F I S C A L I M P A C T R E P O R T

SPONSOR Lopez **ORIGINAL DATE** 02/18/13 **LAST UPDATED** 02/28/13 **HB**

SHORT TITLE Health All-Payer Claims Database Task Force **SB** 403/aSFC

ANALYST Daly

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	**FY14**		
	$0.0		

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Department of Finance and Administration (DFA)
Public Schools Insurance Authority (PSIA)
General Services Department (GSD)
Department of Information Technology (DoIT)
Department of Health (DOH)

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee amendment to Senate Bill 403 strikes the appropriation from the bill.

Synopsis of Original Bill

Senate Bill 403 (SB 403) requires the General Services Department (GSD) to contract by August 1, 2013 with an entity with expertise in the field of health care cost and quality analysis to convene and operate an All-Payer Claims Database (APCD) Task Force. It also appropriates $20 thousand from the general fund to the GSD for expenditure in FY 14 for that contract. The Task Force is charged with identifying:

- Public and private sources of health care claims data in New Mexico and the manner in which the database may receive this data;
- Sources of funding for the establishment and operation of an all-payer claims database, including fees for the use of data;

- Possibilities for a governance structure and operational entity to provide for the safe collection, management, storage and sharing of health care claims data; a public/private partnership to manage the database; and accountability to the public and state government;
- Criteria for deeming persons eligible to receive data and protocols for applying for use of the data;
- Applications for the data that will achieve a goal of high quality health care while cutting health care costs; and
- Entities with which the database may partner to achieve improvements in quality and cost of health care services in New Mexico.

Members of the Task Force include representation from:

- Medical assistance division of the Human Services Department (HSD)
- Office of health care reform of the HSD
- Interagency behavioral health collaborative
- Developmental Disabilities Support Division of the DOH
- The New Mexico Corrections Department
- New Mexico Interagency Benefits Advisory Committee
- An entity with experience in statewide electronic medical records systems
- The University of New Mexico
- New Mexico State University
- Each private New Mexico insurer
- Self-insured private employers
- New Mexico Primary care association
- New Mexico Hospital association
- New Mexico Medical Society
- New Mexico Osteopathic medical association
- New Mexico Nurses association
- A health care consumer advocacy organization

The task force shall report its findings and recommendations to the governor, the Legislative Health and Human Services Committee and the LFC by November 1, 2014.

FISCAL IMPLICATIONS

The appropriation of $20 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY 14 shall revert to the general fund.

Depending on the work of the Task Force created in SB 403, continuing funding for a statewide medical claims data base likely will be necessary, as the GSD explains, to support the data warehouse, including technical/functional staff. The Public School Insurance Authority (PSIA) suggests these possible funding sources: the general fund, assessments paid by payers and providers, data sales (expected to produce minimal funding), federal, state, and private grant funds, and products and services provided to others by the database.

The Department of Finance and Administration (DFA) states there is no IT impact to ISD2 or ASPEN under SB 403.

SIGNIFICANT ISSUES

The DFA explains that an APCD is a database that collects health insurance claims information from all health care providers in a statewide repository. These databases typically contain eligibility and claims data and are used to report costs, utilization and quality information. A APCD database would support analysis of cross-payer health care metrics that currently are unavailable to payers, providers, researchers and public officials.

In terms of the composition of the task force, the Department of Health (DOH) reports that its Epidemiology and Response Division currently collects and analyzes hospitalization discharge and emergency department data for the State, and it may be more appropriate for the DOH be represented by the Public Health and the Epidemiology and Response divisions rather than the Public Health and the Developmental Disabilities Supports divisions. See Amendments below.

In addition, the DOH points to two areas the task force should address. First, it is unclear whether proprietary health care claims data maintained by private insurance companies could be turned over to a quasi-governmental entity for use, analysis, and, presumably, sale. Second, issues relating to privacy as it relates to health data arise in the context of an APCD.

Other agency responses focus on the need for, usefulness of, and difficulties in creating an APCD. The PSIA believes SB 403 and the ensuing APCD would be beneficial to the PSIA in helping direct members to the most cost-effective quality providers. It also reports that as of November 2012, there are eleven other states in addition to Colorado that have implemented, or are in the process of implementing, an APCD and 18 others expressing strong interest, according to the national APCD Council.

However, the GSD advises:

> If SB 403 passes and a statewide database is established, it would require contract amendments with carriers to increase the number of claims data file shares and to increase contract budgets and administrative service fees. Data sources and quality of data would have to be identified. Considerable attention needs to be given to technical design for the purpose of defining best approach toward data sharing to include disparate networks, system access, security roles, data storage and staff skills for ongoing data analytics and reports creation.

The GSD further explains:

> The state currently does not have a trusted network architecture the absence of which creates difficulty in data sharing across multiple state entities from an access and security perspective. There are no central databases that contain like information. A data structure would need to be designed and data fields from varied data sources would need to be identified. Data integrity would need to be analyzed to determine best methods for data conversion and migration into the data warehouse.
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> The GSD has reviewed medical claims data warehouse offerings in the past year and has noted that a structure design to support this type of data requires active participation by the medical carriers in releasing their files to the central

repository. The system also requires skilled data analytical and report writing staff, an open architecture to support multiple data feeds from various sources and strong security in managing the multiple users who will be accessing the system. There would be a significant fiscal impact for the initial project implementation and continued recurring hosting, maintenance and technical staff support.

PERFORMANCE IMPLICATIONS

The DOH notes that SB 403 relates to the DOH FY14 Strategic Plan Goal 6: Improve Fiscal Accountability.

ADMINISTRATIVE IMPLICATIONS

As to the specific tasks assigned to the GSD in SB 403, the GSD notes that its staff and resources will be required to conduct the RFP process and contract negotiations and ongoing contract oversight. Although not raised as an issue by the GSD, the DFA expresses concern that the August 1, 2013 deadline for the GSD entering into a contract to convene and operate the task force may be unrealistic. The DOH points out the lack of appropriation to fund activities related to an agency's membership on the taskforce, which will increase workloads and time commitments.

OTHER SUBSTANTIVE ISSUES

The DOH provides this additional information:

Under a Rhode Island law enacted in 2008, the Rhode Island Department of Health was directed to establish and maintain an APCD. The law directs private and public payers to submit claims for health services paid on deposition to make informed decisions regarding the implementation of the Affordable Care Act.

The mission of the Rhode Island project was to inform statewide health care policy and state health care purchasing decisions. The purpose of the APCD was to provide information about health care use, quality and costs, which would inform statewide health care discussions and decisions. The APCD would improve the understanding of decision makers of the quality, efficiency and costs of health care in Rhode Island, including: 1) Use of health care services by Rhode Island's insured population; 2) Performance of RI's health care delivery system; 3) Efficiency of Rhode Island's health care system and providers; 4) Major drivers of RI's health care cost trends; 5)The impact of new programs and initiatives, such as Patient-Centered Medical Home initiatives like the Rhode Island Chronic Care Sustainability Initiative and the Beacon Community Program; 6) Rhode Island's health care delivery system performance compared to other states, and 7) Successes, opportunities, and challenges in Rhode Island's health care system. http://www.health.ri.gov/programs/allpayorclaimsdatabase.

Participation by the Department of Information Technology (DoIT) is not included in this bill. As the information technology manager for the state, the DoIT should have representation on the taskforce.

AMENDMENTS

The DOH proposes that on page 3, line 8 “developmental disabilities supports” be replaced with “epidemiology and response”.

MD/blm:svb