

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Payne DATE TYPED 2-15-05 HB 762
 SHORT TITLE Hospital Quality Info Disclosure Requirements SB _____
 ANALYST Collard

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Department of Health (DOH)

SUMMARY

Synopsis of Bill

House Bill 762 requires hospitals to disclose and report quality information and “charge description master” information. “Charge description master” is defined as “a uniform schedule of charges represented by the hospital as its gross billed charge for a given service or item, regardless of payer type.” Additionally, the bill requires hospitals to post clear and conspicuous notices in the emergency departments, in the admissions offices and in the billing offices that inform patients that the hospitals’ charge description masters are available. Information about charges must include information regarding hospital quality, including hospital outcome studies and survey information from the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). The bill requires hospitals to file the following annually to DOH: 1) copies of their charge description masters; 2) calculations of the percentage increase in gross revenue due to price increase for charges for patient services during the twelve-month period and supporting documentation; 3) lists of the charges for the 25 services or procedures most commonly charged to patients and make them available to patients upon request. Finally, the bill allows individuals to file claims with DOH alleging violations of the act. DOH would be required to investigate and inform the complainant as to its determination whether a violation has occurred and of the action it will take, if any.

Significant Issues

DOH indicates the bill increases dissemination of hospital information related to costs, revenues

and quality. JCAHO survey reports are confidential and there may be issues related to making that information public. JCAHO publishes limited information as to whether a hospital is accredited or provisionally accredited.

DOH also states the bill requires DOH to investigate complaints related to violations of the act. The Health Facility Licensing and Certification Bureau (HFCLC) of DOH is the state survey agency that licenses, certifies and investigates complaints for hospitals pursuant to its contract with the federal Centers for Medicare and Medicaid Services (CMS).

Most hospitals in New Mexico are JCAHO-accredited and therefore have what is referred to as "Deemed Status." Deemed status relative to health care organizations originated with the creation of the Medicare program in 1965. Under the authority of Section 1865 of the Social Security Act, hospitals accredited by the JCAHO or the American Osteopathic Association are automatically "deemed" to meet all the health and safety requirements. JCAHO certifies hospitals as having met the conditions of participation required for reimbursement under the federal Medicare program. New Mexico recognizes JCAHO accreditation as a condition of licensure and receiving Medicaid reimbursement.

DOH HFCLC may not conduct a complaint survey for an accredited hospital or deemed provider unless the CMS Regional Office authorizes it. It is the regional office's responsibility to determine whether the complaint alleges one or more condition-levels of non-compliance. DOH may conduct a complaint investigation if it determines that the accredited hospital or deemed provider is non-compliant with state licensure laws. DOH is required to advise the CMS Regional Office prior to instituting any state action against an accredited hospital or deemed provider.

FISCAL IMPLICATIONS

Although this bill contains no appropriation, DOH indicates it could increase complaint reporting and investigation activity for HFCLC.

ADMINISTRATIVE IMPLICATIONS

DOH indicates HFCLC's survey and administrative resources are already over extended to meet present obligations. The increased activity could increase the workload, making the need for more health and safety engineers eminent. The cost for one health and safety engineer ranges from \$40 thousand to almost \$74 thousand per year.

TECHNICAL ISSUES

DOH suggests on page 1, line 25, adding "Limited service hospitals" to the definition of hospitals.

ALTERNATIVES

DOH suggests conducting a feasibility study to determine the most effective means to enable this reporting and its associated enforcement, investigating the legal aspects related to dissemination of JCAHO survey reports, and considering allowing DOH the authority to promulgate rules and establish penalties.

KBC/yr