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 and previously issued FIRs are available on the NM Legislative Website (<a href="www.nmlegis.gov">www.nmlegis.gov</a>) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

# FISCAL IMPACT REPORT

SPONSOR SCORC		ORC	LAST UPDATED		НВ		_
SHORT TITLE		Health Record Interoperability Commission			SB	309/SCORCS	
				ANAI	YST	Dunbar	

## **APPROPRIATION (dollars in thousands)**

Appropr	iation	Recurring	Fund Affected	
FY15	FY16	or Nonrecurring		
	NFI			

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

#### SOURCES OF INFORMATION

Responses Received From
Department of Health (DOH)
Medical Board (MB)
Governor's Commission on Disability (GCD)
Office of the Superintendent of Insurance (OSI)
Public School Insurance Authority (PSIA)
Retiree Health Care Authority (RHCA)

#### **SUMMARY**

## Synopsis of Bill

Senate Corporation and Transportation committee Substitute for SB 309 directs the Secretary of the Department of Health to develop a plan for implementing an interoperable electronic health record system among health care providers statewide in accordance with federal guidelines for shared data sets and interoperability.

The secretary of DOH is required to make a written report or oral report regarding the details of the plan and provide such report to the governor the legislative health and human services committee and the legislative finance committee.

This report among other tasks requires the development of plan to maximize cooperation among the provider community as well the identification of funding sources to support the development and ongoing operations of the system. In addition, the report needs to discuss the removing of financial and telecommunication barriers with regard to accessing the system specifically for

## Senate Bill 309 – Page 2

single- or small-group proprietors or providers in rural and frontier areas.

The Secretary of DOH is required to invite other entities to assist in development of the plan. Some of these include:

- The Human Services Department
- The Office of the Superintendent of Insurance
- The Interagency Benefits Advisory Committee
- The New Mexico Medical Society
- The New Mexico Hospital Association

#### FISCAL IMPLICATIONS

It is likely that funding such a system would be significant, and that federal support could be available for the creation and operation of such a data exchange system. Recent DOH grant funding may support the initiative.

In December 2014, DOH received a CMS State Innovation Model design grant for the health system, which includes the development of innovative health information technology (HIT) solutions to interoperability. This work is being accomplished in collaboration with the Human Services Department and the Department of Information Technology, among many stakeholders statewide.

There is no appropriation related to DOH's responsibilities as outlined in SB 309/SCORCS; therefore, all costs associated to SB 309/SCORCS implementation would be supported by existing resources.

## **SIGNIFICANT ISSUES**

The federal Affordable Care Act requires that states address issues around interoperability of electronic health records. As pointed out by DOH, the American Reinvestment & Recovery Act (ARRA) was enacted on February 17, 2009. ARRA includes many measures to modernize our nation's infrastructure, one of which is the "Health Information Technology for Economic and Clinical Health (HITECH) Act." The HITECH Act supports the concept of electronic health records meaningful use, an effort led by Centers for Medicare & Medicaid Services (CMS and the Office of the National Coordinator for Health IT (ONC). HITECH proposes the meaningful use of interoperable electronic health records throughout the United States health care delivery system as a critical national goal.

# ADMINISTRATIVE IMPLICATIONS

SB 309/SCORCS addressed concerns raised by DOH pertaining to time limits in SB 309.

### **OTHER SUBSTANTIVE ISSUES**

A state sponsored health records system, whether electronic health record data held for access or to provide an electronic transmission process for electronic health records exchange would result in potential exposure for the state due to the hazard of unauthorized disclosure. Federal law

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provides for monetary penalties for unauthorized use or disclosure of patients health care data. There currently exists, as noted by DOH, in state law numerous provisions making health care data confidential and imposing penalties for inappropriate disclosure of confidential data.

BD/je/bb