HIEs”)

Activities Promote Health. Electronic exchange of personal health care data is now recognized as an essential component of quality health care, on a level with the direct provision of health care services in the promotion of health. The development of RHIOs and HIEs has been encouraged and funded by federal and state governments. RHIOs and HIEs are expected to become part of the foundation for the future National Health Information Network (NHIN).

RHIOs and HIEs further community health in that their information exchange activities enhance the quality of care and reduce the costs of providing healthcare by increasing efficiency. RHIOs and HIEs are the conduit for data exchange between a wide scope of stakeholders in the healthcare community that may include providers, physician practices, reference labs, payors, and public health organizations.

Community Benefit; Operations Not on a Commercial Basis. RHIOs and HIEs may qualify under Section 501(c)(3) if they act in a charitable manner by conducting their activities for community benefit rather than private benefit. They do not conduct their activities in a commercial manner, and are in fact financially viable only because they are subsidized by other components of the healthcare industry, including tax-exempt entities and the Federal and state governments.

Many RHIOs and HIEs do not have the financial sustainability to operate on a commercial basis. This applies as to obtaining initial capital, due to the absence of reasonable prospects for a return. It also applies to long-term operating revenue in that the benefits of the systems formed and operated by RHIOs and HIEs are so dispersed throughout the community that users who receive only incidental benefits may not be willing to pay the full price of the systems. Most RHIOs and HIEs that begin life with charitable donations adopt revenue-producing business models, but continue to require regular infusions of charitable funding, which are not available to for-profit organizations. In effect, they operate at a substantial loss to achieve their public benefit.

Community benefits are achieved by RHIOs and HIEs due to the core objectives they achieve. These organizations:

- Provide a vehicle to support improved patient care quality and safety through access to timely and accurate information
- Provide a mechanism to reduce duplication of services and unnecessary services
- Facilitate operational and administrative efficiencies resulting in reduced operational costs, also reducing overall healthcare costs
- Enable the integration of sick (illness) care with well-care
- Link first-responder teams with trauma care teams
- Enable public health initiatives at local, state and national levels
- Stimulate consumer education and involvement in the healthcare process
- Facilitate the efficient deployment of emerging technology and healthcare services, such as e-prescribing
- Provide the backbone technical infrastructure for leverage by the NHIN and state level HIT initiatives

There is no substantial private benefit derived from RHIO activities: for-profit payors and employers may benefit indirectly through reduced costs related to fewer repeat diagnostic tests and general improvement in health care that lessens that demand for health care services, but this benefit is qualitatively and quantitatively insignificant when compared to the benefits to be derived by the public from an overall reduction in costs of health care and improved health status made possible through electronic exchange of personal health care data.



Today, HIMSS is the healthcare industry's only membership organization exclusively focused on providing leadership for the optimal use of healthcare information technology and management systems for the betterment of healthcare. HIMSS represents more than 20,000 individual, 300 corporate members, and 47 chapters nationwide.

Healthcare Information Exchange & Regional Health Information Organizations

Data exchange is critical to the delivery of quality patient care services and the effectiveness of healthcare organizations. The benefits of appropriate sharing of healthcare information among patients, physicians, and other authorized participants in the healthcare delivery value chain are understood and desired nearly universally. Regional Health Information Organizations (RHIOs) and Health Information Exchanges (HIEs) are currently at a cross roads to demonstrate long term sustainability as well as the ability to provide critical data exchange and information sharing. HIMSS' Healthcare Information Exchange initiatives focus on all areas of information exchange activities while supporting HIMSS activities at the national, state, and local levels.

The **Healthcare Information Exchange (HIE) Steering Committee** leads HIMSS efforts on information exchange focusing on the areas of technology, interoperability, standards utilization and harmonization, and implementation of technical business rules. This Committee represents the interest of all stakeholders including providers, consultants, vendors, payers, and life sciences at the local, state and national level.

Several **HIE/RHIO Task Forces** have been launched including RHIO HIE Best Practices Task Force, RHIO HIE Open Source Task Force, RHIO HIE National & International Technology Guide Task Force and the HIE RHIO Educational Task Force.

The **RHIO Chapter Liaison Roundtable** provides a vital communication link between the Liaison, their respective HIMSS Local Chapter and the HIE Steering Committee, with vital information sharing between local level efforts and national level activities. http://www.himss.org/ASP/committees_hie.asp

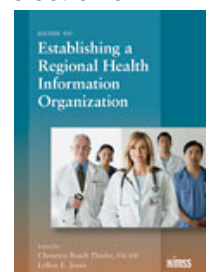


The RHIO Connection is a monthly electronic member newsletter focused on the latest news and events around RHIOs and HIEs.

http://www.himss.org/ASP/topics_FocusDynamic.asp?faid=156

The **HIMSS RHIO Guidebook**, *Establishing a Regional Health Information Organization*, published in 2007, is the result of HIMSS volunteer efforts. This guidebook addresses key areas, challenges and issues facing today's RHIOs; including practical and real world information based on actual experiences, successes and lessons learned.

<http://marketplace.himss.org/acct618b/default.aspx?Tabid=57>



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