Health Information Exchange (HIE) Business Models

The Deloitte Center for Health Solutions points to four basic business models in which HIEs operate, regardless of the practical structural model.¹

- Not-for-profit—Usually local, these HIE organization are driven by their nonprofit healthcare charter within the community for which they operate and provide services. Tax exempt status and potential tax credits or incentives may assist such organizations in mitigating their costs. An emerging variation to the not for profit model is the ability to use philanthropy to drive the sustainability of an HIE. This model is similar to how many hospitals operate today as well as national public radio.

- Public utility—These HIEs are created and maintained with the assistance of federal/state funds that provide direction by federal/state governments through laws and regulations. This type of business model has tight fiscal controls and funding sources can be problematic given recent economic conditions.

- Physician and payer collaborative—Usually local, this mutually benefiting collaborative organization is created for or by payors and physicians for the strategic benefit within a region. Medical groups are the better analogy for this type of HIE business model.

- For profit—The for-profit HIE is created with private funding and it has a clear return-on-investment strategy; they hope to benefit from the medical and technology services they provide. A healthcare organization acting as local application service provider hopes to benefit financially from their usually advanced systems by providing hosting services to less technically feasible groups for systems recordkeeping functions. Transaction-based fees or fee for services is a common sustainable funding approach for a for-profit organization.

While not-for-profit business models seem to dominate the HIE industry, long-term financial sustainability and governance continue to be major issues. As with every business, a well thought out business plan must exist, which includes start-up operational fees as well as sustainable revenue to off-set continuing operations.

From the 2009 HIMSS Guide to Participating in HIE by the HIMSS HIE Guide Work Group

The inclusion of an organization name, product or service in this publication should not be construed as a HIMSS endorsement of such organization, product or service, nor is the failure to include an organization name, product or service to be construed as disapproval. The views expressed in this white paper are those of the authors and do not necessarily reflect the views of HIMSS.