



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 8

PRINTERS NO. 2269

PRIME SPONSOR: Folmer

COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	\$0	\$804,000

SUMMARY: Senate Bill 8 is a freestanding act to be known as the Pennsylvania eHealth Information Technology Act. It would take effect immediately.

ANALYSIS: Senate Bill 8 creates the Pennsylvania eHealth Information Technology Act. The Act would establish the Pennsylvania eHealth Partnership Authority and the Pennsylvania eHealth Partnership Fund.

The Pennsylvania eHealth Partnership Authority (Authority) would be an independent agency of the Commonwealth whose board of directors would consist of 15 appointees. The primary responsibilities of the Authority would be the following:

- Establish an electronic Health Information Exchange in Pennsylvania;
- Apply for and administer grants, loans and other funding to execute the responsibilities of the Authority;
- Develop and maintain a health care provider directory;
- Develop criteria for interoperability and approve participants in the Health Information Exchange;
- Adopt and properly implement security standards and procedures to protect confidentiality of electronic health records;
- Establish and collect transaction, subscription or other fees adopted by the Authority, for the operation of the Authority;
- Establish advisory groups which represents parties interested and affected by this legislation;
- Develop and conduct public information programs to educate and inform consumers and patients about health information;
- Submit annual reports to the Governor and the General Assembly;
- Work with the Federal government and other governmental entities to achieve interoperability; and
- Perform all other activities in furtherance of the purposes of the act.

The Pennsylvania eHealth Partnership Fund (Fund) will be established as the repository for all fees promulgated by the Authority. The Fund would be administered by the Authority.

All fees collected and deposited into the fund shall be held for the exclusive purposes of the Authority and may not be considered a part of the General Fund.

Health records and other patient information would automatically become part of providers' electronic networks unless the patient (or a minor's parent or guardian) specifically declines. §4001 clarifies that health information or personally identifying information shall not be considered a public record for purposes of the Right-To-Know law.

The Authority would expire five (5) years after the effective date.

FISCAL IMPACT: Pennsylvania was awarded \$17.1 million in American Recovery and Reinvestment Act (ARRA) funds for health information technology and to assist with the establishment of a Health Information Exchange (HIE). These federal funds have the following state matching requirements:

- \$1.00 for each \$10.00 of federal funds in FFY 2011;
- \$1.00 for each \$7.00 of federal funds in FFY 2012; and
- \$1.00 for each \$3.00 of federal funds in FFY 2013 and beyond.

The Office of Administration (OA) are attempting to complete as much work as possible on establishing an HIE prior to October 1, 2012, when the matching requirement will increase to 33.3%.

According to the Governor's Office of the Budget, OA has allocated \$10.1 million of the \$17.1 million ARRA funds and \$804,000 of state funds in FY 2012-13 for the establishing of an HIE. The federal funds in FY 2013-14 will decrease to \$5.7 million and the state funds will remain the same. In FY 2014-15, participant fees will be implemented, reducing the federal grant costs to \$603,000 and state costs to \$201,000.

In addition to the ARRA and state funds appropriated for the establishing of an HIE, the Authority would seek additional funding from private sources along with the adopting of transaction and subscription fees to be paid by participants in the HIE. It's assumed that the Authority would adopt fees in amounts that not only would be proportional to the participant's use of the HIE, but at a level that would sustain the operations of the HIE and Authority as well.

Based on current expenditures by OA to get the HIE operational, they anticipate annual operating expenses for the HIE to be \$6.4 - \$6.5 million. These costs would be offset by any public/ private funds and participant fees collected by the Authority.

Therefore, the enactment of this legislation would have a total fiscal impact on Commonwealth funds of \$1.8 million over the next three (3) fiscal years. The fiscal year funding breakout is as follows: \$804,000 in FY 2012-13; \$804,000 in FY 2013-14; and \$201,000 in FY 2014-15. The funding for FY 2012-13 is included in the FY 2012-13 General Appropriations Bill.

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House Appropriations Committee (R)

DATE: June 26, 2012

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.