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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/22/15

SPONSOR Ortiz y Pino LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Safe Disclosure of Certain Health Information SB 474/aSPAC

ANALYST Dunbar

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	NA		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to: SB323  
Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

Responses Received From  
Department of Health (DOH)  
Department of Information Technology (DIT)  
Human Services Department (HSD)

### SUMMARY

#### Synopsis of SPAC amendment

The Senate Public Affairs Amendment to Senate Bill 474 moves to strike language pertaining to collecting aggregate data on actual prices paid for healthcare services and procedures at NM hospitals. The amendment creates a new section of the Health Information Systems Act pertaining to the establishment of a web site which ensures public access. Posted on this site is information about costs and quality of care in accordance with the Health Information Systems Act.

#### Synopsis of the Original Bill

Senate Bill 474 will:

- Amend sections of the Health Information System Act to provide for the safe disclosure of information related to specifically identifiable data sources.
- Allow the Department of Health to release or disseminate aggregate data including those data that pertain to a specifically identifiable hospital or other type of health facility.

- Allow data on actual prices paid for healthcare services to be available publicly.
- Enact a new section of the Health Information System act to establish a health information system advisory committee.
- Mandate the Department of Health to establish a website by January 1, 2017 to report on actual price and quality measures of frequently used healthcare services and procedures. The website would be user friendly and available to the public free of charge.
- Prohibit a provider of data to the Health Information System from obtaining the data submitted by another provider unless the data is aggregated data that is publicly disseminated by DOH.

## **FISCAL IMPLICATIONS**

There would be expenses associated with the requirements included in SB 474, including the creation and maintenance of the mandated user-friendly website; the requirement to collect and analyze the new data; and, rulemaking requirements to establish the required advisory committee.

## **SIGNIFICANT ISSUES**

SB 474 allows DOH to publicly provide hospital specific aggregate data, including aggregate data on actual prices paid for healthcare services and procedures. The data would be made available to the public free of charge on a website established by the Department of Health by January 1, 2017.

Hospitals currently report hospital discharge data including data on hospital charges to the Department of Health. The DOH disseminates these data on its website via an annual report and a web data query system currently. DOH is currently prohibited from providing these data by hospital. There is currently no collection of data on actual prices paid for hospital services. This bill would require the DOH to develop a system to collect and analyze data on actual prices paid based on regulations that would need to be developed.

DOH received a cooperative agreement award from the Centers for Medicare and Medicaid to develop an innovative health system design in collaboration with the Human Services Department. The design will be developed with state and local stakeholders; and, will include elements to achieve the triple aim enhancing patient experience of care, reducing health care costs, and improving population health. The design will include the development of information required by SB 474, as well as, additional information regarding health care metrics, the development of an All Payor Claims Database, and information regarding many aspects related to health system innovation. DOH notes that SB474 may be premature in that the requirements may not align well with the consensus design developed through a broad array of input.

## **PERFORMANCE IMPLICATIONS**

SB 474 relates to the DOH FY16 Strategic Plan, Result 2: Improved quality, accessibility, and utilization of health care services.

## **ADMINISTRATIVE IMPLICATIONS**

DOH would be required to adopt rules governing the consumer-friendly website and to establish

the Health Information Act Advisory Committee required. Existing epidemiologists would have to oversee and maintain the website and would be required to collect additional data required by this proposed amendment of the Health Information System Act.

## **RELATIONSHIP**

This bill is similar to SB 323; however, they differ in that SB 474 requires collection, analysis and dissemination of hospital specific data on actual prices paid. It also specifies that these data be disseminated via a website to be constructed by January 1, 2017.

## **OTHER SUBSTANTIVE ISSUES**

The following is a summation by Think New Mexico on SB474 and reasons for supporting this bill:

1. Senate Bill 474 is identical to Senate Bill 323 except for two provisions:
  - SB 474 requires the collection of data on the actual prices paid for health care, not just the hospital charges, which are currently collected (see page 5, lines 15-16), and
  - SB 474 requires the establishment of a public website with health care price and quality data (see section starting on page 9, line 17)
2. The website that SB 474 calls for is similar to those in 14 other states, including our neighboring states of Colorado, Arizona, and Utah.
3. Based on the cost of the best health care transparency website, New Hampshire's health cost (<http://nhhealthcost.nh.gov/>), the one-time cost of creating the website should be about \$200,000.
4. The New Mexico Department of Health has recently received a \$1.9 million federal grant from the Centers for Medicare & Medicaid Services, some of which could potentially be used to create the website.
5. A health care transparency website has the potential to save state taxpayer dollars. The California Public Employees' Retirement System (CalPERS) used transparency to save about \$5.5 million on joint replacement surgeries with no loss of quality.
6. A 2013 University of Chicago study comparing health care costs in states that had established transparency websites with those that have not found that "price transparency regulations reduce the price charged for common, uncomplicated, elective procedures by an average of approximately 7%." For example, hip transplants averaged \$2,800 less in states with price disclosure websites than in states without them.