The Office of the National Coordinator for Health IT and the Federal Trade Commission have teamed up to promote healthy competition and innovation among electronic health record developers. This is a report for iHealthBeat, a daily news service of the California HealthCare Foundation. I'm Deirdre Kennedy.

Federal officials say lack of transparency and interoperability is limiting competition and stifling innovation in the health IT marketplace. ONC Policy Analyst Karson Mahler says those obstacles have developed in part because the industry has evolved so quickly.

(Mahler): "So we're working really closely with FTC to better understand those, to continue to study them and to develop strategies for addressing those aspects of the marketplace that could be improved that could be made more efficient so we could have more competition and innovation."

ONC says healthy competition means providers should be able to choose from different systems and switch to a new EHR product that better serves their needs whenever they like. But Mahler and Jodi Daniel, director of ONC's Office of Policy, say right now "bad business practices" are preventing providers from doing that by holding up the flow of patient data among EHR systems. Daniel says ONC has heard numerous complaints from providers who find themselves trapped in restrictive EHR contracts with hidden fees.

(Daniel): "For instance, contractual terms that may increase switching costs or make it hard to export data from one product to another. We've also heard about providers or developers ... having high costs for the exchange or high costs for interfaces to make that exchange possible."

Traditionally tech companies, like other industries, have held onto their competitive advantage by developing proprietary technologies that only talk to other products within their own brand. ONC and FTC want to redefine the meaning of competitive edge as being the best at serving the goal of improving patient care through transparency and interoperability.
Many health IT experts believe the key to achieving interoperability is to require software developers to adopt common standards for data exchange. But FTC’s Deputy Director of Policy Planning Tara Koslov says too much regulation could actually stifle innovation, instead of promoting it, especially for new players in the health IT marketplace.

(Koslov): "You can mandate interoperability of systems by setting a standard and in some ways that may bring benefits to consumers, but it may also raise competitive risks. Because now all of the market is focused on innovating around that standard, and it may become more difficult to break into the market with a completely different solution that does not comply with the standard."

And developing more standards might even slow progress toward interoperability, says Lydia Washington, senior director of practice excellence at American Health Information Management Association.

(Washington): "We used to say in my informatics program, 'If you've seen one standard, you've seen one standard.' ... There's tons of standards out there. So you have to have consensus as to which you're going to adopt, and you've got to harmonize those many times as well."

She says the federal government could use its power best as a convener to bring stakeholders together so they can hammer out best standards and business practices. Washington says federal payment reforms can also incentivize providers to choose EHR systems that will help them access patient records so they can avoid ordering redundant services that won't be reimbursed.

Already, ONC has worked closely with the Electronic Health Records Association to develop a voluntary code of conduct for EHR vendors. Its provisions are designed to remedy the bad business practices outlined by ONC and promote transparency. Jodi Daniel:

(Daniel): "I don't have data to evaluate the effectiveness of the code of conduct on those practices, but I think it's a good step in the right direction."

ONC and FTC plan to work together to study developing trends in the health technology markets and help formulate strategies to keep the industry on track. ONC plans to release its interoperability roadmap in January 2015.

This has been a report for iHealthBeat a daily news service from the California HealthCare Foundation. If you have feedback or other issues you’d like to have addressed, please email us at IHB@chcf.org. I'm Deirdre Kennedy. Thanks for listening.