

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2264-01
Bill No.: SB 548
Subject: Health Care; Health Care Professionals; Department of Social Services
Type: Original
Date: March 24, 2009

Bill Summary: This legislation allows for the establishment of health record banks.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$12,129,434)	(Unknown but Greater than \$12,122,844)
Total Estimated Net Effect on General Revenue Fund	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$12,129,434)	(Unknown but Greater than \$12,122,844)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and costs of approximately unknown in FY10, Unknown but Greater than \$4,363,684 in FY11 and Unknown but Greater than \$4,357,094 in FY12 would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 191.1060 - 191.1064:

Officials from the **Department of Health and Senior Services, Department of Highways and Transportation, Department of Conservation** 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)** state while the DMH may have some interaction with the health banks, this legislation does not appear to create any obligations or requirements that would create a fiscal impact.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** assume this legislation would require MCHCP covered members living in the St. Louis and Kansas City metropolitan areas to have their health care information reported to a Health Bank in the form of an electronic health record, electronic medical record or other electronic format. Reporting and formatting the information from various sources will require coordination between health plans, pharmacy benefit managers, Medicare, Medicaid, and other data sources. This process could be costly to MCHCP and may exceed \$100,000 in file set up and implementation costs alone. There would also be on-going file transfer costs associated with sharing health care information that may have an additional annual expense of \$100,000.

MCHCP is very concerned with liability in regards to a health bank security breach. This liability could add substantial costs to the plan.

Officials from the **Department of Social Services (DSS)** states Section 191.1061 allows the DSS to select and engage non-profit organizations in the Kansas City and St. Louis Metropolitan areas to deploy and manage a regional health bank which will allow the sharing of electronic health information. The state will sponsor the accounts of MO HealthNet recipients, state health care for uninsured children, Missouri residents receiving Medicare, foster care children and state employees in an opt-out fashion for the regional health banks.

For the Kansas City Metropolitan area the following counties were used: Cass, Clay, Henry, Jackson, Johnson, Lafayette, Platte, Ray, and St. Clair. For the St. Louis Metropolitan area the following counties were used: Franklin, Jefferson, Lincoln, St. Charles, St. Francois, St. Genevieve, St. Louis, Warren, Washington, and St. Louis City.

ASSUMPTION (continued)

The MO HealthNet Division used the following counts for these populations:

MO HealthNet recipients - 425,151 (January 2009)

State health care for uninsured children-assumed this is the SCHIP population and included in the MO HealthNet population

Missouri Residents receiving Medicare - 315,221-((754,447-130,000) X 50.48%). Used the figure from the CMS website, less dual eligibles then applied 50.48% to that figure. The 50.48% is the percentage of MO HealthNet eligibles in the above counties.

Foster Care Children - 108 (Foster Care Children not MHN eligible)

State Employees - 17,958

MHD assumed an opt-out rate of 20%, which would provide a projected population of 606,751 (MO HealthNet - 340,121, Non-MO HealthNet - 266,630). MHD further assumed a per member per year cost of \$25 to operate the health bank. The PMPY estimate of \$25 is conservative and does not include any resources for outreach. The total annual cost to operate the health bank is \$15,168,776.

MHD assumed an ongoing amount of \$500,000 per area (Kansas City, St. Louis) for connectivity per year.

These costs do not include any costs that MO HealthNet providers would have to use electronic health records. It is assumed that providers would request their funds from the Department of Health and Human Services as defined in the American Recovery and Reinvestment Act of 2009.

MHD assumed that the following staff will be needed to operate and support the establishment of these electronic health banks:

Social Services Manager Band 2
Medicaid Specialist
Office Support Assistant

The total cost for staff for FY11 is \$224,342 and for FY12 is \$211,162. This includes the salaries, fringe benefits, equipment and expense.

SEC:LR:OD (12/02)

ASSUMPTION (continued)

Section 191.1062.1 requires the non-profit organizations to submit and request funds in fiscal year 2010 for the creation of the health bank from the federal secretary of the Department of Health and Human Services as defined in the American Recovery and Reinvestment Act of 2009. It is unknown the amount that would be requested.

Section 191.1062.3 requires the non-profit organizations to propose what state appropriations should be requested in fiscal years 2011, 2012 and 2013. The amount of state appropriations requested is unknown.

Section 191.1064.1 establishes the "Missouri Patient Privacy Act" which limits the disclosure of personal health information. This legislation is based on the U.S. Department of Health and Human Services Privacy Rule, and the MHD is already required to comply with the Privacy Rule, therefore, there is no impact to the MHD for this section.

The FY 10 fiscal impact is unknown. The total cost of this legislation for FY11 is unknown but greater than \$16,393,118 (GR \$12,029,434) and for FY12 it is unknown but greater than \$16,379,938 (GR \$12,022,844). MHD assumed it will receive a 50% match on costs relating to MHD participants.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
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GENERAL REVENUE FUND

Costs - Missouri Consolidated Health Care Plan

Program Costs	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)
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Costs - Department of Social Services

Program Costs	(Unknown)	(Unknown but Greater than \$12,029,434)	(Unknown but Greater than \$12,022,844)
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown but Greater than \$100,000)</u>	<u>(Unknown but Greater than \$12,129,434)</u>	<u>(Unknown but Greater than \$12,122,844)</u>
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FEDERAL FUNDS

Income - Department of Social Services
 Federal Assistance

Unknown	Unknown but Greater than \$4,363,684	Unknown but Greater than \$4,357,094
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Costs - Department of Social Services
 Program Costs

(Unknown)	(Unknown but Greater than \$4,363,684)	(Unknown but Greater than \$4,357,094)
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**ESTIMATED NET EFFECT ON
 FEDERAL FUNDS**

\$0 **\$0** **\$0**

FISCAL IMPACT - Local Government

FY 2010 (10 Mo.)	FY 2011	FY 2012
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Sections 191.1060 - 191.1064:

The proposed legislation authorizes the Department of Social Services to select and engage non-profit organizations in the Kansas City and St. Louis Metropolitan areas who have governance boards that include representatives from employer and provider groups to deploy and manage a regional health bank. Health banks are defined as a legal arrangement under the administration of a health bank operator where an individual has consented to have his or her electronic health record maintained and stored by the health bank.

The health bank shall enable a secure, web-based health information infrastructure for the sharing of electronic health information among health care facilities, health care professionals, public and private payers, and patients. The health bank shall comply with all state and federal privacy

FISCAL DESCRIPTION (continued)

requirements and link all components of the health care delivery system through secure and appropriate exchanges of health information for the purpose of enhancing health care quality, patient safety, communication of patient information, chronic condition management capabilities, patient and provider satisfaction, clinical and administrative cost reductions, and public health emergency preparedness. The individual shall be able to create a secure, electronic health record bank account so that he or she may be able to consolidate his or her respective health information collected during the course of the individual's lifetime.

The state shall sponsor the following accounts in an opt-out fashion for the regional health banks:

- (1) MO HealthNet recipients;
- (2) State health care for uninsured children recipients;
- (3) Missouri residents receiving Medicare benefits;
- (4) Foster care children; and
- (5) State employees.

Each non-profit organization as selected by the Department to be a state-designated entity shall be authorized to submit and request funds in fiscal year 2010 to enable the creation of the health bank from the federal secretary of the Department of Health and Human Services as defined in the American Recovery and Reinvestment Act of 2009. Such organizations shall also be required to propose what state appropriations should be requested in years fiscal years 2011, 2012, and 2013 to qualify for the federal matching funds.

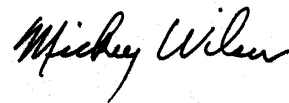
No personal health information of a patient which can be identified as specific to such patient shall be disclosed to any employer, public or private payor, or employee or agent of a state department or agency without the written consent of the patient and health care provider. However, such information may be disclosed to a health insurer, employer, state employee or agent in connection with the performance of such employee's official duties.

No health care provider shall be required to redact information when disclosing personal health information under 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 Highways and Transportation
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Missouri Consolidated Health Care Plan
Department of Conservation



Mickey Wilson, CPA
Director
March 24, 2009