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FISCAL IMPACT REPORT

SPONSOR Munoz **ORIGINAL DATE** 2/07/18
LAST UPDATED 2/08/18 **HB** _____
SHORT TITLE Health Info Interoperability Fund **SB** 145/aSFC
ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
	Unknown	Recurring	Health Information Interoperability Fund

(Parenthesis () Indicate Expenditure Decreases)

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

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 SFC Amendment

The Senate Finance Committee amendment to Senate Bill 145 requires revenue from the proposed Health Information Interoperability Fund be subject to appropriation by the Legislature to the Human Services Department instead of continuously appropriating the funds directly to the Human Services Department.

Synopsis of Original Bill

Senate Bill 145 would create the health information interoperability fund to maintain statewide health information systems interoperability among private and public entities. The fund consists of appropriations, transfers, federal funds, gifts, grants, donations and bequests. The fund would be administered by the Human Services Department (HSD), and disbursements from the fund would be made upon warrant drawn by the secretary of the Department of Finance and

Administration pursuant to vouchers signed by the secretary of HSD.

FISCAL IMPLICATIONS

Senate Bill 145 would create the health information interoperability fund. All money credited to the fund is appropriated to HSD for the purpose of establishing and maintaining health information systems interoperability for the benefit of New Mexico residents. Money in the fund shall not 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. Any federal matching funds would need to be in accordance with federal criteria for funding health information exchange 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 Medicare and Medicaid 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.

COMPANIONSHIP

SB 145 is a companion to SB 144 which appropriates \$100 thousand from the general fund to the Human Services Department to fund health information system interoperability, and any unexpended funds would revert to the general fund.

Revenue in the health system interoperability fund proposed for creation in SB145 would not revert to the general fund.

TECHNICAL ISSUES

The Department of Health notes SB145 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).

RAE/sb/al/jle