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FISCAL IMPACT REPORT

SPONSOR Ortiz y Pino **ORIGINAL DATE** 02/04/16
LAST UPDATED _____ **HB** _____

SHORT TITLE Medical Record Interoperability **SB** 232

ANALYST Boerner

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	\$300.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

The bill requires HSD to contract by December 1, 2016 for interoperability of health information technology systems related to Medicaid recipients among the department, Medicaid providers, and managed care organizations. The contractor must have at least five years' experience in the field. The contract is to maximize interoperability to enhance the safety and quality of care provided through Medicaid while protecting the health information in accordance with privacy laws and federal guidelines on interoperability.

HSD must report to legislative committees on or before November 1, 2017 on actions taken, including:

1. The identity of the vendor contracted with;
2. The performance of the contractor, along with any performance measures used to evaluate the performance; and
3. Accounting of funds allocated for the health information technology interoperability system.

The bill provides two definitions of “health information technology interoperability:”

1. “a health information technology system that provides entities with the capacity to share health information in accordance with federal guidelines for shared data sets and interoperability”; and
2. “a system of health information technology that provides entities with the capacity to share health information”

The bill provides the definition of “medicaid” to mean “the joint federal-state health coverage program pursuant to Title 19 or Title 21 of the federal Social Security Act.”

FISCAL IMPLICATIONS

Senate Bill 232 appropriates \$300 thousand dollars from any balance remaining in the insurance department suspense fund that is derived from the health insurance premium tax; because this balance would otherwise be deposited into the state general fund, the appropriation in this bill would represent a decrease in general fund revenue of \$300 thousand.

The appropriation of \$300 hundred thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended balance remaining at the end of fiscal year shall revert to the general fund.

SIGNIFICANT ISSUES

It appears doubtful the appropriation in this bill would be sufficient to complete the project; rather the funds could be sufficient to complete a feasibility study for project planning.

DOH provided the following additional background information:

The federal Affordable Care Act (ACA) requires that states address issues around interoperability of electronic health records (EHRs). 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.

The LCF Research Corporation (otherwise known as the New Mexico Health Information Collaborative (NMHIC)) was designated by ONC and the New Mexico Office of the Governor as the state's Health Information Exchange (HIE) to carry out the ONC directives for establishing the meaningful use of EHRs. The goal of LFC Research was to develop a community-wide (and eventually statewide) health information exchange that improves care coordination and chronic disease outcomes, and reduces unnecessary costs of care. LFC Research has been certified by ONC in the technology they use to operate the exchange. (<http://healthit.ahrq.gov/ahrq-funded-projects/new-mexico-health-information-collaborative-nmhic>). LFC Research is currently working on providing services for all healthcare providers to obtain interoperability.

The New Mexico Department of Health (DOH) currently has a continuing agreement with LCF Research to report electronic laboratory results (ELR) and emergency department (ED) data for all healthcare recipients required for surveillance (collectively referred to as notifiable diseases or conditions) of the health status for New Mexico and reporting to the Centers for Disease Control and Prevention (CDC).

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

Any health information technology interoperability plan should build upon the work done by DOH, HSD, and other stakeholders over the past year. It is not clear that the timeframe proposed in SB232 is sufficient to support the Request for Proposals process to identify a statewide HIT provider.

OTHER SUBSTANTIVE ISSUES

DOH notes also that “Notifiable Diseases or Conditions in New Mexico” is administered per 7.4.3.13 New Mexico Administrative Code by DOH. Certain laboratory results and emergencies are required to be reported to DOH, to include those that are Medicaid recipients.

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