

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1409 Florida Health Information Network, Inc.
SPONSOR(S): Benson
TIED BILLS: HB 1411 **IDEN./SIM. BILLS:** SB 2786

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Health Care Regulation Committee	9 Y, 0 N	Bell	Mitchell
2) Health Care Appropriations Committee			
3) Health & Families Council			
4)			
5)			

SUMMARY ANALYSIS

HB 1409 creates the "Florida Health Information Network Act" as a public/private partnership that will implement a statewide electronic medical records network.

The bill establishes the Florida Health Information Network, Inc., as a not-for-profit corporation. The corporation will be managed by an uncompensated board of directors. The initial board will consist of the current Governor's Health Information Infrastructure Advisory Board (for 18 months).

The primary duties of the Florida Health Information Network, Inc. are to oversee, coordinate, and implement a statewide electronic medical records network. Among the many duties listed in the enabling legislation, the Florida Health Information Network, Inc. is charged with development of technical standards for electronic medical records and recruiting participants into the network.

The Agency for Health Care Administration (AHCA) will provide oversight of the Florida Health Information Network, Inc.

The bill appropriates \$9,426,117 from the General Revenue Fund to AHCA to carry out the Florida Health Information Network Act.

The effective date of the bill is July 1, 2006.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government – The bill creates the Florida Health Information Network, Inc. as a not for profit corporation. The fiscal impact of the bill is \$9,426,117 in year one.

Empower Families/Safeguard Individual Liberty – Full implementation of electronic medical records may increase individual's access to their own health care information, provide more transparency in the health care system, and increase the quality of care.

Maintain Public Security – Full implementation of electronic medical records would better prepare the state for natural or manmade disasters, such as hurricanes.

B. EFFECT OF PROPOSED CHANGES:

HB 1409 creates s. 408.064, F.S., to establish the "Florida Health Information Network Act" to promote statewide integration of electronic medical records. It creates the Florida Health Information Network, Inc., as a not-for-profit corporation. That will be managed by an uncompensated board of directors. The initial board will consist of the current Governor's Health Information Infrastructure Advisory Board (for 18 months).

The primary duty of the Florida Health Information Network, Inc. is to develop a statewide health information network. To accomplish this end the Florida Health Information Network, Inc. is directed in its enabling legislation to:

- Devise and implement a strategic plan for infrastructure development, and periodically evaluate and modify the plan;
- Develop, operate, and maintain the technical infrastructure necessary to perform the functions of the network consistent with the strategic plan;
- Promote an integrated approach to efforts to create a secure network for communication of electronic health information in the state;
- Market the network to promote widespread use;
- Assist in the development and expansion of existing local or regional health information networks and the creation of new networks;
- Develop annual budgets;
- Take commercially reasonable measures to protect its intellectual property, including obtaining patents, trademarks, and copyrights where appropriate; and
- Make recommendations for reform of the state's laws regarding medical records.

The Florida Health Information Network, Inc. is also charged with developing and enforcing privacy, security, operational, and technical standards among regional and local health information networks.

The bill requires the Florida Health Information Network, Inc. to regularly assess the adoption of electronic records systems and utilization of the statewide network and incorporate the results into its regular strategic planning process.

The Agency for Health Care Administration (AHCA) is responsible for promoting the development of the health information network as a public-private partnership in the state. AHCA is responsible for developing and implementing a plan for the formation and operation of the health information network.

Pursuant to HB 1409, AHCA will contract with the Florida Health Information Network, Inc. to implement the plan, July 1, 2006, through June 30, 2008.

The effective date of the bill is July 1, 2006.

CURRENT SITUATION

Florida Health Information Network

In June 2005, President Bush called for most Americans to have electronic health records¹ within ten years. Florida is currently working towards this end. Existing section 408.062(5), F.S., requires the Agency for Health Care Administration (AHCA) to develop a strategic plan for the adoption and use of electronic health records. AHCA is authorized to develop rules to facilitate the functionality and protect the confidentiality of electronic health records.

AHCA provides staff support to the Governor's Health Information Infrastructure Advisory Board which was established by Executive Order 04-93 in May of 2004. The Advisory Board advises and supports AHCA as it develops and implements a strategy for the adoption and use of electronic health records and creates a plan to promote the development and implementation of a Florida health information infrastructure. Under current law, the Board may continue to operate until June of 2007.

AHCA received \$1.5 million in fiscal year 2005-2006 for the Florida health information network to be used to provide grant funding of local and regional health information exchange pilot projects.

BACKGROUND

Paper-based records have been in existence for centuries and their gradual replacement by computer-based records has been slowly underway for over twenty years. Computerized information systems have not achieved the same degree of penetration in healthcare as that seen in other sectors such as finance, transport and the manufacturing and retail industries. Further, deployment has varied greatly from area to area and from specialty to specialty and in many cases has revolved around local systems designed for local use. National penetration of electronic medical records may have reached over 90% in primary care practices in Norway, Sweden and Denmark (2003), but has been limited to only 17% of physician office practices in the USA (2001-2003).² According to AHCA, only 20% of Florida physicians are using electronic health records.

C. SECTION DIRECTORY:

Section 1. – Creates s. 408.064, F.S., to the Florida Health Information Network, Inc. as a not-for-profit corporation.

Section 2. – Provides an appropriation of \$9,426,117, F.S., from General Revenue, for purposes of creating the Florida Health Information Network, Inc.

Section 3. – Provides that the bill will take effect July 1, 2006.

¹ According to the Florida Senate Interim Project 2006-135, "An electronic health record is a digital collection of information from a patient's medical history that may include diagnoses, prescribed medications, vital signs, immunizations, and personal characteristics."

² Health and Human Services, 2005.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

FISCAL IMPACT ON AHCA/FUNDS:

	Amount Year 1 FY 06-07	Amount Year 2 FY 07-08
Total Recurring Expenditures	<u>\$9,426,117</u>	<u>\$9,426,117</u>

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

According to the Agency for Health Care Administration (AHCA), the fiscal impact of the bill is \$9,426,117 for the first year. This amount includes \$9,426,117 for the Agency to contract with the Florida Health Information Network, Inc. to carry out the purposes of the act. The contract will provide \$5,953,200 for the health information network technical infrastructure, \$1,524,452 for technical staff and technical consulting, \$1,052,446 for professional and administrative personnel and overhead, and \$896,019 for practitioner outreach projects and a public education campaign. AHCA expects an additional \$9,426,117 appropriation in year two.

The long-term impacts of electronic medical records are estimated to create more efficiency in the health care system and improve patient safety. Researchers estimate that nationwide implementation of electronic medical records could eventually save more than \$81 billion annually.³

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or take action requiring the expenditure of funds. This bill does not reduce the percentage of state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

³ Health Affairs, 24, no. 5 (2005): 1103-1117.

None.

B. RULE-MAKING AUTHORITY:

The Agency for Health Care Administration has the necessary rulemaking authority to carry out the provisions in the bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES