

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 1376 (Delegates Shriver and Donoghue)
Environmental Matters

Patient Safety Improvement Act of 2001

This bill creates the Patient Safety Information Collection Program.

The bill takes effect July 1, 2001.

Fiscal Summary

State Effect: Maryland Health Care Commission (MHCC) special fund revenues and expenditures could each increase by \$649,500 in FY 2002. Future year estimates reflect annualization, inflation, and full implementation of the reporting system in FY 2003, with reduced expenditures in future years for system maintenance.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
SF Revenue	\$649,500	\$846,800	\$609,700	\$628,800	\$649,200
SF Expenditure	649,500	846,800	609,700	628,800	649,200
Net Effect	\$0	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The stated purposes of the Patient Safety Information Collection Program are to: (1) maximize patient safety; (2) reduce medical errors; (3) improve the quality of health care by improving systems that report, collect, analyze, and disseminate

information relating to medical errors and patient safety; (4) encourage a culture of blame-free reporting of medical errors; and (5) improve public access to information relating to medical errors and patient safety.

MHCC must implement a system, through the adoption of regulations by July 1, 2002, for the mandatory, collaborative, and confidential reporting of egregious and nonegregious medical errors involving health care practitioners in the State that lead to adverse medical events in health care facilities. The system must include peer review and an investigative process that does not exceed 45 days for each investigation. MHCC must establish a toll-free telephone number, a toll-free facsimile number, a web-based or electronic mail-based reporting mechanism, and a voice messaging system for the reporting of medical errors. MHCC must develop a public information campaign that informs health care practitioners and staff of the methods for reporting medical errors.

MHCC must: (1) identify available information that is useful for maximizing patient safety, reducing medical errors, and improving health care quality; (2) evaluate existing reporting requirements; (3) develop recommendations for the General Assembly for standardizing, consolidating, and supplementing existing data reporting requirements; (4) coordinate the data collection and reporting activities of the program with the activities of the Office of Health Care Quality, the federal government and other states, and other programs for improving patient safety; and (5) develop programs to ensure the validity of statewide data reporting systems, including the use of random audits to ensure compliance. MHCC must analyze and use the information collected to recommend statewide goals for medical safety, track the progress of health care providers in meeting medical safety goals, and use the information in reporting on the performance of health care providers and health care practitioners in the State. MHCC must promote the development and dissemination of regional and statewide performance information and participate in voluntary, cooperative efforts to improve patient safety and health care quality. MHCC must serve as a clearing house of information for health care providers of quality improvement strategies and best practices.

A supervisor or head of a health care facility cannot take or refuse to take any personnel action as a reprisal against an employee who discloses information about medical errors.

Beginning April 1, 2002, MHCC must report its findings and recommendations annually to the Governor and General Assembly.

Current Law: None applicable.

State Fiscal Effect: MHCC special fund expenditures could increase by \$649,514 in fiscal 2002, which accounts for a 90-day start-up delay. This estimate reflects the cost of contracting with a consultant to develop, implement, and maintain the proposed system.

It also reflects the cost of hiring two health occupations investigators, two data device operators, one research statistician, and one program manager to implement and maintain the reporting system and investigate medical errors. MHCC, along with the contracting consultant, will develop and maintain a database containing information on medical errors throughout the State, investigate complaints, implement a public information campaign about reporting medical errors to MHCC, and analyze data reporting systems.

Salaries and Fringe Benefits	\$239,487
Contract to Design, Develop, and Implement a Reporting System	375,000
Ongoing Operating Expenses	<u>35,027</u>
Total FY 2002 State Expenditures	\$649,514

Future year expenditures reflect: (1) full salaries with 6.5% annual increases in fiscal 2003, 4.5% annual increases thereafter, with 3% employee turnover; (2) 1% annual increases in ongoing operating expenses; and (3) full implementation of the reporting system in fiscal 2003 and reduced expenditures for system maintenance.

MHCC is specially funded through fees imposed on payors and providers. As a result of the increase in expenditures, MHCC would raise provider fees by an amount to exactly offset the increase in expenditures.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene (Maryland Health Care Commission), Department of Legislative Services

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