

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		Speir	Massengale
3) Health & Families Council			
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

House Bill 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 (agency) will provide oversight of the Florida Health Information Network, Inc.

The bill appropriates \$9,426,117 from the General Revenue Fund to the agency 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:

Executive Order Number 04-93 created the Governor's Health Information Infrastructure Advisory Board (board) on May 4, 2004. The Executive Order states that the board shall be "advisory in nature." The board is to advise the Agency for Health Care Administration (agency) in creating a health information infrastructure. The board is to continue in existence until June 30, 2007 or all of its objectives are achieved. The Executive Order named W. Michael Heekin as Chair of the Board.

In collaboration with the agency, the board established the Florida Health Information Network, Inc., as a Florida not-for-profit corporation. The Articles of Incorporation were filed on April 5, 2005, and named W. Michael Heekin as the initial director and officer. The Articles of Incorporation states that the directors are to appointed or elected "per executive order 04-93."

The 2005 Legislature appropriated \$1.5 million to AHCA for the Florida Health Information Network subject to Legislative Budget Commission approval. The initial budget amendment request from AHCA sought \$250,000 for start-up funds for the creation of the Florida Health Information Network, Inc. The amendment was changed to have all \$1.5 million fund grants.

The budget amendment providing for the funding of grants for the Florida Health Information Network was approved by the Legislative Budget Commission on October 20, 2005. The grants program provides grants for the planning and implementation of local and regional health information exchange projects and for technical assistance programs to encourage the adoption of electronic health record systems by physicians and other practitioners. Nine (9) grant projects were awarded during the period January through June 30, 2006. These include five planning grants, three implementation grants and one technical assistance grant. Final reports on the projects are due to the agency July 10, 2006.

House Bill 1409 creates s. 408.064, F.S., establishing 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 of directors 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.
- 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 (agency) is responsible for promoting the development of the health information network as a public-private partnership in the state. The agency is also responsible for developing and implementing a plan for the formation and operation of the health information network.

Pursuant to House Bill 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.

C. SECTION DIRECTORY:

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

Section 2. Provides an appropriation.

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

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

Expenditures:

<u>Non-recurring</u>	<u>2006-2007</u>
General Revenue	<u>\$9,426,117</u>
Total	<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 (agency), 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. The agency 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.¹

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:

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

¹ Health Affairs, 24, no. 5 (2005): 1103-1117.