

State Oversight of Idaho's Health Information Exchange



Report highlights

October 2023

The state created the Idaho Health Data Exchange as a nonprofit corporation without enough transparency and formal oversight.

\$24.4 million was paid to the exchange by the Department of Health and Welfare. An additional \$64.9 million went to health care providers to develop and exchange electronic health records.

95% of funding paid to the exchange was to develop and improve its database while just 5 percent was to access electronic health records on the exchange.

25% of the exchange's debt owed to creditors will be paid under its court-ordered bankruptcy plan.



Recommendations

The Legislature should consider mechanisms to increase transparency of any new public-private partnerships like the exchange. It should also consider clarifying whether state agencies have the authority to create nonprofit corporations.

The Department of Administration and the Department of Health and Welfare should take steps to prevent future contracts from inappropriately avoiding competitive bids and external oversight.

The Department of Health and Welfare should require regular validation of the exchange's data security in its current data access contracts.

The state had significant influence over the development and growth of the exchange.

The Legislature directed a commission in the Department of Health and Welfare to create a plan for the development and governance of a system that would ensure health records were available when needed. The commission voted to create a nonprofit corporation to operate an electronic database of health records. The Health and Welfare director signed articles of incorporation for the Idaho Health Data Exchange, Inc. in 2008. Commissioners were the exchange's first board members, and a former Health and Welfare employee was the exchange's first executive director.

The state treated the exchange like a monopoly, even as the Department of Health and Welfare paid millions to expand the exchange's capabilities.

Health and Welfare used a sole source exemption to state procurement laws and did not go out to bid for multi-million dollar contracts to develop and improve the exchange. The state's special relationship with the exchange initially led Health and Welfare to focus on the exchange's financial stability rather than deliverables in its most recent improvement contract.

Idaho Code gave the state no meaningful oversight mechanisms for the exchange.

The state's informal mechanisms of accountability weakened over time as turnover left little overlap between the exchange and the state, particularly after consultants from out of state were brought in to manage the exchange in 2019. When Health and Welfare became concerned about the exchange's new management team and tried to require more transparency, the relationship deteriorated.

The exchange filed for bankruptcy after being sued by a subcontractor for withholding pass-through payments from the state.

Additionally, the state received less than what was promised under the most recent improvement contract. The exchange connected far fewer providers than anticipated. Health and Welfare IT experts did not believe there was sufficient documentation that the exchange met security requirements. The exchange still has a small data access contract with the state, but stakeholders reported that federal efforts to standardize and broaden access to other private networks leave uncertainty about the exchange's future.



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