COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3083-01
Bill No.: HB 1331
Subject: Health Care; Health Department; Health Public
Type: Original
Date: January 29, 2008

Bill Summary: This legislation establishes the Missouri Center for Health Information and the State Consumer Health Information Advisory Council to provide health care cost-related information.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	($2,108,709)	($3,240,256)	($3,424,924)
Total Estimated Net Effect on General Revenue Fund	**($2,108,709)**	**($3,240,256)**	**($3,424,924)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 13 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Federal	$0	$0	$0
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

* Income and costs of approximately $105,429 in FY09, $130,062 in FY10 and $133,963 in FY11 would net to $0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	13.7 FTE	30.7 FTE	43.7 FTE
Federal	.3 FTE	.3 FTE	.3 FTE
Total Estimated Net Effect on FTE	**14 FTE**	**31 FTE**	**44 FTE**

☐ Estimated Total Net Effect on All funds expected to exceed $100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed $100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Missouri Senate**, **Department of Public Safety**, **Office of the Governor**, **Office of Administration** and the **Office of the Missouri House of Representatives** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than $2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Social Services - MO HealthNet** assume the Division will provide information to the Missouri Center for Health Information. The estimate of the impact of providing adhoc reporting is $1,000 per month or $12,000 per year. Expenditures for administration and health care technology earn 50% federal financial participation with a 50% state match.

Oversight assumes the MO HealthNet Division could absorb the costs of providing adhoc reporting related to this proposal.

Officials from the **Department of Social Services (DSS) - ITSD** state most healthcare payment information will come from Infocrossing (IFOX). IFOX processes all MO HealthNet claims for services. IFOX provides interface/extract programs when required. DSS Systems that may provide information include FAMIS, FACES, Alternative Care, Medical Services, IM, and Youth Services.

ASSUMPTION (continued)

FAMIS gave an estimate of 2000 hours for an interface or extract program at a rate of $89 per hour for a total cost of $178,000.

The other systems gave an estimate of 320 hours per program at $75 per hour for a total cost of $24,000 per program (2 programmers for one month). 2 programs x 4 systems x $24,000 = $192,000

The Medical Services team would need a contractor to do the programming. They would write programs that read the Medicaid claims files and categorize the expenses, service types, etc. Some of the info would have to be obtained from the MMIS fiscal agent. Information would have to be obtained from individual providers (e.g. average charge, average net revenue per adjusted day, cost per patient day, etc.) 640 hours for two programs.

Assume two extracts per system.

FAMIS:	2 programs x $178,000 =	$356,000
	2 programs x $24,000 =	$48,000
	Total	$404,000

Accounting Splits: IM/Medicaid is 50% GR and 50% FF and FAMIS is 76% GR and 24% FF.

Officials from the **Department of Social Services - Research and Evaluation** state in addition to obtaining information from ITSD, Research and Evaluation Unit anticipates it will be called upon to supply data to the Department of Health and Senior Services. This would involve writing computer programs to retrieve that data, manipulating the data into a format for transfer to the information center, interpreting the data, and maintaining those programs over time. Since the data in the information center will need to be updated periodically, Research and Evaluation anticipate this would be an ongoing responsibility.

In recent years there has been increasing demand for Medicaid related data. The Research and Evaluation Unit cannot meet additional requests for information in that area without additional staff resources. Therefore, Research and Evaluation Unit anticipates the need for one additional research analyst III to handle the task created by this bill.

Officials from the **Department of Health and Senior Services (DHSS)** assume based on the Department's experience, there is currently no other agency or entity that acts as a central repository for any kind of sensitive cost, charge or utilization of healthcare data. In the past, data on outpatient procedure charges were collected by the Bureau of Health Informatics through surveying of the hospitals, however due to the cost to collect this information, the project was

ASSUMPTION (continued)

terminated with the last available data from 2003. In the past, the Missouri Center for Health Statistics surveyed a wide variety of health professionals (doctors, dentists, dental hygienists, nurses, optometrists, etc.) to obtain demographics and availability information by region. These surveys were also terminated due to high cost of the project. Nursing home and residential care facilities also were surveyed at one time, however this also is no longer being done due to the cost and loss of funding.

The lack of a central repository for these data in other agencies means that developing an annual online survey would likely be the best way to obtain standardized financial data from the professions and health agencies. The proposed Center would require the development of online surveys for each profession and agency of interest, to attempt to collect standardized, detailed, and representative data from such a wide variety of health entities.

Physicians and other health professionals tend to have little or no in-house experience with data collection, electronic file creation and data reporting. As a consequence, DHSS staff will need to spend a considerable amount of time with each facility and profession, assisting their staff members with understanding both the technical aspects as well as the substantive content of the required data reporting. DHSS staff will need to go through several iterations of edit checks and error corrections of the data. These data management activities frequently involve extensive follow-up communications, data re-submissions and re-editing/correcting of data. In Missouri, there are roughly 1,200 nursing homes, 130 acute care hospitals, 90 ambulatory surgical centers, 2,900 dentists, 2,100 dental hygienists, 62,000 nurses, 22,000 LPNs, and over 12,000 physicians. Additionally, the bill mentions federal, state and local agencies, of which there are potentially a very large number, depending on how they are defined. With this large number of professionals and agencies targeted by the legislation, a large number of staff to provide these services will be required.

It is anticipated that the availability of these data would dramatically increase the number of data requests the department would need to respond to, as well as the complexity of the requests. Additional staff and resources will be required to respond to the requests, and address the handling of data request fees. None of the additional data collection activities can be absorbed into the current hospital/ASC reporting system, since the latter operates without the use of state funding.

The bill requires DHSS to develop cost, charge, and utilization measures. These measures must be appropriately risk-adjusted and made available using an interactive query system, on the DHSS website. Selection of these measures is to be based upon input from the Consumer Advisory Committee and other knowledgeable professionals. The financial data provided on the

ASSUMPTION (continued)

website must be accompanied by information that will assist the site visitors in using the site and making informed decisions. This will also require developing extensive documentation on risk-adjustment measures, comparison methods, and the assumptions and methods used in collecting and displaying the wide variety of data this bill mandates.

DHSS will require the following new staff to meet the requirements of this bill:

Bureau Chief, Band Manager II
This position will provide overall direction to project and coordinate efforts of bureau staff; chair the State Consumer Health Information Advisory Committee meetings; collaborate with the professional and agency associations, such as the Missouri Hospital Association and other groups affected by the legislation to gain their support; coordinate with IT staff on development of collection and reporting sites; oversee fiscal, legislative and administrative issues; and provide leadership in development of rules and regulations.

Accountant II
This position will research the areas of healthcare costs to determine what other states are doing and determine what kind of data to collect; work with the bureau chief and the Consumer Committee to decide what data to collect from each entity, and consult with the research analyst on how to analyze, adjust and present the data.

Research Analyst IV X 3
Each of these positions will act as team leader for one of 3 teams, including:

1) Manpower Data (doctors, nurses, dentists, etc),
2) Health Agency Data (hospitals, nursing homes, health plans, etc), and
3) Federal, State and Local Health Cost Data.

This position will: supervise the collecting, analyzing, adjusting and displaying of cost, charge, utilization and payment source data relating to health professionals; oversee the identification of the appropriate professional agencies to determine how to access and register all the health professionals, agencies, and plans from which data are to be collected; supervise the development of survey questions, oversee the collection and validation of data, assist with adjustment techniques and the use of special adjustment software; monitor communications with health professionals and health agency staff and work with them to resolve problems with compliance, as well as issues with data timeliness and accuracy; work with IT staff to design appropriate data collection and reporting systems and to resolve problems with them.

ASSUMPTION (continued)

Research Analyst III X 27
These positions would be responsible for the integrity of data and analysis and reporting of data. Twenty-seven analysts would be divided among the three teams, with six on the Manpower Data Team, fifteen on the Health Agency Data Team and six on the Federal, State and Local Health Cost data team. These projections are based broadly on the department's experience with prior survey projects and particularly on the Healthcare-Associated Infection Reporting System, where one analyst works nearly full time on a system for which only six health indicators are collected from hospitals and ambulatory surgery centers.

These analysts will be working with very large amounts of complex financial and utilization data. This will involve having input in the design of the surveys and the data collection and data display systems. They will have primary responsibility for overseeing the registering of health professionals and agencies each year to inform the Center of the data to be expected and to check compliance. They will develop manuals for each system they work with that will explain to the providers which data are to be reported, the definition of the data items, the method for using the online reporting system, etc. They will monitor the flow of data and develop programs in SAS and Crystal to check compliance and to edit and validate the data and to provide feedback to the users when data are in error or incomplete. They will work with the providers at year-end to assist them in reviewing and correcting their annual data before publishing it. They will analyze the data for trends to compare costs and charges with providers of the same type. They will answer requests for data not available on the web site, write sections of the annual report to the governor, and respond to questions on the system from the media, other states and other agencies. They will communicate with federal, state and local agencies to determine what health care cost data are available and which types of critical data may have to be collected by establishing electronic collection systems.

Senior Office Support Assistant (SOSA)/Keyboarding X 8:
One support staff person for the bureau chief, two for the Manpower Data Team, three for the Health Agency Data Team, and two for the Federal, State and Local Cost Data team will also be required. These staff will: provide clerical support for correspondence with the large number of professionals, agencies and government entities; handle and route phone calls and messages; maintain contact list for reporting entities; process invoices for fees associated with data requests; enter and update information into a fee tracking system; handle correspondence and other clerical support associated with non-compliance with reporting requirements; and provide clerical support for the State Consumer Health Information Advisory Committee meetings.

ASSUMPTION (continued)

In addition, the Department would require a standard cost of $160 per committee member per meeting to reimburse travel and cover meeting expenses. Since the proposal states the committee would meet a minimum of four times per year, costs are estimated at $10,240 annually ($160/member X 16 members X 4 meetings per year).

Support from ITSD will be needed to develop the comprehensive health care cost information system to provide for the collection, compilation, coordination, analysis, indexing, dissemination, and utilization of purposefully collected and present health care and procedure cost-related data and statistics. The comprehensive health care cost information system shall identify the best available data sources and coordinate the compilation of present health care and procedure cost-related data and statistics and purposefully collect data on:

a. Health resources, including physicians, dentists, nurses, and other health care professionals, by specialty and type of practice and acute long-term care and other institutional care facility supplies and specific services provided by hospitals, nursing homes, home health agencies, and other health care facilities;

b. Utilization of health care by type of provider; and

c. Health care cost and financing, including trends in health care prices and costs, the sources of payments for health care services, and federal, state, and local expenditures for health care.

At a minimum, the data will be made available on the Department of Health and Senior Services Internet web site in a manner that allows consumers to conduct an interactive search that allows them to view and compare the information for specific providers. The web site shall include such additional information as determined necessary to ensure that the web site enhances informed decision making among consumers and health care purchasers, which shall include at a minimum appropriate guidance on how to use the data and an explanation of why the data may vary from provider to provider.

It is assumed that the application(s) will reside on servers at DHSS-ITSD and due to the large amount of data that will be collected and stored, a Storage Area Network (SAN) will need to be purchased. The hardware costs included in this response assumed the leasing of all hardware.

Computer Information Technology Specialist II
This position will provide project management development support and maintenance of system to allow on-line surveying of health professionals and health agencies, as well as an interactive system to publish healthcare financial data in a manner that allows comparison of providers.

ASSUMPTION (continued)

Computer Information Technology Specialist I X 2
These positions will provide development support and ongoing maintenance of the system to allow on-line surveying of health professionals and health agencies, as well as an interactive system to publish healthcare financial data in a manner that allows comparison of providers.

Consultants will analyze, design develop, test and implement application to collect, store and report data; and develop an electronic data exchange.

The following ITSD costs will apply
Consultant Cost for Analysis, Design Development, Testing and Implementation of Application to Collect and Store Data: $574,080 in FY 09, $574,080 in FY10 and $143,520 in FY11.

Consultant Cost for Development of Electronic Data Exchanges: $143,520 in FY09 and FY10

Hardware Lease (includes SAN and application servers): $120,000 in FY09, FY10 and FY11

Software purchase: $38,000 in FY09 & FY10 and $11,000 in FY11

Network Router: $135,000 in FY09 and $15,000 in FY10 & FY11

Redundant Network Connection: $10,000 in FY09 and $24,000 in FY10 & FY11

Internet Costs: $52,000 in FY09, FY10 and FY11

Oversight has, for fiscal note purposes only, changed the starting salary for the DHSS positions to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Oversight has, for fiscal note purposes only, assumed the DHSS positions will be phased in over three years. FY09: 1 Health & Senior Service Manager Band II, 1 Computer Information Tech Specialist II, 1 Computer Information Tech Specialist I, 2 Senior Office Support Assistant, 2 Research Analyst IV and 6 Research Analyst III; FY10: 1 Computer Information Tech Specialist I, 1 Accountant II, 4 Senior Office Support Assistant, 1 Research Analyst IV and 10 Research Analyst III; FY11: 2 Senior Office Support Assistant and 11 Research Analyst III.

FISCAL IMPACT - State Government	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
Costs - Department of Health and Senior Services			
Personal Service	($424,008)	($1,142,511)	($1,671,162)
Fringe Benefits	($187,496)	($505,218)	($738,988)
Equipment and Expense	($137,419)	($271,527)	($284,221)
Committee Costs	($8,533)	($10,547)	($10,864)
Consultant Cost	($574,080)	($574,080)	($143,520)
Consultant Cost	($143,520)	($143,520)	$0
Hardware Lease	($120,000)	($120,000)	($120,000)
Health Data Application	($38,000)	($38,000)	($11,000)
Network Router	($135,000)	($15,000)	($15,000)
Network Connection	($10,000)	($24,000)	($24,000)
Internet Costs	($52,000)	($52,000)	($52,000)
Total Costs - DHSS	($1,830,056)	($2,896,403)	($3,070,755)
FTE Change - DHSS	13 FTE	30 FTE	43 FTE
Costs - Department of Social Services			
Personal Service	($22,565)	($27,902)	($28,739)
Fringe Benefits	($9,978)	($12,338)	($12,708)
Equipment and Expense	($742)	($216)	($223)
Contractor Costs-ITSD	($19,992)	($24,720)	($25,462)
Contractor Costs-ITSD/FAMIS	($225,376)	($278,677)	($287,037)
Total Costs - DSS	($278,653)	($343,853)	($354,169)
FTE Change - DSS	.7 FTE	.7 FTE	.7 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**($2,108,709)**	**($3,240,256)**	**($3,424,924)**
Estimated Net FTE Change for General Revenue Fund	13.7 FTE	30.7 FTE	43.7 FTE

FEDERAL FUNDS

Income - Department of Social Services			
Federal Assistance	$105,429	$130,062	$133,963
Costs - Department of Social Services			
Personal Services	($9,671)	($11,958)	($12,317)
Fringe Benefits	($4,276)	($5,288)	($5,446)
Equipment and Expense	($318)	($93)	($95)
Contractor Costs-ITSD	($19,992)	($24,720)	($25,462)
Contractor Costs-ITSD/FAMIS	($71,172)	($88,003)	($90,643)
Total Costs - DSS	($105,429)	($130,062)	($133,963)
FTE Change - DSS	.3 FTE	.3 FTE	.3 FTE
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**$0**	**$0**	**$0**
Estimated Net FTE Change for Federal Funds	.3 FTE	.3 FTE	.3 FTE

FISCAL IMPACT - Local Government	FY 2009 (10 Mo.)	FY 2010	FY 2011
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

The economic impact on small business is unknown at this time. If individual health care agencies, physician practices, dental practices, ambulatory surgical centers, nursing homes or pharmaceuticals are required to report healthcare information, this could have an impact on their operations.

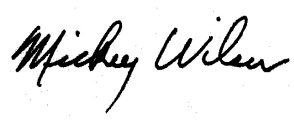
FISCAL DESCRIPTION

This legislation requires the Department of Health and Senior Services, subject to appropriations, to establish the Missouri Center for Health Information and the State Consumer Health Information Advisory Committee. In its main provisions, the legislation:
(1) Requires the center to establish a comprehensive health care cost information system to collect, compile, coordinate, analyze, index, distribute, and use health care and procedure cost-related data;
(2) Specifies that the center can apply for and receive grants, gifts, and other payments from any governmental or other public or private entity;
(3) Specifies that the center can charge a reasonable fee for services that have been provided;
(4) Requires the Department to produce information for consumer awareness and cost comparison; and
(5) Specifies that the advisory committee is to help the center review the comprehensive health information system and recommend improvements and requires that the committee meet at least quarterly.

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 Health and Senior Services
Department of Social Services
Department of Public Safety
Office of the Governor
Office of the Missouri House of Representatives
Office of the Missouri Senate
Office of the Secretary of State



Mickey Wilson, CPA

SEC:LR:OD (12/06)

Director
January 29, 2008