

**Department of Legislative Services**  
 Maryland General Assembly  
 2017 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1516 (Delegate Hill, *et al.*)  
 Health and Government Operations

**Public Health - Health Record and Payment Clearing House - Pilot Program**

This bill requires the Maryland Health Care Commission (MHCC), by December 31, 2017, to (1) research and evaluate existing health record and payment clearing houses; (2) develop specified standards for such a clearing house; (3) determine whether a clearing house should maintain a certain minimal summary data set; and (4) report to the Governor and the General Assembly recommendations regarding, and funding requests for, a health record and payment clearing house pilot program. By January 1, 2019, MHCC must establish and implement for use in a pilot program a health record and payment clearing house that meets specified requirements. By December 31, 2020, and each year thereafter for the next four years, MHCC must submit a status report on the implementation of the pilot program.

The bill takes effect July 1, 2017, and terminates June 30, 2022.

**Fiscal Summary**

**State Effect:** MHCC special fund expenditures increase by \$401,800 in FY 2018 to hire one program manager and procure contractual information technology (IT) services and by \$291,400 beginning in FY 2019 to implement the pilot program. Future years reflect ongoing expenditures, a reduction in contractual IT expenses, and termination of the pilot program at the end of FY 2022. To the extent permitted under the commission’s user fee cap, MHCC special fund revenues increase accordingly beginning in FY 2018.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
SF Revenue	-	-	-	-	-
SF Expenditure	\$401,800	\$291,400	\$294,400	\$297,500	\$200,700
Net Effect	(\$401,800)	(\$291,400)	(\$294,400)	(\$297,500)	(\$200,700)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** None.

**Small Business Effect:** Minimal.

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## **Analysis**

**Bill Summary:** By January 1, 2019, MHCC must establish and implement for use in a pilot program a health record and payment clearing house that (1) builds on the work of the Chesapeake Regional Information System for our Patients (CRISP); (2) allows authorized users to access and enter patient medical records remotely; (3) allows the exchange of data between systems used by providers and carriers for the payment of health care claims; (4) interacts with the Prescription Drug Monitoring Program; (5) meets federal and State requirements regarding the confidentiality of medical records; and (6) is available securely online. MHCC may contract with an outside entity or CRISP to establish and maintain the health record and payment clearing house.

The health record and payment clearing house must:

- create and maintain access security logs;
- include security and backup safeguards;
- indicate when a portion of a health record maintained elsewhere is offline and provide minimal data regarding the record;
- include a free and secure web-based portal for specified purposes;
- provide for the determination and collection of all benefits, copays, and deductibles at the point of service with immediate claim adjudication;
- provide for the immediate answering of questions regarding covered services and benefits at the point of service;
- provide for the submission of an electronic record of health care services, supplies, and medications provided or prescribed in order for payment to be received;
- provide for the format and content of the minimum medical record data set required for payment through the health record and payment clearing house;
- include the ability to provide required data securely over the Internet without requiring providers or suppliers to pay for proprietary software;
- allow the use of specified proprietary software;
- ensure that each patient has a unique identifier assigned and maintained centrally by the Department of Health and Mental Hygiene;
- direct data requests to the correct server or record holder and allow for multiple servers or record holders to house some or all of the information for each patient;

- allow each patient to indicate if researchers may anonymously access the patient’s health care records and to withdraw permission once given;
- allow for secure access through specific terminals by emergency room personnel under specified conditions;
- include the option to use specified health cards;
- allow for online and offline appeal of denied services, benefits, or payments;
- support a high volume of simultaneous users;
- be compatible with both the Windows and the Macintosh operating systems; and
- meet any other standards developed and required by MHCC.

MHCC must select persons, as appropriate, from specified groups to use and provide feedback regarding the health record and payment clearing house as part of the pilot program.

**Current Law/Background:** MHCC designated CRISP as the statewide health information exchange (HIE) in 2009, and the infrastructure became operational in 2010. An HIE allows clinical information to move electronically among disparate health information systems. CRISP offers tools aimed at improving the facilitation of care for the region’s health care providers. The health record and payment clearing house proposed under the bill would include additional consumer-oriented functions.

According to MHCC, there are currently 36 clearing houses in Maryland that use similar technology standards, but they are used by separate customer bases and do not interact.

**State Fiscal Effect:** MHCC special fund expenditures increase by \$401,789 in fiscal 2018, which accounts for the bill’s July 1, 2017 effective date. This estimate reflects the cost of hiring one full-time contractual program manager to, in fiscal 2018, research and evaluate any existing health record clearing houses, develop standards for accessing health records and requests for payment, determine if a minimal data set should be kept by the health record clearing house, and submit a required report. In fiscal 2019 through 2022, the program manager will establish and maintain a health record and payment clearing house pilot program, including procurement and oversight of software design and IT contracts. The estimate includes a salary, fringe benefits, contractual IT services, one-time start-up costs, and ongoing operating expenses.

Contractual Position	1
Salary and Fringe Benefits	\$94,024
Contractual Information Technology Services	300,000
One-time Start-up Costs	4,640
Ongoing Operating Expenses	<u>3,125</u>
<b>Total FY 2018 State Expenditures</b>	<b>\$401,789</b>

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses. Contractual IT services expenditures decline to \$200,000 annually beginning in fiscal 2019, and \$100,000 in fiscal 2022, the final year of the pilot program.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

This estimate reflects the costs estimated to be incurred by MHCC to develop and run the pilot program only and *does not* reflect any costs associated with implementation or maintenance of a permanent health record and payment clearinghouse, which are likely significant.

As MHCC is special funded, MHCC special fund revenues increase correspondingly with expenditures. The Department of Legislative Services notes that the Governor's proposed fiscal 2018 budget includes \$15.1 million for the commission; however, the commission has a statutory cap on user fee assessments of \$12.0 million.

**Additional Comments:** The bill requires MHCC to submit a status report on the implementation of the pilot program by December 31, 2020, and each year thereafter for the next four years; however, the pilot program terminates June 30, 2022.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** SB 750 (Senator Guzzone) - Finance.

**Information Source(s):** Department of Health and Mental Hygiene; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - March 13, 2017  
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