STATE OF INDIANA

EXECUTIVE DEPARTMENT
INDIANAPOLIS

EXECUTIVE ORDER 07-05

FOR: STRENGTHENING TRANSPARENCY AND ACCOUNTABILITY THROUGH VALUE-DRIVEN HEALTH CARE

TO ALL TO WHOM THESE PRESENTS MAY COME, GREETINGS.

WHEREAS, the quality, safety, efficiency, and effectiveness of the health care system is of vital concern and interest to the State of Indiana; and

WHEREAS, the health care system can be transformed to deliver safer, higher-quality care in a more cost-effective manner by empowering consumers with information about the options, price, and quality of the health care available to them; and

WHEREAS, there are already a number of public and private initiatives in the State of Indiana that represent some of the most comprehensive steps in the country to achieve these goals, including:

1. **Developing Electronic Medical Records** – Regenstrief Institute, Inc., an Indiana health care research organization dedicated to the improvement of health through research that enhances the quality and cost-effectiveness of health care, has been a long-standing leader in the use of electronic medical records. Regenstreif developed one of the first electronic medical record systems in the country and currently operates the nation's only city-wide system, which allows physicians in the emergency department, with a patient's permission, to view as a single virtual record all previous care at any of eleven Indianapolis hospitals, including: University, Methodist, Wishard, Community, St. Francis, St. Vincent Hospitals, and Riley Hospital for Children. Regenstreif has also been widely recognized for its role in improving quality of care, increasing efficiency of health care delivery, preventing medical errors and enhancing patient safety. It is supported by the Regenstrief Foundation and closely affiliated with the I.U. School of Medicine and the Health and Hospital Corporation of Marion County, Indiana. Its researchers form a highly respected cadre of health services researchers linked to one of the largest and most comprehensive medical informatics laboratories in the world.

2. **Measuring Quality Care** – The Indiana Health Information Exchange (IHIE) is a public and private cooperative effort to promote the life sciences sector in Indiana's economy. IHIE is one of six pilot projects across the nation that is part the federal Better Quality Information to Improve Care for Medicare Beneficiaries project. Each pilot will combine Medicare data with data from other insurers to produce information on the performance of health care providers for the benefit of Medicare beneficiaries.

3. **Fostering a Culture of Patient Safety** – The State of Indiana is now the second state in the nation to create a medical error reporting system that will require hospitals, ambulatory surgical centers, abortion clinics, and birthing centers to report if any of the National Quality Forum's twenty-seven serious reportable events occur. The purpose of the reporting system was to obtain data that could be used towards reducing the frequency of medical errors, revealing the causes of medical errors, and empowering health care professionals to design methods to prevent or discover errors before patients are harmed. The requirement to report events encourages the movement towards increased awareness of patient safety issues and encourages work towards evidence-based initiatives to improve patient safety.

WHEREAS, despite these advancements in improving health care in Indiana, more can be done to support the use of secure and interoperable electronic health information systems and to provide Hoosiers with access to comprehensive cost and quality information that will enable them to make more informed decisions about their health care.

NOW, THEREFORE, I, **Mitchell E. Daniels, Jr.**, by virtue of the authority vested in me as Governor of the State of Indiana, do hereby set forth and commit the State of Indiana to support the following goals and to encourage health insurance plans, third party administrators, providers, and others with which the State of Indiana contracts, on behalf of its employees for their health care and other Hoosier beneficiaries of state health care programs, to take consistent actions to achieve these goals:

1. **SUPPORT HEALTH INFORMATION TECHNOLOGY** – In order to enable the availability and secure exchange of healthcare information to improve patient care, the State of Indiana will support the development and use of interoperable health information systems and products. When those with which the State of Indiana

contracts implement, acquire, or upgrade health information technology systems and products, the State of Indiana will request that they use systems and products that meet interoperability standards recognized by the Secretary of Health and Human Services. In maintaining or exchanging information, patient privacy will be appropriately protected, as required by law.

2. **PROVIDE PRICING INFORMATION** – To support knowledge and comparison of the cost or price of care (within carrier networks, the "negotiated" price), the State of Indiana will implement, or request that those with which the State contracts implement, programs to make available to enrollees in the health plans the State sponsors the "negotiated" price of their care. As consensus develops on uniform approaches for measuring and reporting cost or price information (within carrier networks, the "negotiated" price) for the benefit of consumers, the State will use these approaches and request that those with which the State contracts do the same. The State of Indiana will promote the availability of "negotiated" price information together with quality information, whenever possible, to help our employees focus on value. The State of Indiana will also request that those with which the State contracts participate in broad-based national public-private collaborative efforts to develop appropriate strategies to measure the overall cost or price (within carrier networks, the "negotiated" price) of services for common episodes of care and the treatment of common chronic diseases, while avoiding undue administrative burden on health care providers.

3. **PROVIDE PRICING INFORMATION** – To support knowledge and comparison of the cost or price of care, the State of Indiana will implement, or request that those with which the State contracts implement, programs to make available to enrollees in the health plans the State sponsors the overall cost or price of their care. As consensus develops on uniform approaches for measuring and reporting cost or price information for the benefit of consumers, the State will use these approaches and request that those with which the State contracts do the same. The State of Indiana will promote the availability of cost or price information together with quality information, whenever possible, to help state employees focus on value. The State of Indiana will also request that those with which the State contracts participate in broad-based national public-private collaborative efforts to develop appropriate strategies to measure the overall cost of services for common episodes of care and the treatment of common chronic diseases, while avoiding undue administrative burden on health care providers.

4. **PROMOTE QUALITY AND EFFICIENCY OF CARE** – The State of Indiana will work to develop approaches that encourage and facilitate high-quality and cost-effective health care and will seek to contract with entities that help us to achieve these goals. Such approaches may include, for example, implementation of pay-for-performance methods of reimbursement for providers, the offering of consumer-directed health plan products (such as account-based plans for enrollees in employer-sponsored health benefit plans), or the use of high performance provider networks.

The State of Indiana recognizes that it shares these goals with a larger Federal initiative as part of an ongoing effort to share quality and cost or price information. Over time, the information realized by meeting these goals can be used to improve patient care and enhance the effectiveness of our health care system by increasing the availability of uniform and comparable information with which all stakeholders can make informed decisions. These steps are the foundation for a value-driven health care system that delivers continued progress in medical care and good health for Hoosier employees as well as for all Americans.

IN TESTIMONY WHEREOF, I, Mitchell E. Daniels, Jr., have hereunto set my hand and caused to be affixed the Great Seal of the State of Indiana on this 7th day of March, 2007.

Mitchell E. Daniels, Jr.
Governor of Indiana

ATTEST: Todd Rokita
Secretary of State