October 4, 2009

What is a Regional Extension Center?
The Health Information Technology for Economic and Clinical Health (HITECH) Act of February, 2009 provides for the establishment of Regional Extension Centers (RECs). The purpose of the RECs is to furnish assistance defined as education, outreach and technical assistance to help primary care providers in their geographic service areas to select, successfully implement and meaningfully use certified EHR technology to improve the quality and value of healthcare.

Quick facts:
- Up to 70 RECs will be funded nationally through the Office of the National Coordinator for Health Information Technology (ONC).
- Each REC grant must be for a specific geographic area, and RECs cannot cross into other REC geographic areas. California's leaders anticipate that California will receive more than one grant.
- The maximmum award is $30 million per REC and each REC is required to serve 1000 providers.
- One organization can apply for multiple REC grants.

What is CPCA's involvement in defining the REC?
CPCA feels strongly that the REC in California should be *governed* by representatives of the safety net. In addition, CPCA recognizes the important progress toward widespread EHR adoption that is ongoing among the clinic consortia and Health Center Controlled Networks (HCCNs) in California, and seeks to leverage the infrastructure already in place to *provide the services* required of a REC. In order to develop a proposal that will bring the maximum benefit to the "priority providers" (i.e., those practicing in community health clinics, small and solo provider offices, rural health centers, and critical access hospitals) CPCA has actively explored forming a multi-stakeholder coalition. The California Medical Association (CMA), California Association of Public Hospitals (CAPH) and CPCA are the leading organizations in this effort. The three organizations have formed Cal-REC, a new nonprofit entity that has applied for REC funding.

Who is the Safety Net Coalition?
The California Safety Net Coalition (CSNC) is a group of over 15 organizations (Appendix A) that have coalesced for advocacy on a number of domains including health information exchange and health information technology adoption in the safety net. CPCA has taken a lead role in bringing these organizations together for this purpose.

The CSNC is not directly applying for the REC in California. Organizations that are members of the CSNC are applying to be the REC, including CMA, CPCA, and CAPH. The organizations applying for the REC hope that the individual organizations affiliated with the CSNC will submit letters of support on behalf of the REC application, and further if the application is funded that the CSNC may become an advisory board of the REC in the future.

What is the role of the State in designing the RECs?
Unlike the separate process underway to determine a State Designated Entity for health information exchange, California Health and Human Services (CHHS or the "State") does not have the authority to designate or apply for funding for the REC or RECs in California, however, they do hope to be able to endorse proposal(s) by signature of the State Medicaid Director and the Governor. Additionally, they have been active in encouraging partnerships of REC applicants and service providers. Both the ONC and the CHHS have indicated that the strongest applicants will be a multi-stakeholder coalition representing the target primary care providers that are to be supported to achieve meaningful use.

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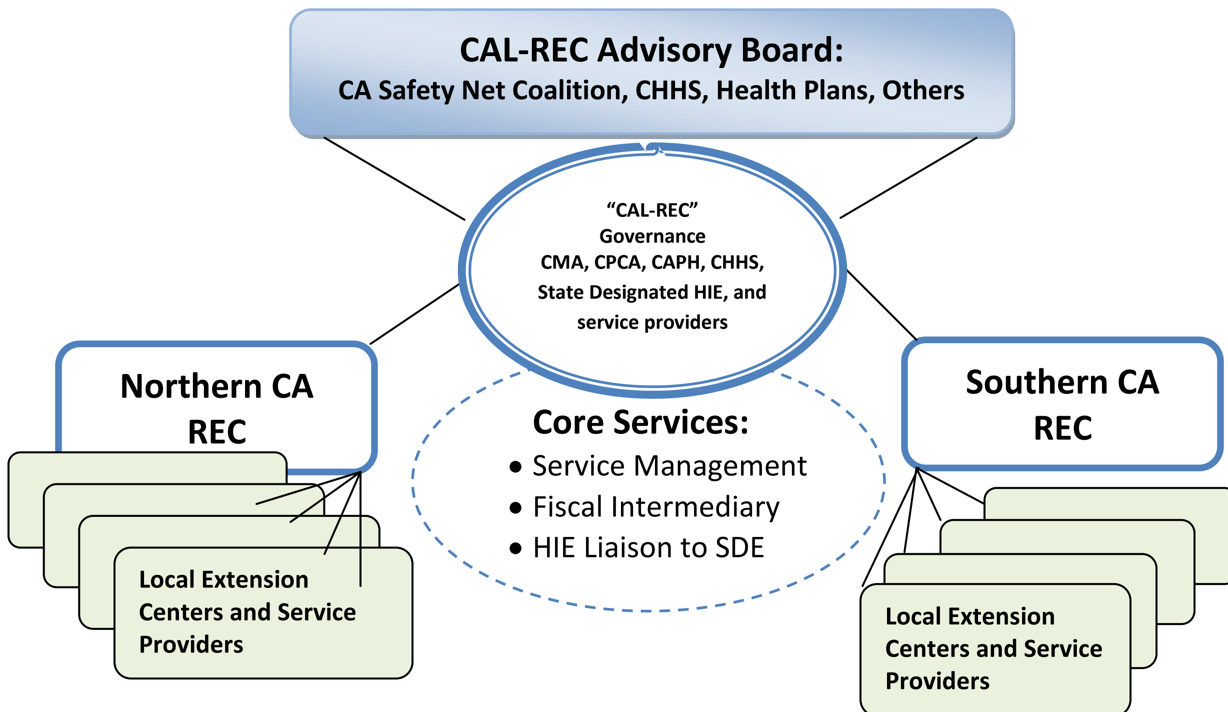
Their vision is that there will be a circle of Local Extension Centers (LECs), or service providers, coordinated through the REC or RECs to provide "feet on the street" and cover specific geographic areas that the legislation requires.

How does this all fit together in a strategy to apply for REC funding?
CPCA, CAPH, and CMA have been working extensively with our partners, including Jonah Frohlich, Deputy Secretary of Health Information Technology to create the governance structure and overall approach for the Regional Extension Center. Working in collaboration with the state and other partners best positions CPCA and our membership to be awarded a REC grant(s) that would then be distributed throughout the clinic network. CPCA and its partners are seeking to identify the organizations that will serve as LECs and other service providers to cover the maximum number of providers and meet the goals of the ONC to bring 1000 providers (per REC application)to meaningful use within two years. The proposed structure of the California Regional Extension centers is illustrated below:



What is the dollar amount of the funding?
RECs can receive up to $30 million each over a four year period. California's size and diversity justifies the maximum possible funding. It is the State's belief that California is eligible for approximately 10% of the total funding or $60 million. For this reason – and because the Lead Applicant can submit two applications to cover different geographic areas – we are proposing to submit two applications for $30 million each. There is an expectation that the RECs will achieve financial sustainability over the period of the grant through payments for services offered. Establishing a sustainable business model will be an important part of the full application process.

The funding the RECs will receive from the ONC is as follows:

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REC Funding- Partnership Summary		
Year	Federal Amount of Costs	Recipient Amount of Costs
1	90 percent	10 percent
2	90 percent	10 percent
3	10 percent	90 percent
4	10 percent	90 percent

RECs will be required to provide 90 percent of their own operating revenue for years three and four. This match can be gained from fees assessed to providers for assistance with EHRs, fees from the service providers, foundations, etc.

Where does the money go?
The vast majority of the money will go directly to the LECs or service providers. This includes the regional consortia and HCCNs. It is extremely important that the vast majority of the money reach the organizations that are working with community health centers, and other providers, to help them achieve meaningful use.

Who would staff the REC?
Because the vast majority of funds are intended to be used for direct service to providers, "core" services will be provided largely on a contract basis to minimize overhead. We anticipate hiring a CEO/Executive Director, but will contract with domain experts for other services such as the fiscal intermediary (to disburse and track grant funds on performance based milestones) and the service manager (to coordinate service area coverage, identify and spread best practices, develop an inventory of tools, and monitor the effectiveness of the LECs) and the HIE liaison (to coordinate health information exchange activities with the State Designated Entity for HIE). It is expected that each of the governing organizations would provide some full or part time staffing from their respective organizations. We are also exploring the possibility of providing direct support to providers where there is a gap in their local coverage area, i.e., there is no LEC or service provider in that area to provide support.

Fiscal Intermediary
CPCA and our partners have been in discussions with the Public Health Institute (PHI) to provide Fiscal services to the REC. This discussion includes having PHI manage the federal grant; oversee accounting issues of the REC and to work closely with the board of the new non-profit to ensure that all federal grant requirements are met. This conversation is ongoing with the goal of having a viable model developed by the grant deadline.

How would support be provided to my organization?
As part of the full application process, we will be mapping service providers and LECs with particular geographic areas and provider types. If the type of support you need is not immediately available in your area, we envision that organizations would contact CAL-REC to be matched with an appropriate service provider, even if it is outside their geographic area. Financial models for payment / repayment for services will be developed by individual LECs and service providers, however, the ONC funds that are funneled through the REC are intended to "jumpstart" the process of achieving meaningful users of health information technology.

What is the timeline for forming the REC(s)?

There are three funding cycles to allow applicants who are ready to "hit the ground running" and those who need more time to plan and prepare to submit applications at a later date. CPCA and our partners applied for the first round of funding. The advantage to being part of the first round is that we ensure our members, clinics and consortia, have first cut at the funding to California, and further that we are leading the process by which that happens. If we had waited, its possible that a non-clinic supporting entity would be funded and eliminate our chances of funding and controlling the process for clinic members. Furether, CPCA, members, and our partners have contributed significant time and work to date on this effort, and we would like to continue with the momentum.

Preliminary applications were due September 8, 2009. CPCA and partners submitted a Letter of Intent on September 8, along with 150 letters of support for both the northern and southern REC applications. The LOIs were officially submitted under the auspices of Cal-REC, a new nonprofit founded by the three organizations. On September 29, 2009 ~~qualified applicants will~~Cal-REC was invited to submit~~ be invited to submit a~~ full proposals on behalf of Northern and Southern California due November 3, 2009. Award notification is expected on December 11, 2009. Both the preliminary application and the full application require a significant amount of data about the providers we intend to support and the setting in which they practice, the services that can be provided through LECs and service providers in each geographic area, and various letters of support from the field. As circumstances and requirements are changing on a sometimes daily basis, we sincerely appreciate your willingness to provide this data on short notice.

Who submitted a Letter of Intent and who has been invited to submit a full application for a REC in California?

CPCA is aware of four~~three~~ other LOIs that were submitted for RECs in California. East Kern County Integrated Technology Association (EKCITA) submitted an LOI with the intent of servicing all counties south of Kern, El Camino Hospitals submitted with the intent of serving the Bay Area, ~~and~~ LA Care submitted to serve just LA County, and CalOptima submitted to serve Orange County.

Both LA Care and CalOptima were invited to submit full proposals in November. Cal-REC has met with both organizations who have expressed interest in coordinating our respective applications to ensure that California is maximizing the amount of federal dollars that come into the state. Both LA Care and CalOptima have also agreed to work with Cal-REC and Jonah Frohlich to develop a common, statewide governance structure for all four applications. Jonah has said that the State will not support any application that does not agree to work within a statewide governance structure. Cal-REC will be meeting with CalOptima, LA Care and the state on a weekly basis to develop a proposal on how this will work within our respective business plans.

Why are we doing this?

The CPCA board of directors and the Regional Association of Clinics feel strongly that it is important for health centers and networks through CPCA to be in a governance role within the REC to ensure that the needs of our clinics are fully represented. Ultimately the goal of the Regional Extension Center is to insure that all of our members and other providers have the support to be able to reach meaningful use within the federal guidelines. Additionally if CPCA is in a lead role they can ensure that through the REC we are maximizing the funding and opportunities for those regional associations that are willing and able to provide services towards meaningful use.

APPENDIX A

The California Safety Net Coalition (CSNC) provides a unified voice for the safety net provider community on decisions and activities regarding the California State HIT Strategic Plan and the activities stemming from the Plan, including those outlined by the American Recovery and Reinvestment Act. CSNC's objectives are to advocate for the safety net providers in California on issues of health information technology, provide clear position statements regarding the needs of safety net providers to meet meaningful use criteria, disseminate appropriate HIT-related information to the safety net provider community, and support a safety-net governed regional extension center in California.

The following organizations are officialy partners in the Coalition:

- California Academy of Physician Assistants
- California Association of Alcohol and Drug Program Executives
- California Association of Physician Groups
- California Association of Public Hospitals
- California Association of Rural Health Clinics
- California Association of Social Rehabilitation Agencies
- California Chapter of the American College of Physicians Services
- California Council of Community Mental Health Agencies
- California Hospital Association
- California Institute for Mental Health
- California Medical Association
- California Mental Health Directors Association
- California Primary Care Association
- California Rural Indian Health Board
- California School Health Centers Association
- California State Rural Health Association
- Planned Parenthood Affiliates of California