

REQUIRE OFF-SITE MEDICAL RECORD STORAGE TO BE PHYSICALLY SITED IN U.S. STATE OR CANADIAN PROVINCE

Phone: (517) 373-8080
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House Bill 4242 as introduced
Sponsor: Rep. Jamie Thompson
Committee: Government Operations
Complete to 3-19-25

SUMMARY:

House Bill 4242 would amend the Public Health Code to require health professionals and health facilities or agencies to ensure that any off-site physical or virtual environment used for keeping their patient medical records is physically maintained in a state of the United States (i.e., not a district, territory, or possession) or in a province of Canada. This provision would not apply to health maintenance organizations. Generally speaking, the code requires patient records to be kept for at least seven years, with specific exceptions that can allow for shorter periods or require longer ones.

A person that fails to comply with the bill as the result of willful and wanton misconduct would be subject to an administrative fine of up to \$10,000.

Health professionals (i.e., licensed individuals) who violate the bill would additionally be guilty of a misdemeanor punishable by imprisonment for up to 90 days, a fine of up to \$100, or both (for a first offense) or by imprisonment for up to six months, a fine of \$200 to \$500, or both (for a subsequent offense).

MCL 333.16213 and 333.20175a

FISCAL IMPACT:

House Bill 4242 would have little to no fiscal impact on the Department of Licensing and Regulatory Affairs (LARA). The bill would require all licensed health professionals and facilities to store medical records in the U.S. or Canada. This may create potential violations that LARA may investigate and issue disciplinary actions for. To the extent that violations of the new provisions occur, additional fine revenue may be realized and enforcement costs incurred. The bill may impact hospitals that are operated by units of state and local government, which include Hurley Hospital in Flint, Michigan Medicine in Ann Arbor, and Helen Newberry Joy Hospital in Newberry. Any potential costs incurred by these hospitals for compliance with the bill's requirements are indeterminate.

The bill also would have an indeterminate fiscal impact on the state and on local units of government. The bill includes additional requirements for maintenance of medical records by licensees and health facilities and agencies. If requirements are not met, under section 16299 of the Public Health Code, violations would be considered misdemeanors punishable by imprisonment for up to 90 days or a fine of up to \$100, or both, for a first offense, and by imprisonment for up to six months or a fine \$200 to \$500, or both, for a second or subsequent

offense. The number of misdemeanors that would occur under provisions of the bill is not known. New misdemeanor convictions would increase costs related to county jails and/or local misdemeanor probation supervision. Costs of local incarceration in county jails and local misdemeanor probation supervision, and how those costs are financed, vary by jurisdiction. Fine revenue collected would increase funding for public and county law libraries, which are the constitutionally designated recipients of those revenues. It is not known if provisions of the bill would result in an increase in court caseloads. If so, the fiscal impact on the judiciary and local court systems would depend on how court caseloads and related administrative costs are affected.

Legislative Analyst: Rick Yuille
Fiscal Analysts: Una Jakupovic
Robin Risko

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.