COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2584-01
Bill No.: SB 704
Subject: Health Department; Health Care Professionals; Hospitals; Health, Public
Type: Original
Date: April 30, 2007

Bill Summary: This proposal establishes the implementation of a health care quality report card.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue*	(Unknown but Greater than $100,000)	(Unknown but Greater than $100,000)	(Unknown but Greater than $100,000)
Total Estimated Net Effect on General Revenue Fund	**(Unknown but Greater than $100,000)**	**(Unknown but Greater than $100,000)**	**(Unknown but Greater than $100,000)**

*Could exceed $1,000,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☒ Estimated Total Net Effect on All funds expected to exceed $100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed $100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services** and the **Department of Insurance, Financial Institutions & Professional Registration** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than $2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Mental Health (DMH)** assume this proposal applies to facilities licensed under Section 197, which does not include DMH facilities. Therefore, DMH assumes this proposal would not fiscally impact DMH.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DHSS)** state with this legislation, DHSS will administer a new panel, the Health Care Quality Advisory Panel, and a new commission, the Health Care Quality Report Card Commission. The legislation states that the members of the panel and commission will not be compensated for their service but shall be reimbursed for their actual and necessary expenses incurred in the performance of their duties. The Health Care Quality Advisory Panel will consist of 16 members and it is assumed that they will meet twice per year. The Health Care Quality Report Card Commission will consist of 13 members and will meet twice per year. The Department uses a standard of $160 per meeting that would include lodging, meals and mileage. The following costs will be incurred to reimburse these members for their expenses:

Health Care Quality Advisory Panel-	16 members * 2 meetings = 32
Health Care Quality Report Card Commission-	13 members * 2 meetings = 26

58 X $160 = $9,280

Division or Regulation and Licensure (DRL): Hospitals and ambulatory surgical center rules will need to be revised and compliance with the revised rules will need to be assessed during inspections and complaint investigations. The term "other health care facility" is not defined in the bill, but rather the definition is to be determined by the health care quality advisory panel or the health care quality report care commission, both established by provisions within the bill. Without a definition of this term it is impossible to determine how many other facilities will be affected by the legislation and thus how many rules will need to be revised or written related to these facilities, or how much inspection and complaint investigation time would be involved.

The fiscal impact to DRL is currently unknown. At such time as DRL can determine the impact of the "other health care facility" definition on the Division's workload, additional staffing will be requested through the appropriation process.

Division of Community and Public Health: This bill significantly expands the volume, frequency and categories of hospital and ambulatory surgery center (ASC) data to be collected by the DHSS, adding greater complexity to already large data sets for patient abstract reporting by these facilities. Another issue is the addition of mandatory reporting of such data as staffing levels, patient acuity levels, accreditation, use of information technology, training hours, etc, none of which are currently collected by the Department. Given all these changes, it will be necessary to move the data collection and data management of the patient abstract data to an information technology (IT) activity, with more sophisticated data warehousing of the

ASSUMPTION (continued)

information. This change will also require the acquisition or development of software to handle the data transactions and editing, as well as additional staff with technical expertise to process and analyze the variety, complexity, frequency and volume of data mandated by the bill.

This bill also adds reporting by physician settings, a group not currently reporting to DHSS. Based on 2004 data, there are likely over 14,000 physicians practicing in Missouri at an estimated 7,000 distinct settings. Physicians tend to have little or no in-house experience with data collection, electronic file creation and data reporting. As a consequence, and based on current experience with ambulatory surgery centers, DHSS staff will spend a considerable amount of time with each of these facilities' staff, assisting them with understanding both the technical aspects as well as the substantive content of the required data reporting.

DHSS staff will need to go through several iterations of edit checks and error corrections of the physician setting data, for each quarter of data that each setting submits. These data management activities frequently involve extensive follow-up communications, data re-submissions and re-editing/correcting of data. With the volume of physician settings expected, this will require a large staff. This will not be feasible without a significant amount of new staff unless reporting is restricted to large practices.

The information technology activity estimated cost is $586,340 in FY08.

In addition to the information technology (IT) activity, the bill also requires DHSS to collect and develop a large number of quality of care measures (QC) at both the patient level and the facility level. These must be appropriately risk-adjusted and made available on a rolling quarter basis, using an interactive query system, on the DHSS website. The expertise of an epidemiologist will be required to provide direction and assist in determining the required algorithm to accomplish this complex analysis. Selection of the measures is to be based upon input from a technical advisory group as well as recommendations by national agencies concerned with QC. The QC data provided on the website must be accompanied by information that will assist the site visitors in using the site and making informed decisions. This will also require developing extensive documentation on risk-adjustment measures, statistical tests, and the assumptions and methods used in collecting and displaying the wide variety of data this bill mandates.

In addition to the above, it is anticipated that the broader access to the patient abstract data mandated in the bill will dramatically increase the number of data requests DHSS would need to respond to, as well as the complexity of the requests. There will also be additional resources required to address the handling of data request fees.

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ASSUMPTION (continued)

None of the additional data collection activities can be absorbed into the current hospital/ASC reporting system, since the latter operates without general revenue funding. The expansion of the types of data will require modification of the current computer applications being used to process and analyze these data.

Healthcare Facilities Disciplining Costs (General Counsel): The Department will be responsible for disciplining all health care facilities that fail to provide access under this statute, including the imposition of administrative penalties. This potentially may cost the Department a substantial amount of money depending on how often discipline may be warranted. The Department would see an increased workload for the Office of General Counsel dealing with the enforcement of the penalties. The cost is unknown depending upon the numbers of facilities in violation and the penalties that will have to be applied.

DHSS assumes this proposal would require unknown but greater than 13 FTE ($700,000 with 1 Senior Office Support FTE, 5 Research Analyst FTE, 1 Public Information Coordinator FTE, 1 Health & Senior Services Manager II FTE, .5 Project Specialist FTE, 1 Epidemiologist FTE, .5 Health & Senior Services Manager III FTE, 1 Computer Information Specialist II FTE and 2 Computer Information Specialist I FTE).

Oversight assumes the DHSS would incur a fiscal impact from this proposal. However, oversight assumes, because the system cost and FTE cost is speculative, that the DHSS will not incur significant costs related to this proposal. Therefore, oversight assumes a fiscal impact of unknown but greater than $100,000 with potential to exceed $1,000,000.

FISCAL IMPACT - State Government	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
Costs - Department of Health and Senior Services			
Program Cost*	(Unknown but Greater than $100,000)	(Unknown but Greater than $100,000)	(Unknown but Greater than $100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**(Unknown but Greater than $100,000)**	**(Unknown but Greater than $100,000)**	**(Unknown but Greater than $100,000)**

*Could exceed $1,000,000.

FISCAL IMPACT - Local Government	FY 2008 (10 Mo.)	FY 2009	FY 2010
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This legislation requires the Department of Health and Senior Services to implement a health care quality report card for the purpose of allowing consumers to compare and assess the quality of health care services. The Department shall submit the initial plan for the program to the General Assembly by January 1, 2008. Hospitals, ambulatory surgical centers, or other health care facilities that may be deemed in the future to fall under the requirements of the report card shall provide such data compliance with this legislation.

FISCAL DESCRIPTION (continued)

The Department shall determine which outcome and patient charge data is currently collected from health care facilities under state or federal law as well include such additional measures that are adopted by the Centers of Medicare and Medicaid Services, National Quality Forum, the Joint Commission on Accreditations of Healthcare Organizations, the Agency for Healthcare Research and Quality, or any other similar state or national entity that establishes standards to measure the performance of health care providers.

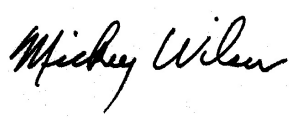
The Department, with the guidance of recommendations from a Health Care Quality Advisory Panel or Health Care Quality Report Card Commission, both of which are established under this act, shall promulgate rules specifying the standards and procedures for the collection, analysis, risk adjustment, and reporting of health care quality data.

The initial health care quality report card shall be issued by the Department not later than December 31, 2009, and the report card shall be made available on its Internet website. The data on the website shall be disclosed in a manner to allow consumers to conduct an interactive search and compare the information for specific hospitals, ambulatory surgical centers or health care facilities. Administrative penalties may be imposed upon the violation of the provisions of this legislation.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Office of the Secretary of State



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Director
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