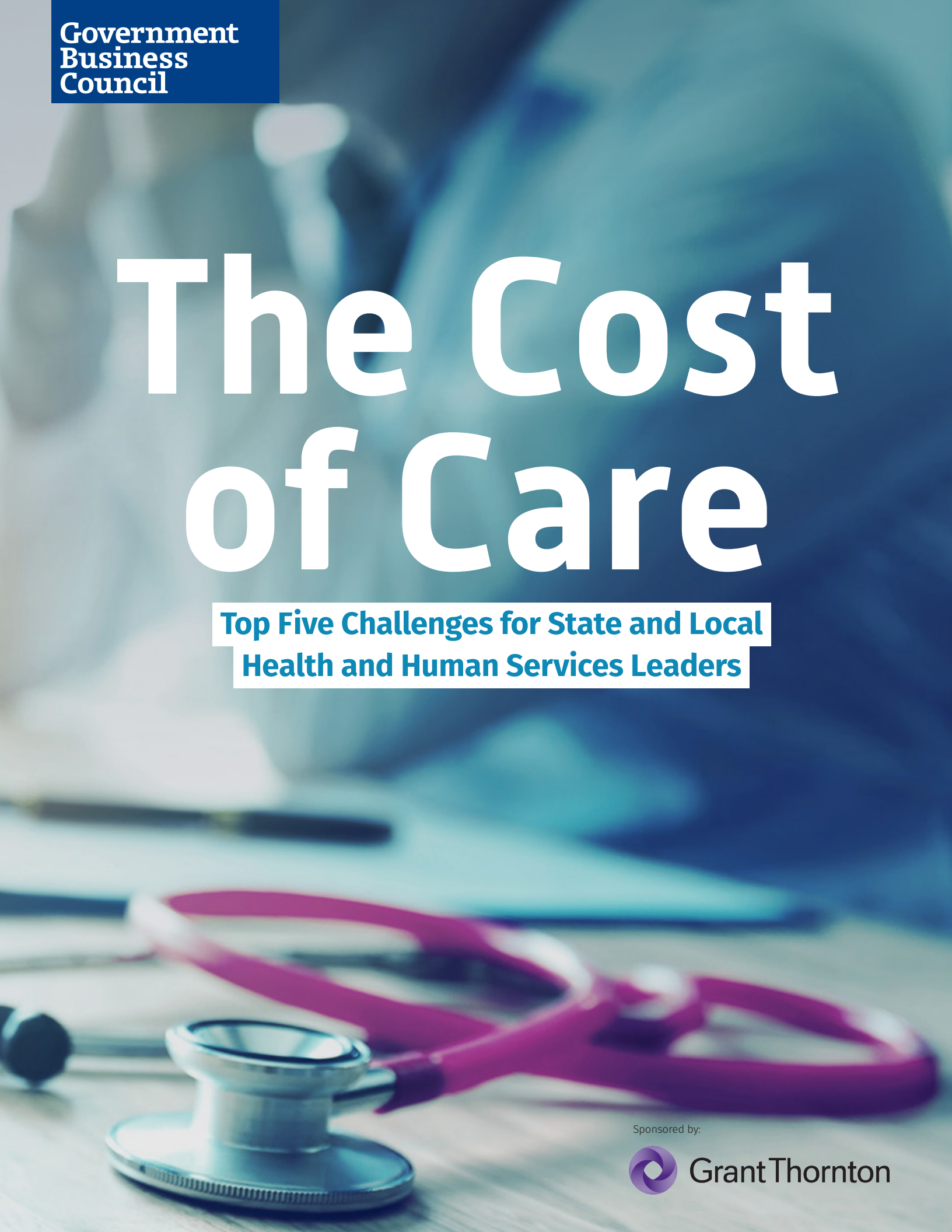
Government Business Council

The Cost of Care

Top Five Challenges for State and Local Health and Human Services Leaders



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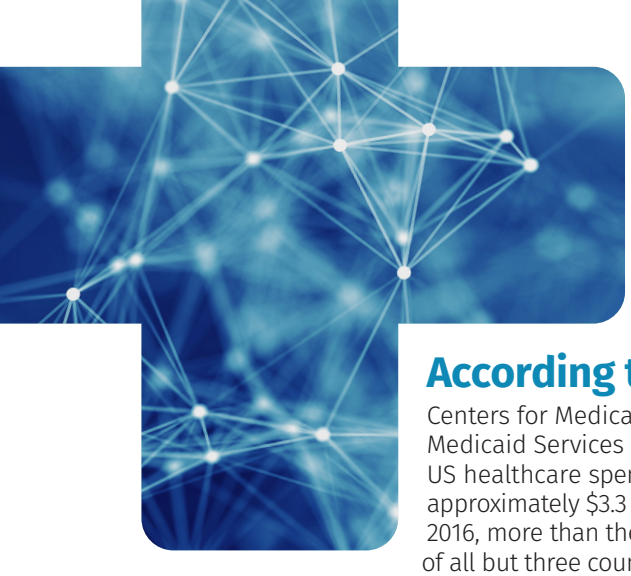

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According to the

Centers for Medicare and Medicaid Services (CMS), total US healthcare spending was approximately $3.3 trillion in 2016, more than the 2016 GDP of all but three countries.[1,2] Much of this fiscal burden falls on state and local governments: Of the combined $2.8 trillion that states, counties, municipalities, and other local jurisdictions spent in fiscal 2015, nine percent was spent just on "health and hospitals." An additional 21% went to public welfare, a category that consists largely of cash assistance as well as "payments to physicians and other service providers under programs like Medicaid."[3]

While the billions state and local government spends on Medicaid, subsidies for child care and foster care, and veterans' health are significant in their own right, it is important to consider that these organizations also spent an estimated $26 billion on health and human services technology alone – the largest single area of state and local technology spending.[4]

What challenges do state and local government leaders face as they strive to elevate their health and human services functions? Which obstacles make it most challenging for officials to meet the expectations of a citizenry with greater access to IT and a diminishing appetite for sub-par service delivery formats? Government Business Council identified the five issues most likely to pose obstacles to today's agency official.

1 Mapping Government Problems to Industry Technology

Technological development has prioritized agility and modularity. Companies are producing customized applications to maximize consumer utility, leading to ever-growing purchase options. Startups and established vendors alike are mirroring this approach, evidenced by increases in cloud computing features and Software-as-a-Service (SaaS) offerings.[5]

While the compartmentalized technology trend enables consumers to align needs with solutions, it complicates the acquisition process. Government organizations throughout the country and across levels of government have not made uniform progress towards increasing the flexibility of their procurement processes. Larger organizations, tempted by the savings and efficiencies created through scaled implementation, still strive to purchase in bulk and introduce enterprise-wide applications.

Though state and local government organizations generally have more flexibility in their procurement mechanisms, they face many of the same issues seen in the federal space. According to some experts, however, some of these struggles may soon dissipate. Upon his departure from public service, former Washington state CIO Michael Cockrill stated that "the same transition that has been happening in the private sector for the last five or six years around customer-centric design... around open source – those are all beginning to take hold in government."[6]

This philosophy speaks to several possible solutions for alignment between private sector producers of health IT and public sector consumers in the health and human services space, such as reforming the request for proposal (RFP) process used by most state and local governments for procurement. Though tempting, large-scale RFP reform does not yet seem to be a short- or even medium-term endeavor. Proposals for RFP reform have gained some traction among individual proponents, but have yet to develop past modest standardization achievements like NASPO ValuePoint.[7,8]

Another option that has seen successful utilization in road safety infrastructure and defense applications is the creation of collaborative opportunities that effectively delegate proof-of-concept and evaluation responsibilities to private sector entities.[9,10] Adoption of this model by health and human services agencies could create channels through which information and expertise can pass without hindrance from burdensome procurement restrictions. For instance, modular contracts and modular procurement – defined as "a procurement model that breaks what would traditionally be a large, monolithic contract into several shorter-term, lower dollar amount contracts" – are a vehicle through which some of these concepts have been introduced.[11] While maintaining state and local HHS organizations' ability to set procurement criteria and ensure contractor compliance, this form of collaboration allows for greater alignment of technological needs

and eliminates redundant and time-intensive procurement features.

2 Standardizing Critical IT

The delivery and management of healthcare and related human services (e.g., disability services) is highly variable across states. Even prior to the Affordable Care Act (ACA), state and local agencies determined their own care provider licensing and various features of health insurance.[12] [13] And, while the ACA introduced a number of standardization initiatives aimed at elevating care standards while tamping down care costs, it also contributed to the growth of state- and local-level variation. In addition to existing decisions about Medicaid offerings and health insurance exchanges, the ACA allowed states to implement so-called 'Section 1332 waivers' to achieve ACA goals with greater control over the means – choices about health IT applications and standards are one such decision point.

Unfortunately, these conditions have fostered a landscape populated by dated, duplicative technology, which increases the likelihood of failure in meeting care and service delivery standards. To raise state-level care standards across the country, the federal Department of Health and Human Services has identified and penalized organizations that misuse health data, such as the exposure of Medicaid and children's health insurance claims data to hackers in Utah.[14] Underpinning this case and others like it is a lack of standards in health IT.

While there has been agreement about the value of health IT standards among state and local leaders, there continues to be disagreement about the best way to achieve standardization goals. Much of this work has been spearheaded by the National Institute of Standards and Technology (NIST) and similar federal organizations in the cybersecurity space. Indeed, while special focus has been given to maintaining election security, health and human services IT has been featured heavily due to the highly sensitive nature of patient health information (PHI).[15]

To avoid wasteful spending and increase the likelihood that the aims of the ACA and other health IT-related directives, state and local government organizations should build on existing federal efforts and implement their own to the extent possible. Ideally, this standardization would occur at the statewide or even nationwide level, but the implementation of standards within service delivery networks is certainly a welcome start.

Insights from Grant Thornton

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3 Keeping Pace with Private Sector Agility

To make the issue of modernization more palatable, government organizations are paring broader tech objectives down into smaller, manageable targets. As shown by the California Health and Human Services (CHHS) Agency's push towards a more agile and experimental IT framework, tactical goals like "procurement

reform" and "internal data usage" fit neatly into a health and human services IT modernization vision. Leaning on some of the lessons described by former Washington CIO Michael Cockrill, CHHS moved rapidly towards an open data portal that has become a central feature of its agency functions – nearly 10,000 individuals utilize this portal monthly to access over 230 datasets.[16]

Such an approach will be key to bridging the lingering gap between technology production and the implementation capacity of HHS entities. One of the leaders of CHHS, Michael Wilkening, has been especially proactive in moving the organization towards agility, flexibility, and replicability. He sees the steps his organization has taken in recent years as contributing to "an environment that supports innovation [which] will help [CHHS] design services with a user focus and more rapidly develop solutions to meaningful departmental priorities."[17]

Another organization, Hampden County (Massachusetts), also showed the benefits of accelerating technology adoption among reluctant actors: "Ongoing cooperation among corrections departments, the state Medicaid agency, and local community center staff has been critical to the county's success." A large part of this success appears to have been based on the successful implementation of electronic health records (EHRs) "...to promote continuity of care by enabling the sharing of inmates' health information between jail- and community-based health care providers."[18]

The experience of both CHHS and Hampden County shows the feasibility of creating reliable, health information tools, but it also offers a glimpse into the mechanics of success. Built on strategies and techniques that are well-established in the private sector but still gaining ground in government, these organizations show how process-oriented changes are sometimes the most valuable, as they are likely to be implemented in numerous applications.

4 Building a Lasting Workforce

With the post-recession public sector hiring slump only beginning to dissipate in recent years, attracting and retaining quality hires remains an obstacle throughout government. The ramifications of this trend may affect state and local HHS organizations in especially pernicious ways: According to a survey conducted by the Center for State & Local Government Excellence (SLGE), both healthcare and IT positions were in the four types of positions most difficult to fill.[19]

Though IT hires are often a point of focus, software engineers and related staff may not be the only ones in short supply and high demand. Industry reports indicate that both direct care and healthcare management professions could face comparable shortages given current trends.[20] The shortage may also affect administrative occupations and other HHS jobs that do not directly involve care delivery or management.[21]

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Without an adequate workforce, implementing technological solutions becomes a major challenge. As the role of IT in the coordination of human services and healthcare grows, the expertise of individuals at the forefront of service delivery must keep pace – invariably, the expertise of technology developers and other skilled administrators must grow even more quickly.[22] [23]

A number of locales have made the elimination of a 'talent gap' a chief priority, and some have already seen the benefits. State and local leaders in South Carolina recently placed more of their weight behind SC Cyber, a cybersecurity initiative that seeks to connect "people in academia, industry, and government to help produce a skilled cybersecurity workforce."[24] Government and education leaders in the Houston area are also collaborating to help meet the region's technical skills needs while simultaneously equipping individuals with sustainable job skills intended for long-term careers.[25] Aligning these other initiatives with the demands of health and human services agencies will be key for tackling the ongoing workforce

shortage.

As the federal government explores solutions to the talent shortage, state and local HHS agencies can explore opportunities in their own jurisdictions.

5 Balancing Compliance and Innovation

One of the most overlooked complications of managing health and human services at the state and local levels are the nuances of operating at the intersection of complex statutes and regulatory policies. Both the delivery of healthcare and human services and the underlying information management required to sustain them fall under local, state, national, and even international regulations, making health IT innovation immensely complicated by definition.

Some of the relevant policies (e.g., the HIPAA Security Rule and Meaningful Use regulations) have been around for years, and health and human services officials have learned to operate within their boundaries when pursuing new technology or modifying existing applications. Still other rules have been implemented more recently, and existing policies are modified with some regularity, leading to missed opportunities for streamlining and efficiency. State and local jurisdictions are currently navigating the implications of a new CMS policy known as MyHealthEData, a rule aimed at "a system in which patients have control of their data and can be assured it will follow them to each of their healthcare providers."[26] Unfortunately, the existing lack of interoperability and other health IT dysfunction has perpetuated a disconnected network of siloed systems, calling into question the likelihood of such a nationwide policy achieving notable success.[27]

The technological aspects of mission modernization have also made an impact in the human services space. To improve the likelihood of successful foster placement, Family Support Services of North Florida (FSSNF) – the agency responsible for matching children with their adoptive families in part of the Sunshine State – recently adopted the technology underlying online dating platforms to add some rigor to their own linking process.[28] Still, some agencies continue to struggle with the complexities of delivering services in a digital age: The Illinois Department of Child and Family Services (DCFS) has come under scrutiny for failing to procure data on a number of child welfare indicators, including abuse and neglect. According to DCFS, the issue was technical, adding that they're working with a statewide IT entity to "replace outdated software."[29]

The disparate experiences of FSSNF and DCFS represent the experiences of just two state and local agencies with adapting to evolving standards and expectations. As the landscape shifts, seemingly every agency has a unique approach to handling its own challenges.

Conclusion

State and local government health and human services agencies are seeing many of the challenges faced by their federal government counterparts – a fast-paced, rapidly evolving technological environment coupled with unwieldy laws and regulations – and have more than a few challenges of their own. As the technology and regulatory environment provides greater flexibility and opportunity for state and local actors, health and human services organizations may want to consider how these five challenges fit into their modernization strategy.

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Report Author: Igor Geyn

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