

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2263-01
Bill No.: SB 511
Subject: Office of Administration; Department of Corrections; Health Care; Prisons and Jails
Type: Original
Date: April 14, 2015

Bill Summary: This proposal requires healthcare contractors providing services to prison inmates to provide certain information to the Office of Administration.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Unknown, greater than \$799,356)	(Unknown, greater than \$151,719)	(Unknown, greater than \$161,015)
Total Estimated Net Effect on General Revenue	(Unknown, greater than \$799,356)	(Unknown, greater than \$151,719)	(Unknown, greater than \$161,015)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services**, the **Office of the State Auditor**, and the **Department of Insurance, Financial Institutions and Professional Registration** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Corrections (DOC)** assumes there will be significant costs to develop written and information technology procedures to ensure the protection of an individual offender's personally identifiable information while still allowing for the continuity of tracking of that individual. This is sensitive protected information that may have to be maintained in a data base in order to allow for tracking. In addition, it is assumed that offender information will have to be redacted from the base documents if they are to be open records, which could require additional staff. However, without further study and more detailed information about what is entailed in developing such a system, the DOC is unable to provide an estimate of the potential costs of implementing this legislation.

In summary, the fiscal impact of this legislation to DOC is negative unknown costs.

Officials from the **Office of Administration - Information Technology Services Division (ITSD)** assume they would be required to receive images and individual field data of various medical records of offenders in the custody of the Department of Corrections. The images and information would be provided by healthcare contractors providing services to the Department of Corrections. ITSD would need to secure this data, store it and make it available as determined appropriate.

ITSD would be required to have an Enterprise Content Management (ECM) system developed to manage and organize the expected large volume of images and data. The data would need to be encrypted with high levels of security because of HIPPA rules and personally identifiable information. In addition, it would need to be a web based system that would allow for selected staff from DOC to track the same individual across the various facilities. Based on similar sized projects, it is estimated ITSD will need 5,140 contract hours to develop a system along with software and implementation services. Project management hours include 128.8 hours for management of the imaging implementation. There would also be annual cost for software maintenance and maintenance of the new system estimated at 20% of original cost.

ASSUMPTION (continued)

The new system would be hosted at the State Data Center (SDC) requiring the use of 7 servers. It is estimated that 2 terabytes of storage will be needed the first year and would grow by two terabytes each year.

In summary, ITSD assumes the following costs to implement this proposal:

	FY 2016	FY 2017	FY 2018
IT Consultants	\$385,500	\$79,028	\$81,004
Software Licensing	\$250,000	\$50,000	\$51,250
Imaging Implementation Services	\$150,000	\$ 0	\$ 0
State Data Center	<u>\$ 13,856</u>	<u>\$ 22,691</u>	<u>\$ 28,761</u>
Total Costs - ITSD	\$799,356	\$151,719	\$161,015

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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GENERAL REVENUE FUND

Costs - DOC

Development and implementation of system to comply with proposal	(Unknown)	(Unknown)	(Unknown)
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Costs - ITSD

Software, server and storage costs	<u>(\$799,356)</u>	<u>(\$151,719)</u>	<u>(\$161,015)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown, greater than \$799,356)</u>	<u>(Unknown, greater than \$151,719)</u>	<u>(Unknown, greater than \$161,015)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Some healthcare contracting small businesses will be required to provide Office of Administration with additional information on prison inmates.

FISCAL DESCRIPTION

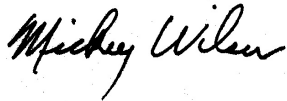
This proposal requires healthcare contractors providing services to the Department of Corrections for offenders to provide electronic image copies of actual paid invoices to the Office of Administration's Chief Information Officer. The information officer must disseminate the copies to the Department of Corrections and other entities identified by the Commissioner of Administration. The information must also be sent in an electronic format over the internet on an individual field basis. The Department of Corrections must develop a written procedure for the protection of personally identifiable information in a way that allows for the continuity of tracking individual offenders. This proposal specifies that the intent of the proposal is to provide the Department of Corrections, the General Assembly, subsequent bidders for inmate healthcare services, and inmate healthcare providers with the ability to horizontally track costs for each individual offender.

This proposal provides that the information provided by the healthcare contractors is an open record and must be provided at no cost. The information must be included as part of any request for proposal for any offender healthcare contract. Under this proposal, any healthcare contractor providing services to the Department of Corrections that fails to provide the required information by October 28, 2015, is not eligible to provide offender healthcare services to the Department of Corrections for a period of five years.

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

Office of Administration
Department of Corrections
Attorney General's Office
Office of the State Auditor
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration



Mickey Wilson, CPA
Director
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Ross Strobe
Assistant Director
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