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FISCAL IMPACT REPORT

ORIGINAL DATE 1/29/18

SPONSOR Munoz LAST UPDATED _____ HB _____

SHORT TITLE Health Info System Interoperability SB 144

ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
	\$100.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SB 144 is a companion to Senate Bill 145, Health Info Interoperability Fund.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

Response Not Received From

Department of Information Technology (DOIT)

SUMMARY

Synopsis of Bill

Senate Bill 144 appropriates \$100 thousand from the general fund to the Human Services Department (HSD) to fund health information system interoperability for the benefit of New Mexico residents.

FISCAL IMPLICATIONS

Senate Bill 144 includes a recurring \$100 thousand appropriation from the general fund in FY19 to the Human Services Department for expenditure in FY19. Any unexpended or unencumbered balance remaining at the end of FY19 would revert to the general fund.

The Human Services Department indicates matching the funding in the bill with federal funds at a 90 percent match rate is limited to certain activities.

SIGNIFICANT ISSUES

The Human Services Department (HSD) reports onboarding activities of providers that qualify for the 90 percent federal match might include electronic health information exchange (HIE) activities to connect a provider to the HIE such that the provider is able to successfully exchange data and use the HIE's services. On-boarding is the technical and administrative process by which a provider joins an HIE or interoperable system and secure communications are established with all appropriate business associate agreements, contracts and consents in place. The 90 percent federal match through the Health Information Technology for Economic and Clinical Health (HITECH) Act is available to cover a state's reasonable costs (e.g., interfaces and testing) to on-board providers to an HIE. Other activities that may be funded with 90 percent match are those associated with provider directories, secure electronic messaging, query exchange, care plan exchange, encounter alerting, public health systems and health information services provider (HISP) services. States cannot claim the federal match of 90 percent through the HITECH Act for costs of purchasing electronic health record (EHR) technology for providers because it is already funded through the EHR incentive program. Additionally, federal funding is not available retroactively. Federal matching funds can only cover costs to support the initial on-boarding of Medicaid eligible providers to a health information exchange and other interoperability systems. The funds cannot be used to cover providers' electronic health records interface costs or maintenance of the connectivity to a health information exchange.

Per State Medicaid Director Letter #11-004 issued by the federal Centers for Medicare and Medicaid Services (CMS), the 90 percent HITECH Act match cannot be used for ongoing operations and maintenance costs of a health information exchange (HIE).

ADMINISTRATIVE IMPLICATIONS

The Human Services Department indicates states must continue to complete and update the Health Information Technology Implementation Advance Planning Document (HIT IAPD) to request the enhanced federal match for health information exchange activities. States must detail the cost allocation models and other financial considerations for federal Centers for Medicaid and Medicare Services (CMS) review. The cost allocation models must carefully consider the extent to which the health information exchange or other interoperable systems benefit eligible providers, including Medicaid providers, non-Medicaid providers, and other payers.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 144 is a companion to Senate Bill 145, Health Info Interoperability Fund. In SB145, the revenue deposited into the Health Information Interoperability Fund do not revert to the general fund unlike SB144.

TECHNICAL ISSUES

The Department of Health notes SB144 does not define or set standards for "health information system interoperability," and it does not provide specific guidance on how the appropriation is to be used or how it will be distributed.

OTHER SUBSTANTIVE ISSUES

The Department of Health reports the federal Affordable Care Act (ACA) requires that states address issues around interoperability of electronic health records. The Health Information Technology for Economic and Clinical Health (HITECH) Act supports the concept of electronic health records meaningful use, an effort led by Centers for Medicare and 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 the 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 electronic health records (EHRs). The goal of the NMHIC 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. The LCF Research Corporation has been certified by the ONC in the technology they use to operate the exchange. (<http://healthit.ahrq.gov/ahrq-funded-projects/new-mexico-health-information-collaborative-nmhic>). LCF Research Corporation 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 and emergency department data for all healthcare recipients required for surveillance of the health status for New Mexico (collectively referred to as notifiable diseases or conditions) and reporting to the federal Centers for Disease Control and Prevention (CDC).

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