COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5285-01
Bill No.: SB 1216
Subject: Health Care Professionals; Health, Public; Health Department; Hospitals
Type: Original
Date: April 21, 2008

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 15 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
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 **Department of Mental Health (DMH)** assumes this proposal relates to only hospitals and ambulatory surgical centers licensed by the Department of Health and Senior Services and not DMH facilities since the legislation makes changes in Chapter 102, RSMo. If, however, DMH is required to report on such things as staff vacancies, DMH assumes there would be minimal fiscal impact related to reporting.

Oversight assumes the DMH could absorb any minimal fiscal impact related to this proposal.

Officials from the **Office of the Secretary of State (SOS)** assume the proposal requires the Department of Health and Senior Services (DHSS) to amend existing rules regarding collection and reporting of data regarding quality of health care and to develop standards and procedures regarding collection of such data, risk analysis, risk adjustment and reporting of health care quality data and procedures. These rules will be published by our Division in the Missouri Register and the Code of State Regulations. Based on experience with other Divisions, the rules, regulations and forms issued by the DHSS could require as many as 48 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code so the estimated pages for the Missouri Register would be 72. These costs are estimated. The estimated cost of a page in the Missouri Register is $23. The estimated cost of a page in the Code of State Regulations is $27. The estimated cost for publication for Code would be $1,296 and for the Missouri Register would be $1,656 for a total of $2,952. The actual cost could be more or less than the numbers given. The impact of this proposal in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the $2,952 costs for publication for Code and Missouri Register related to this proposal. Oversight assumes any significant increase in the workload of the SOS would be reflected in future budget request.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DHSS)** state the following:

Health Care Quality Report Card Commission (Section 192.556):
Establishes the Health Care Quality Report Card Commission to be administered by DHSS. The proposed legislation states that the members of the 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 commission will consist of 17 members and will meet at least three times per year. For cost estimating purposes, DHSS uses a standard $160 per meeting per member that would include lodging, meals and mileage. $8,160 fiscal impact to the DHSS.

Division or Regulation and Licensure (DRL) Section 192.559.6.:
Requires revision of hospital and ambulatory surgical center rules and will result in the need to review for compliance with the revised rules during hospital and ambulatory surgical center inspections and potentially during complaint investigations. The extent of the rule revision or the additional inspection/investigation time required cannot be determined at this time.

DRL involvement would also be required if any hospital or ambulatory surgical center licensure suspension or revocation activity under Section 192.562.1. is warranted. The extent of any such activity cannot be determined at this time.

Due to the current uncertainties identified above, the fiscal impact to DRL is considered unknown.

Division of Community and Public Health (DCPH):
Significantly expands the volume, frequency and categories of hospital and ambulatory surgery center (ASC) data to be collected by DHSS, adding greater complexity to already large data sets for patient abstract reporting by these facilities. These facilities will be required to report such data as staffing levels, patient acuity levels, accreditation, use of information technology, training hours, etc., none of which are currently collected by DHSS. Given all these changes, the data collection and data management of the patient abstract data will require additional coordination with the Information Technology Services Division to provide more sophisticated data warehousing of the 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. Additional information technology costs are described in greater detail below.

ASSUMPTION (continued)

The proposal also refers to reporting by physician settings, a group not currently reporting to DHSS. Based on 2004 data, there are over 14,000 physicians practicing in Missouri in an estimated 7,000 different offices. 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 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 significant amount of new staff.

The proposal also requires DHSS to collect and develop a large number of quality of care measures (QC) and staffing measures 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 proposal mandates.

It is anticipated that the broader access to the patient abstract data mandated in the proposal will dramatically increase the number of data informational 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.

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. The following assumptions were made in developing the fiscal impact for the DCPH:

ASSUMPTION (continued)

- Data are to be submitted quarterly by the facilities and reporting entities;
- The web site report card data will be based on data compiled for a period of at least twelve months and updated quarterly;
- The time for reporting Patient Abstract reporting System (PAS) data to DHSS will have to be modified by rule amendment from allowing submission of quarterly data up to five months after the end of the quarter to be more timely;
- The data items currently required in the PAS data submission will need to be expanded to include additional items;
- A separate data collection system for the facility-level data (i.e., staffing, accreditation, training, etc.) will need to be established;
- Development and maintenance of a web-based reporting systems for both the patient and facility-level data are required;
- DHSS staff, in collaboration with key stakeholders and the Health Care Quality Report Card Commission, will develop a plan for addressing the requirements of this legislation; and
- A methodology must be developed based on the plan created as a result of recommendations from the Health Care Quality Report Card Commission.

Resources needed to implement and sustain the requirements of this proposal includes:
Bureau Chief, Band Manager III – 0.5 FTE; Will provide overall direction to project and coordinate efforts of bureau staff; chair the Health Care Quality Report Card Commission meetings; work with boards on issues related to implementing their recommendations; collaborate with the Missouri Hospital Association and other groups affected by the legislation to gain their support; coordinate with information technology staff on development of collection and reporting sites; oversee fiscal, legislative and administrative issues; and provide leadership in development of rules and regulations.

Research Manager Band II - One FTE; Will supervise research analysts and other staff who will work on the expanded data activities required by the proposal; convene any Commission designated technical advisory workgroups and assist them with 1) selecting the QC measures and 2) choosing the appropriate risk-adjustment methods and special software; carry out the rule-making tasks required by the proposal; provide overall coordination and oversight of the data collection, analysis, web dissemination and report publication activities; work with the Public Information Coordinator to translate into lay terms the complex adjustment and analytic procedures used to prepare the data for consumer use; and oversee development of policies and procedures regarding 1) release of the QC data, 2) data request fees, and 3) penalties and fines for facility non-compliance with reporting requirements.

ASSUMPTION (continued)

Epidemiologist/Biostatistician - One FTE; Will assist in researching best QC indicators for facility management and care of patients by facilities and physicians; research risk-adjustment methods for various indicators and assist in incorporating them into analysis and reporting; make recommendations to the Commission and assist in implementing them; work with facilities on reporting of indicators; oversee analysis of data for public reporting and annual reports to the Governor; keep current with QC literature; describe/present Missouri system to other states, conventions, legislators, the press, QC organizations, etc. if requested; and develop research reports on QC data for educating the public.

Research Analyst IV - One FTE; Needed to manage reporting system for patient-level QC measures. This staff will review recommended QC measures related to patient care; work with the epidemiologist to develop recommendations for the Commission; assist in determining what elements can be added to current patient abstract reporting system (PAS) and which ones may require other data collection methods; assist in designing the flow of data from each facility to DHSS' electronic reception/storage/processing, to analysis software, and then to the reporting site; conduct edit and error checks on the reported data to ensure accuracy and validity; develop management reports to check compliance and reporting completeness; communicate with hospitals and ASCs to assist them in reporting, to discuss compliance and reporting errors and public reports; assist in developing risk-adjustment methods; analyze data to relate QC measures to patient outcomes, particularly for mandated subgroups (racial, ethnic, and pediatric); work with the information technology staff on a quarterly basis, to put analyzed data into an interactive format for web access and display; review data after it is placed on the website to ensure it is reported completely and correctly; assist with development of the report to the Governor and members of the General Assembly; assist with the Health Care Quality Report Card Commission's annual report; and respond to data requests for patient-based QC indicators that are not addressed by the website or other reports.

Research Analyst III - One FTE; Needed to manage the reporting system for accreditation, staffing, information technology, training, etc. This staff will help design quarterly collection/reporting method for hospitals relating to data on accreditation, availability of emergency rooms, intensive care units, obstetrical care units and burn units, for use of health information technology, telemedicine, and electronic medical records, for staff training, staffing levels, duty hours, staff turnover and for ongoing patient safety initiatives; extend this data system to ASCs for reporting on the use of health information technology and electronic medical records, staffing levels, etc.; work with epidemiologist to develop recommendations to the Commission; develop computer program to edit data and report errors back to facilities; develop computer program for determining reporting compliance, both quarterly and annually;

ASSUMPTION (continued)

communicate with facilities on problems with reporting, data errors, data correction, data resubmission and compliance issues; prepare data for public website; analyze data for annual reports; assist with the Health Care Quality Report Card Commission's annual report; respond to questions from public and other data users; answer data requests not addressed by the public reporting site; and develop documentation to accompany public website reporting.

Research Analyst III - One FTE; Needed to manage the reporting system for facility-level QC measures. This staff will review recommended QC measures related to facility procedures and operations; work with the epidemiologist and technical workgroups to develop recommendations for the Commission; assist in determining what elements can be added to the current hospital/ASC reporting system and which ones may require other data collection methods; work with other analysts to coordinate data collection methods and instruments and to design the flow of data from facilities to the department's electronic reception/storage/processing center, to analysis software and then to the reporting site; conduct edit and error checks on the reported data to ensure accuracy and validity; review management reports to check compliance and reporting completeness; analyze data for the facility-level QC measures, relating these measures to patient outcomes, particularly for mandated subgroups (racial, ethnic, and pediatric); work with the information technology staff on a quarterly basis, to put analyzed data into an interactive format for web access and display; review data after it is placed on the website to ensure it is reported completely and correctly; assist with development of the report to the Governor and General Assembly; assist with the Health Care Quality Report Card Commission's annual report; and respond to requests for facility-level QC data that are not addressed by the website or other reports.

Research Analyst III - Two FTE; Needed to manage the reporting system for physician-based QC measures. These staff will design a data system for physician practice settings to report QC measures on quarterly basis; help research literature for most useful physician QC measures; contact any other states that collect physician data to help determine the best way to implement this system; work with information technology staff to design data collection and public reporting system; work with the Missouri State Medical Association and the Missouri Association of Osteopathic Physicians and Surgeons to determine present locations of practicing physicians; assist in drafting rule for physician reporting; develop materials to send to physicians to inform them of reporting requirements and methods; answer questions from physicians regarding reporting requirements and methods; develop computer program to edit data and report errors back to physician settings; develop computer program for determining reporting compliance, both quarterly and annually; communicate with physicians on problems with reporting, data errors, data correction, data resubmission, compliance issues; develop procedures

ASSUMPTION (continued)

for determining physicians to be added and dropped on a quarterly basis; prepare data for public website; analyze data for annual reports; assist with the Health Care Quality Report Card Commission's annual report; respond to questions from public and other data users; answer data requests not addressed by the public reporting site; develop documentation to accompany public website reporting.

Public Information Coordinator - One FTE; Will work with the research manager and the analysts to understand the patient abstract data collection and analysis methods and to translate this information into lay terms for public consumption; assist with producing reports and publications; and develop consumer guides to disseminate information on performance outcomes measures for hospitals; coordinate dissemination of the consumer guides and other publications with the Office of Public Information, including preparing news releases; and develop an outreach program to help the public understand health issues related to performance measures, risk-adjusting, health care-associated infections, side effects, alternate treatment methods, and other related topics.

Senior Office Support Assistant (SOSA)/Keyboarding - One FTE; Will provide clerical support for correspondence with the hospitals, ASCs, physicians and data requestors; handle and route phone calls and messages; maintain contact list for reporting facilities; process invoices for fees associated with data requests; enter and update information into a fee tracking system; handle correspondence and other clerical support associated with hospital non-compliance with reporting requirements; provide clerical support for the Health Care Quality Report Card Commission meetings; and provide other clerical support needed for the research manager, analysts and public information coordinator.

Project Specialist - 0.5 FTE; Will assist with drafting and revising of rules specifying the standards and procedures for collection, analysis, risk adjustment, and reporting of health care quality data and procedures, which will be based on recommendations of the Commission; research measures 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; assist with drafting and revising documentations for public users of the web site; and assist with drafting and revising reports to the Governor and members of the General Assembly.

Standard computers for each of these staff have been included in the fiscal note. Specialized software, hardware, and information technology services are required for the risk adjustment and analysis of the data and are included below.

ASSUMPTION (continued)

Office of General Counsel:
DHSS 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 DHSS a substantial amount of money depending on how often discipline may be warranted. DHSS 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.Office of Administration, Information Technology Services Division (ITSD)Support from ITSD will be needed to assist DHSS in implementing a health care quality program for the purpose of making available a health care quality report card to allow consumers to compare and assess the quality of health care services. ITSD support will be needed to develop the interactive tool that will allow the site user to make selections and produce the comparison tables. In addition to the interactive tool, ITSD will need to develop and maintain an application to collect and store the requested information. It is assumed that there will be some data elements that will be collected by DHSS that will not be entered into the on-line application. A data warehouse will need to be setup and supported by ITSD to collect this data via electronic means and store it for use by the interactive application. It is also assumed that the applications will reside on servers at DHSS-ITSD and due to the large amount of data that will be collected and stored, a Storage Area Network (SAN) will need to be purchased. The hardware costs included in this response assumed the leasing of all hardware.

The following costs will apply:
Computer Information Technology Specialist II - One FTE; Will provide project management, development support, and maintenance of interactive web tool and applications to collect and store data elements.

Computer Information Technology Specialist I - One FTE; Will provide development support and on-going maintenance of the applications to collect and store data elements.

Computer Information Technology Specialist I - One FTE; Will provide data warehouse support for the collection of electronically submitted data elements not submitted into the reporting application.

Consultant: Contracted Consultant - Information Technology Specialist - One Full Time Consultant - $69/Hr X 2,080 Hours = $143,520 year one only. This consultant will develop the interactive web tools that allow the public users to access published QC data.

ASSUMPTION (continued)

Contracted Consultant - Information Technology Specialist - One Full Time Consultant - $69/Hr X 2,080 Hours = $143,520 year one only. This consultant will develop the application to collect and store data elements.

Contracted Consultant - Information Technology Specialist - .25 Time Consultant - $69/Hr X 520 Hours = $35,880 Ongoing (second year and after). This consultant will provide ongoing maintenance of the Interactive Web Tools.

Hardware and software costs: Application servers are required to develop software for the web-based reporting and to support production operation once the applications are implemented. Additional servers are needed for data submission, data storage, and retrieval. Each of these servers requires software with annual licensing and maintenance costs.

Hardware Leases Annual –

Storage Area Network (SAN)	1 x $92,500
AIX SAN Server	1 x $13,500
Fiber Channel Switch (SAN)	1 x $ 6,000
Data Base Server	1 x $ 4,000
Application Server	1 x $ 4,000
Total annual cost	$ 120,000

Software Purchases – Includes server licensing for the first year

Oracle Processor	2 x $30,000
Microsoft Windows Servers	2 x $ 8,000
Total first year software	$38,000

Software Maintenance – on-going server licensing costs

Oracle Processor	2 x $ 8,700
Microsoft Windows Servers	2 x $ 2,300
Total on-going (second year and after)	$11,000

Oversight assumes the DHSS would incur a fiscal impact from this proposal. However, oversight assumes, because the system costs and FTE costs 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 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
Costs - Department of Health and Senior Services			
Program Costs*	(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 2009 (10 Mo.)	FY 2010	FY 2011
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

There could be a possible impact on small hospitals and ambulatory surgical centers that would be required to submit data.

FISCAL DESCRIPTION

The proposed legislation requires the Department of Health and Senior Services to implement a health care quality program for the purpose of making available a health care quality report card to allow consumers to compare and assess the quality of health care services. The program shall be implemented in two phases.

SEC:LR:OD (12/06)

FISCAL DESCRIPTION (continued)

The first phase includes making available cost and quality outcome data on its Internet website by December 31, 2009. The data on the website shall consist of quality and performance outcome and patient charge data currently collected by the department from hospitals and ambulatory surgical centers under federal and state law, as well as data submitted to the Centers for Medicare and Medicaid Services already required to be submitted under federal law. The data shall be disclosed in a manner that allows consumers to conduct an interactive search.

The second phase shall be implemented by December 31, 2011, and shall consist of the Department working with the recommendations from Health Care Quality Report Card Commission, which is created in this legislation, on implementation of a long-range plan for making available cost and quality outcome data on the Department's internet website. The first health care quality report card shall be made available on that date and shall include data on the following:

(1) The accreditation of hospitals, as well as sanctions and other violations found by accreditation or state licensing boards;

(2) The volume of various procedures performed;

(3) The quality of care for various patient populations, including pediatric populations and racial and ethnic minority populations;

(4) The availability of emergency rooms, intensive care units, obstetrical units and burn units;

(5) The quality of care in various hospitals settings, including inpatient, outpatient, emergency, maternity, intensive care unit, ambulatory surgical center, and physician practice settings;

(6) The use of health information technology, telemedicine, and electronic medical records;

(7) Average staffing levels of nurses and other health professionals, patient acuity, and duty hours by nursing unit or Department and staff retention rates by nursing unit or Department;

(8) Training hours completed in a quarterly basis, by category of staff and type of training;

(9) Ongoing patient safety initiatives; and

(10) Other measures determined by the director or commission.

FISCAL DESCRIPTION (continued)

The reports shall be distributed to the Governor and General Assembly annually and to the general public upon request. The Department shall develop and disseminate the public reports based on data compiled for a period of at least 12 months.

The Department may consider 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 shall not require the re-submission of data which has been submitted to the Department of Health and Senior Services or any other state departments under other provisions of law.

Using the recommendations of the Commission established under this legislation, the Department shall promulgate rules regarding the standards and procedures for the collection, analysis, risk adjustment, and reporting of health care quality data and procedures to be monitored under the legislation.

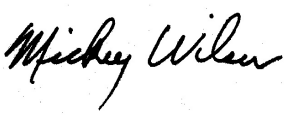
Based on the continuing recommendations of the commission, the Department shall issue an annual report card on December 31st of each year on it website and update the requirements for the submission of the data as well as include new health care facilities, entities or professionals, as appropriate.

Penalties shall be assessed for willfully impeding access to information and for violation of the provisions of the legislation and rules promulgated thereunder.

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 & Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Office of the Secretary of State



Mickey Wilson, CPA
Director
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