



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 466 (Substitute S-2 as reported)
Sponsor: Senator Bruce Patterson
Committee: Health Policy

CONTENT

The bill would amend the Social Welfare Act to increase from six to seven years the length of time a provider must retain the health care records of an individual enrolled in Medicaid; and prescribe standards for the disposal of a Medicaid patient's medical records.

Under the Act, a Medicaid provider must maintain records necessary to document the extent and cost of services, supplies, or equipment provided to a medically indigent individual and to substantiate each claim, as well as the medical necessity, appropriateness, and quality of service rendered for which a claim is made. The provider must retain each record for six years after the date of service. The bill would increase that period to seven years.

Under the bill, if a provider were authorized to dispose of patient records or other patient identifying information, the provider would have to ensure that records that identified a patient and other individually identifying information sufficiently were deleted, shredded, incinerated, or disposed of in a fashion that would protect the confidentiality of the patient's health care information and personal information. The Department of Human Services (DHS) could take action to enforce the record disposal provisions. If the DHS could not enforce compliance, it could enter into a contract or make other arrangements to ensure that patient records and other individually identifying information were disposed of in a fashion that would protect the confidentiality of the information. The DHS could assess costs associated with that disposal against the provider.

The provider's responsibilities with regard to maintenance, retention, and disposal of patient records and other individually identifying information would continue after the provider ceased to participate in the Medicaid program for the time period specified under the bill.

MCL 400.111b

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the State. The DHS Office of Children and Adult Licensing Programs in 2005 regulated 3,573 adult foster care facilities with a capacity of 47,366 adults in care. When the facility is in violation of record retention requirements, the provider is required to submit a plan of correction in order to retain the facility license. Under the proposed enforcement provision, the DHS would have to contract for disposal services as well as institute new administrative billing procedures. The information needed to determine the cost of these administrative changes is not presently available.

Date Completed: 4-21-06

Fiscal Analyst: Constance Cole

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