Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5336 (Substitute S-2 as reported)
Sponsor: Representative Gary A. Newell
House Committee: Health Policy
Senate Committee: Health Policy

Date Completed: 4-10-06

RATIONALE

In 2004, President George W. Bush signed Executive Order 13335 requiring the creation of a National Health Information Technology Coordinator position within the U.S. Department of Health and Human Services, and requiring the Coordinator to "develop, maintain, and direct the implementation of a strategic plan to guide the nationwide implementation of interoperable health information technology…that will reduce medical errors, improve quality, and produce greater value for health care expenditures". Around the same time, the President announced a goal that most Americans have electronic health records within the next 10 years. Proponents believe that a health information technology infrastructure will give health care providers easier access to patients' records and improve efficiency. It has been suggested that the State establish a commission to facilitate the creation of such a system in Michigan.

CONTENT

The bill would add Part 25 (Health Information Technology) to the Public Health Code to create the Health Information Technology Commission within the Department of Community Health (DCH) to facilitate and promote the design, implementation, operation, and maintenance of an interoperable health care information infrastructure in Michigan.

The Commission would consist of the following 13 members appointed by the Governor: the DCH Director or his or her designee; the Director of the Department of Information Technology (DIT) or his or her designee; and one individual representing each of the following:

-- Blue Cross and Blue Shield of Michigan.
-- Hospitals.
-- Doctors of medicine.
-- Doctors of osteopathic medicine and surgery.
-- Purchasers or employers.
-- The pharmaceutical industry.
-- Schools of medicine in Michigan.
-- The health information technology field.
-- Pharmacists.
-- Health plans or other third-party payers.
-- Consumers.

The appointed members would have to include representatives from both the public and private sectors. In order to be appointed to the Commission, each person would have to have experience and expertise in at least one of the following areas:

-- Health information technology
-- Administration of health systems.
-- Research of health information.
-- Health finance, reimbursement, and economics.
-- Health plans and integrated delivery systems.
-- Privacy of health care information.
-- Medical records.
-- Patient care.
-- Data systems management.

A Commission member would have to serve for a term of four years, or until a successor

was appointed. Of the members first appointed, three would have to be appointed for a term of one year, three for two years, three for three years, and four for four years. The Governor could remove a member for incompetence, dereliction of duty, malfeasance, misfeasance, or nonfeasance in office, or any other good cause. Commission members would have to serve without compensation.

At the Commission's first meeting, a majority of the members would have to elect from the members a chairperson and other officers as it considered necessary or appropriate. After the first meeting, the Commission would have to meet at least quarterly, or more frequently at the call of the chairperson or if requested by a majority of the members. The Commission would be subject to the Open Meetings Act and the Freedom of Information Act.

The Commission would have to ensure adequate opportunity for the participation of health care professionals and outside advisors with expertise in health information privacy and security, health care quality and patient safety, data exchange, health care delivery, development of health information technology standards, or development of new health information technology, by appointing advisory committees, including committees to address the following:

-- Interoperability, functionality, and connectivity, including uniform technical standards, common policies, and common vocabulary and messaging standards.
-- Security and reliability.
-- Certification process.
-- Electronic health records.
-- Consumer safety, privacy, and quality of care.

The Commission would have to do each of the following:

-- Develop and maintain a strategic plan (described below) to guide the implementation of an interoperable health information technology system that would reduce medical errors, improve quality of care, and produce greater value for health care expenditures.
-- Identify critical technical, scientific, economic, and other critical issues affecting the public and private adoption of health information technology.
-- Provide recommendations on policies and measures necessary to achieve widespread adoption of health information technology.
-- Increase the public's understanding of health information technology.
-- Promote more efficient and effective communication among multiple health care providers, including hospitals, physicians, payers, employers, pharmacists, laboratories, and any other health care entity.
-- Identify strategies to improve the ability to monitor community health status.
-- Develop or design any other initiatives in furtherance of the Commission's purpose.
-- Perform any and all other activities in furtherance of the duties described above or as directed by the DCH or DIT, or both.

The Commission also would have to report and make recommendations annually to the chairpersons of the standing committees of the House of Representatives and the Senate with jurisdiction over issues pertaining to community health and information technology, the Appropriations subcommittees on community health and information technology, and the Senate and House Fiscal Agencies.

The strategic plan would have to include, at a minimum, each of the following:

-- The development or adoption of health care information technology standards and strategies.
-- The ability to base medical decisions on the availability of information at the time and place of care.
-- The use of evidence-based medical care.
-- Measures to protect the privacy and security of personal health information.
-- Measures to prevent unauthorized access to health information.
-- Measures to ensure accurate patient identification.
-- Methods to facilitate secure patient access to health information.
-- Measures to reduce health care costs by addressing inefficiencies, redundancy in data capture and storage, medical errors, inappropriate care, incomplete information, and administrative, billing, and data collection costs.

-- The incorporation of health information technology into the provision of care and the organization of the health care workplace.
-- The ability to identify priority areas in which health information technology could provide immediate benefits to consumers and a recommended timeline for implementation.
-- Measurable outcomes.

The Commission or a member would not be personally liable for any action at law for damages sustained by a person because of an action performed or done by the Commission or a member in the performance of their respective duties in the administration and implementation of proposed Part 25.

Proposed MCL 333.2501-333.2507

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

An interoperable health information technology network would provide increased portability and accuracy of patient records, which in turn would lead to greater efficiency, reduced costs, and improved quality of care.

Health care records frequently are missing information at the point of care, hampering the provider's ability to assess the patient's condition accurately and select the appropriate treatment. Patients commonly receive services from more than one physician, and transporting the paper copy of a medical record from provider to provider can be cumbersome, especially for someone with extensive records due to a serious, long-term condition. Maintaining electronic health records in an accessible network would enable health care providers easily to obtain a patient's up-to-date information, facilitate communication between providers when authorized by the patient, and reduce a patient's need to fill out repetitive paperwork and undergo duplicate testing. The network could help the State track Medicaid patients, who might move frequently, to ensure that their procurement of services was more seamless. Such a system would improve patient outcomes and lower costs by reducing the number of medical errors. According to the Institute of Medicine of the National Academies, between 44,000 and 98,000 Americans die every year due to such mistakes. Many others are harmed or permanently disabled, necessitating hospitalization and other costly treatment. An electronic system would mitigate problems resulting from illegible handwritten orders and prescriptions, data entry mistakes, and other errors.

Additionally, an interoperable health infrastructure would serve to streamline the reporting of outbreaks of infectious disease and bioterrorism, and facilitate the timely mobilization of resources to respond to a public health crisis. The data maintained in the system also could be compiled (without identifying patient information) for research purposes.

Other industries have realized significant gains through the use of information technology, and the health care sector could have a similar experience. Rising costs and the current demand for health care resources are of great concern to many; an information technology network could help alleviate those concerns and provide an economic stimulus for the State. The efficiency and effectiveness of the network could encourage providers to locate in Michigan, reducing the strain on the health care system.

If such a system is to be effective, it must be based on a uniform system of communication and software, as well as rigorous privacy protections. The members of the proposed Commission would contribute their expertise and the perspective of their respective stakeholder groups to develop a practical strategic plan, including appropriate standards for the network.

Response: A representative of the nursing profession should be included among the members of the proposed Commission. Although such an individual presumably could serve in an advisory capacity under the bill, he or she would belong more appropriately on the Commission itself due to the essential role that nurses play in the provision of health care.

Legislative Analyst: Julie Koval

FISCAL IMPACT

It is likely that the bill would have no fiscal impact on State or local government. The bill possibly could create a small amount of administrative cost to the State related to providing technical support for the Health Information Technology Commission.

Fiscal Analyst: David Fosdick

H0506\s5336a