



NEWS RELEASE

CALIFORNIA STATE TREASURER BILL LOCKYER

FOR IMMEDIATE RELEASE
June 19, 2007

Contact: Joe DeAnda
916-653-2995

Treasurer Lockyer Announces Grant to California Regional Health Information Organization for Electronic Medical Records System *Sutter Health Gives \$1 Million Under Bond Financing Deal Reached with Lockyer*

SACRAMENTO – State Treasurer Bill Lockyer today announced the California Regional Health Information Organization (CalRHIO) will receive a \$1 million grant from Sutter Health to help build an electronic medical records system in California, the first charitable donation under an agreement with Lockyer that allowed Sutter to obtain a record \$958 million in tax-exempt financing.

“This grant will help ensure rural and small hospitals benefit from the development of this new technological infrastructure, which is vital to improving the delivery of health care in California,” said Lockyer. “Moving rural and small hospitals to electronic medical recordkeeping is a primary objective of the financing agreement my office reached with Sutter. This grant represents a good down payment from Sutter toward fulfilling that commitment.”

The California Health Facilities Financing Authority (CHFFA), chaired by Lockyer, in March approved a record \$958 million in tax-exempt bond financing for Sutter. The funds will pay for construction, renovation and the purchase of new equipment at six of Sutter’s Northern California facilities. Lockyer negotiated an agreement with Sutter that conditioned CHFFA’s approval of the financing on a requirement that Sutter donate \$8.5 million to small and rural health care facilities outside the Sutter network, in addition to the network’s current charitable contributions.

The \$8.5 million agreement requires Sutter to provide \$4 million to rural hospitals for the creation of an electronic records system. The \$1 million grant to CalRHIO, which Lockyer approved, represents the first payment under that provision of the agreement. CalRHIO is a statewide, non-profit organization that seeks to improve health care safety, quality, and efficiency through the use of information technology and the secure exchange of health information.

In addition to the \$4 million for information technology, Lockyer’s agreement with Sutter requires Sutter to pay \$750,000 annually to community clinics over six years.

“This grant will help CalRHIO accomplish its critically important job of creating a statewide health information exchange utility service,” said Don Holmquest, MD, JD, CalRHIO’s president and CEO. “CalRHIO is working to ensure that patients being seen anywhere in the state, regardless of where health care services are delivered, will have the most complete information possible available to their care provider. This is especially important for patients with chronic diseases and in an emergency.”

- MORE -

“As doctors, hospitals and health systems like ours develop electronic health record systems for patients, it’s essential that these information networks are capable of ‘talking’ to each other, and CalRHIO is leading this effort,” said Sutter Health President and CEO Pat Fry. “Physicians, hospitals, and patients alike will benefit from more informed clinical decisions and better coordination of care that result from secure electronic access to medical records.”

Currently a patient’s medical information is often stored in paper files at different medical offices or on computer systems that can’t communicate with each other. Research indicates that every day in California, 50,000 or more patients may receive suboptimal care solely because the physician treating them does not have access to critical data. The system will require users to be authorized and authenticated and have either obtained a patient’s consent or documented an emergency.

California law states that entities receiving tax-exempt bond financing from CHFFA must, in turn, use all or part of any savings to benefit the general public. To add clarity to the current public benefit requirement, CHFFA is working to revise its guidelines. The new guidelines will aim to make the process easier for applicants and provide more predictability to help comply with the provisions.

CHFFA provides low-cost financial assistance to public hospitals and private, non-profit health care providers in California. Funding provided through CHFFA can be used for construction, remodeling or renovation, acquisition of land or existing facilities, purchase or lease of equipment, working capital for start-up facilities, and other purposes. CHFFA has financed a wide range of providers and programs throughout the state, from rural, community-based organizations to large multi-hospital systems.

###