

**Department of Legislative Services**  
Maryland General Assembly  
2007 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 979

(Delegate Pendergrass, *et al.*)

Health and Government Operations

Finance

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**Health Information Exchange Pilot Project**

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This bill establishes a Health Information Exchange Pilot Project to be operated by the Maryland/DC Collaborative. The project must transmit to participating health care providers in a private and secure manner • medication history; • laboratory and radiology results; and • inpatient and emergency department discharge summaries. The Maryland/DC Collaborative must report on its progress to the Health Services Cost Review Commission (HSCRC) and the Maryland Health Care Commission (MHCC) by December 1 of each year.

MHCC and HSCRC must ensure that the Maryland/DC Collaborative addresses privacy, security, economic, and interoperability issues. Hospitals may apply to HSCRC for a one-time award through rate adjustment to provide partial compensation for the cost of developing a data interface necessary for participation in the collaborative.

The bill takes effect July 1, 2007 and terminates June 30, 2010.

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**Fiscal Summary**

**State Effect:** Medicaid expenditures could increase by a potentially significant amount beginning in FY 2008 (50% general funds, 50% federal funds) to the extent HSCRC provides rate adjustments to hospitals under the bill. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Background:** MHCC and HSCRC are collaborating on a statewide project to develop a clinical data sharing utility that would link key health care providers and payors in different regions, enabling the exchange of selected administrative and clinical data elements. MHCC and HSCRC have adopted regulations to establish a process to accept applications for a two-phase project to provide seed funding through HSCRC rates for the first phase of the project, a RHDE pilot project. HSCRC expects to provide up to \$10 million in funding from hospital rates for the second phase of the project.

In addition to the pilot program established under the bill, HSCRC plans to fund up to three planning projects through hospital rate adjustments of up to \$250,000 each. A request for application is being developed by MHCC. Several pilot projects are expected to proceed in parallel with the planning projects, including the one operated by the Maryland/DC Collaborative. The first phase of the pilot project will deliver laboratory, pharmacy, and radiology information; the second phase will include access to discharge summaries and procedure notes. MHCC and HSCRC will appoint a liaison to work closely with the collaborative on broad policy concerns.

The Maryland/DC Collaborative for Healthcare Information Technology (the collaborative) was established in 2001 to better utilize health care information technology. A 501(c)(3) corporation, the organization's mission is to work collaboratively with Maryland and Washington, DC health care providers and organizations to establish a regional health information organization (RHIO) infrastructure. The collaborative includes community hospitals, CareFirst Blue Cross Blue Shield, Aetna, and the region's major academic health care systems.

**State Fiscal Effect:** Medicaid expenditures could increase by a significant amount beginning in fiscal 2008 (50% general funds, 50% federal funds). The exact amount of this increase will depend on the number of hospitals that apply to HSCRC for a one-time award to provide partial compensation for the cost of developing a data interface and the value of any rate adjustments provided by HSCRC. Medicaid's share of total hospital revenues is approximately 18% annually.

**Additional Comments:** Commercial insurance premiums could also increase by a significant amount beginning in fiscal 2008 to the extent HSCRC provides rate adjustments to hospitals. Commercial insurance comprises 37% of total hospital revenues annually.

## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene, Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2007  
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