

Legislative Analysis



HEALTHCARE INFORMATION TECHNOLOGY AND INFRASTRUCTURE DEVELOPMENT FUND

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House Bill 6039 (Substitute H-2)
Sponsor: Rep. Gary A. Newell
Committee: Health Policy

Complete to 9-19-06

A SUMMARY OF HOUSE BILL 6039 AS REPORTED FROM COMMITTEE

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. Money in the Fund at the close of a fiscal year would remain in the Fund and not lapse to the general fund.

Political Contributions/Activities. When authorizing expenditures and investments, the Health Information Technology Commission could not consider whether a recipient had made a contribution or expenditure under the Michigan Campaign Finance Act. Expenditures could not be used to finance or influence political activities.

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. The Health Information Technology Commission would be authorized to approve projects which were in conformance with the bill's provisions.

Commission members. A member of the Health Information Technology Commission could not make, participate in making, or in any way attempt to use his or her position as a member of the commission to influence a decision regarding a loan, grant, investment, or other expenditure under Part 25 to his or her employer. In addition, commission members, employees, or agents could not engage in any conduct constituting a conflict of interest; a person would have to provide written notice to the commission of any incident or circumstances that could present the existence of a conflict of interest with respect to the person's performance of commission-related work or duty. A member would have to disclose the conflict of interest prior to the commission taking action on the related matter. Further, the bill would require the member, in relation to the matter, to refrain from voting; participating in any discussion; being present when the matter was being discussed, deliberated, or voted on; and discussing the matter with other commission members. Failure to comply would constitute misconduct in office and subject the member to removal.

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 informational technology costs; and the carryforward of monies deposited in the Fund. 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.

BACKGROUND INFORMATION:

The bill is a companion bill to Public Act 137 of 2006, which created the Health Information Technology Commission to prepare the way for patient medical records to be stored and transmitted electronically. House Bill 6039 would establish the Healthcare Information Technology and Infrastructure Development Fund, establish guidelines as to how the commission can disperse money from the fund, and provide accountability and oversight of the fund.

POSITIONS:

The Department of Community Health indicated support for the bill. (9-19-06)

The Michigan Osteopathic Association indicated support for the bill. (9-19-06)

The Michigan Health and Hospital Association indicated support for the bill. (9-19-06)

Ascension Health-Michigan indicated support for the bill. (9-19-06)

Trinity Health indicated support for the bill. (9-19-06)

The Michigan Association of Health Plans indicated support for the bills. (9-19-06)

Spectrum Health System indicated support for the bill. (9-19-06)

The Michigan State Medical Society indicated support for the bill. (9-19-06)

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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.