

Budgeting for the ETC

Last month I mentioned that as the Electronic Transactions Clearinghouse (ETC) was getting off the ground in October 2003, each member of ETC was assessed a \$2,500 joiner fee, plus an "annual" fee. Each county's initial fee can be found on the ISAC website (www.iowacounties.org/Technology.htm). In the three years of operation of ETC, this "annual" fee has never been collected. Meanwhile in these three years, expenses were paid to host the system to keep it operational. The counties in return remained compliant with the HIPAA rules.

As part of the review of the ETC program, a three year budget was developed. This budget was developed to reflect an entity that is maintained and positioned to grow. The following factors came into play when this budget was developed: migrating and enhancement of ETC; BizTalk upgrade and maintenance; systems analyst; consult and programming; budget stability and ETC assessment.

Migrating and Enhancement of ETC

For FY07 this is the single largest expense. As described in December's article, this project is making the ETC connected not only to legacy systems, but allowing for the knowledge transfer of both the HIPAA process and ETC operation. As an update, by mid-January, ETC will be processing HIPAA transactions for both Polk County and Linn County. The enhancement was built to allow other counties to be able to take advantage of these new interfaces. In 2007 ETC will work hard to engage counties and their providers in the system.

BizTalk Upgrade and Maintenance

This is going to be the second largest expense in 2007. ETC is made up of three components: the website (interface), BizTalk (application) and SQL Server Database (storage). The heart and soul of ETC is the BizTalk application and the modules that support HIPAA transactions. In the last three years Microsoft's BizTalk application has gone through two complete upgrades, with a third scheduled for the summer of 2007. Since ETC's version of BizTalk has never been upgraded, by summer 2007 our BizTalk will be three major upgrades behind. Purchasing the BizTalk upgrade in FY07 will save ETC \$20,000 in software costs - over waiting to purchase in FY08. Starting in 2008, the budget will include a software maintenance expense that will allow ETC to be upgraded on a more regular basis and at a nominal cost.

Systems Analyst

In FY07 systems analyst is small compared to the Migration project and BizTalk upgrades. But in 2008 and 2009 this item actually becomes the single largest item. One of the goals for internal hosting of ETC is the transfer of the technical knowledge of ETC into the collective county knowledge base. Having

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a technical staff in place to support ETC and its related technology will allow this knowledge to be leveraged in other projects. The more knowledge we gain and retain the better we are at gauging the value of a proposed third party service, and determining when and where we should use outside services. As we look to upgrade the BizTalk server in FY07, having this knowledge will allow ETC to *not* incur a third party fee to perform the upgrade. This fee would be in excess of \$30,000.

Consulting and Programming

The more we learn about how the ETC operates, the more we can work to reduce the expense related to hiring outside consultants. When working with consultants I have two rules: 1) hire what you don't know and 2) before they leave, learn what you hired them for. With ETC we know how to run and set up the website and we understand databases. What we don't understand is BizTalk. FY08 and FY09 would reflect a 50% reduction in this expense, with the expectation that we would be better prepared to support and maintain BizTalk ourselves.

Budget Stability

Once we get through FY07, the intent is to stabilize ETC's budget by anticipating projects and purchasing maintenance contracts that level out the cost of software upgrades. This will help counties better plan for this expense.

ETC Assessment

In order to actually have a budget, ETC must begin to collect the annual assessment as outlined in the 28E agreement. The current plans are to assess for the current year (FY07) and next year (FY08) jointly. This assessment will be due in July 2007. A county may, if it wishes, pay the current year assessment prior to July 2007. Because of the improvements in functionality and upgrades to the system, the FY07 assessment will be somewhat larger than the FY08. I expect that the individual assessments for FY07 and FY08 are by themselves significantly lower than the assessment collected in 2003. Once approved by the ISAC Board, the details of each member county's assessment should be communicated in January 2007.

2007 and Beyond...

Getting the initial volume through ETC should be viewed as a springboard for the wider use of the core ETC technology. The planning involved in developing a three-year budget will help lay a foundation that will allow us to move ETC from just keeping a county compliant, to becoming a useful tool that assists the county in its day-to-day operations.