

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 452

STATUS: A Engrossed

SUBJECT: Establishes Health Information Technology Oversight Council within the Department of Human Services

GOVERNMENT UNIT AFFECTED: Department of Human Services

PREPARED BY: Kim To

REVIEWED BY: John Britton

DATE: April 13, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
General Funds		
Professional Services (Health Information Technology)	\$ 144,936	
Professional Services (Purchasing Collaborative Experts)	\$ 193,248	
Meeting Expenses	\$ 2,440	
Travel Reimbursement	\$ 4,429	
Total General Funds	\$ 345,053	
Federal Funds		
Professional Services (Health Information Technology)	\$ 92,664	
Professional Services (Purchasing Collaborative Experts)	\$ 123,552	
Meeting Expenses	\$ 1,560	
Travel Reimbursement	\$ 2,831	
Total Federal Funds	\$ 220,607	
Total Funds		
Professional Services (Health Information Technology)	\$ 237,600	
Professional Services (Purchasing Collaborative Experts)	\$ 316,800	
Meeting Expenses	\$ 4,000	
Travel Reimbursement	\$ 7,260	
Total Funds	\$ 565,660	

EFFECTIVE DATE: On Passage

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: This measure establishes an 11-member Health and Information Technology Oversight Council (HITOC) within the Department of Human Services (DHS). The Council is charged with developing a statewide strategic electronic health and information exchange technology plan; providing oversight for the plan's implementation; and maximizing the distribution of resources expended on health information technology across the state. The duties of the Council include:

1. Set specific health information technology goals and develop a strategic health information technology plan for Oregon;
2. Provide oversight and monitor the progress of implementing the strategic health information technology plan;

3. Maximize the distribution of resources expended on health information technology statewide;
4. Create and provide oversight for a public-private purchasing collaborative to help providers identify high-quality electronic health record products and support services and obtain affordable rates for these products and services;
5. Identify and select the industry standards for all health information technology promoted by the collaborative;
6. Enlist and leverage community resources to advance the adoption of health information technology;
7. Educate the public and health care providers on the benefits and risks of information technology infrastructure investment;
8. Coordinate health care sector activities that advance adoption and interoperability of health information technology;
9. Support and provide oversight for DHS efforts to implement a personal health records bank for medical assistance recipients;
10. Determine a fair, appropriate method to reimburse providers for their use of electronic health records to improve patient care; and
11. Determine the feasibility of establishing a health information technology loan program.

Members of the Council are not entitled to compensation for services but are entitled to reimbursements for actual and necessary travel or other expenses incurred in the performance of their official duties. The Council is required to meet a least quarterly. Assuming 16 meetings, 11 members and an average of 75 miles per member, DHS estimates the cost of travel reimbursement to be \$7,260 for the 2009-11 biennium. Based on meeting costs of similar work groups and task force, DHS estimates room rental and office supplies to total \$4,000 for the 2009-11 biennium.

If this bill passes, DHS anticipates contracting with industry experts and consultants with expertise in establishing health care purchasing collaboratives and implementing health information technology. The department anticipates \$316,800 (approximately 2,112 hours at \$150 per hour) for the purchasing collaborative contract, and \$237,600 (approximately 1,584 hours at \$150 per hour) for the health information technology contract. This pricing model is based on historical and market data from related health information technology projects.

The Legislative Fiscal Office notes that the fiscal analysis for the purchasing collaborative and health information technology contracts serve as high-level preliminary estimates. If this bill passes, DHS will have to complete more thorough option analyses, feasibility studies and quality business cases with associated revised cost estimates for this proposed information technology project.

Allocation of funding source is based on a blended rate for the work of the Oregon Health Fund Board and components of the Oregon Health Policy and Research. This blended rate is 61 percent General Funds and 39 percent Medicaid Federal Funds.