

HEALTHCARE INFORMATION TECHNOLOGY AND INFRASTRUCTURE DEVELOPMENT FUND

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House Bill 6039

Sponsor: Rep. Gary A. Newell

Committee: Health Policy

Complete to 9-18-06

A SUMMARY OF HOUSE BILL 6039 AS INTRODUCED 5-4-06

The bill would add a new section to the Public Health Code to establish in the Department of Community Health **the Healthcare Information Technology and Infrastructure Development Fund**. The Fund would be administered by the Health Information Technology Commission, created by Public Act 137 of 2006 (enrolled House Bill 5336). The purpose of the Fund would be to promote the development and adoption of healthcare information technologies designed to improve the quality, safety, and efficiency of healthcare services.

Fund revenues. Money in the fund would have to be used for established regional health information organizations and other projects authorized by the commission to develop, maintain, expand, and improve the state's healthcare information technology infrastructure and to assist healthcare facilities and health services providers in adopting healthcare information technologies shown to improve healthcare quality, safety, or efficiency. The commission would have to develop criteria for the selection of projects to be funded and criteria for eligible regional health information organizations and healthcare information technology and infrastructure projects to be funded under Part 25 of the code.

The types of revenue the director of DCH could accept for deposit in and credit to the Fund would include any grant, bequest, donation, gift, bonds, or money appropriated by the Legislature or received from insurers. The commission could expend monies from the Fund for the purposes enumerated in the bill.

Health insurers. Notwithstanding any provision of its articles of incorporation, bylaws, or other enabling documents or laws to the contrary, the bill would authorize a health insurer, Health Maintenance Organization (HMO), health plan, or nonprofit health care corporation (BCBS) to allocate sums of money derived from the collections of premiums to the Fund. In addition, the bill would authorize these insurers to expend on an annual basis a sum of money equal to not more than five percent of its previous year's premium income for a project approved by the commission, with the concurrence of the state insurance commissioner. The Health Information Technology Commission would be authorized to approve projects which were in conformance with the bill's provisions.

Annual report. The commission would have to prepare and issue an annual report not later than January 30 of each year. The report would have to outline in specific detail the amount of funds from the Fund spent in the previous year, a status report on the projects funded, progress to date in implementing a statewide healthcare information infrastructure, and recommendations for future investments and projects.

FISCAL IMPACT:

House Bill 6039 requires the creation and establishment of a new Healthcare Information Technology and Infrastructure Development Fund within the Department of Community Health (DCH). The bill does not require state appropriations for the funded program but allows for the deposit of various sources of revenue into the fund for grants, including state revenue appropriated by the Legislature. The bill's fiscal impact on state government includes administrative costs for DCH, grant review and administration, reporting, and information technology (IT) costs. Grant administration costs will be dependent upon the fund balance and consequent volume of grants. In the FY 2006-07 budget year for DCH, \$9.0 million has been appropriated to support Medicaid health IT pilot projects in southeast Michigan as well to be used as matching funds for potential Medicaid health IT grant applications.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.