

# Department of Planning and Budget

## 2009 Fiscal Impact Statement

**1. Bill Number:** HB 2453

House of Origin	<u>X</u>	Introduced	___	Substitute	___	Engrossed
Second House	___	In Committee	___	Substitute	___	Enrolled

**2. Patron:** Sickles, Mark D.

**3. Committee:** Health, Welfare and Institutions

**4. Title:** Electronic prescribing; Secretary of Health and Human Services, etc. to establish a website

**5. Summary:** Requires the Secretary of Health and Human Services, in consultation with the Secretary of Technology, to establish a website to disseminate information about electronic prescribing to health practitioners, including information about low-cost and no-cost electronic prescribing products, and information about federal, state, and private sector electronic prescribing initiatives. The bill also would require the Department of Health Professions to collect information regarding electronic prescribing from practitioners. Beginning in 2010, any health practitioner who contracts with the Commonwealth for the provision of health services would be required to utilize electronic prescribing, and the Department of Medical Assistance Services is directed to develop programs and incentives to encourage the adoption of electronic prescribing by Medicaid providers.

### 6. Fiscal Impact Estimates: Preliminary

#### Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2009	-	-	-
2010	\$20,000 \$750,000 - \$1,250,000	- 2.0	General Nongeneral
2011	\$5,000 \$750,000 - \$1,250,000	- 2.0	General Nongeneral
2012	\$5,000 \$750,000 - \$1,250,000	- 2.0	General Nongeneral
2013	\$5,000 \$750,000 - \$1,250,000	- 2.0	General Nongeneral
2014	\$5,000 \$750,000 - \$1,250,000	- 2.0	General Nongeneral
2015	\$5,000 \$750,000 - \$1,250,000	- 2.0	General Nongeneral

**7. Budget Amendment Necessary:** See item 8

## **8. Fiscal Implications:**

### Office of the Secretary of Health and Human Resources

This bill would require the Office of the Secretary of Health and Human Resources to establish a website to disseminate information about electronic prescribing to health practitioners. The Office does not have any staff or funding to commit to the development of the required website. It is assumed that the Office would need additional general fund support to contract with a third party to meet the bill's requirements. Based on the creation and development of similar websites, it is estimated that the Office would require approximately \$20,000 general fund to create the website and \$5,000 each year thereafter for its administration.

### Department of Health Professions

It is anticipated that the department could incur significant costs to review, collect, and analyze information from health practitioners, health care facilities, and pharmacies concerning the adoption and implementation of electronic prescribing. The bill does not specify the effort required by the Department of Health Professions, therefore this statement has made certain assumptions as to the amount of collection and analysis that will be necessary.

The Department of Health Professions maintains that, to collect data on electronic prescribing from all the required entities, the department would have to establish a new data collection system. The need for such a system stems chiefly from the fact that DHP does not regulate the health care facilities. It is assumed that all such facilities would have to be contacted for information to be put into the system, probably through a website created for that purpose. A preliminary attempt to estimate the cost of such a database by the Department of Health Professions determined that start-up and development cost could be \$1.0 million. However, this is an extremely preliminary estimate and more information is needed to refine the potential cost. It is likely that the price of the necessary information system could range from \$500,000 to well over \$1.0 million depending on the functionality included in the system. The department also assumes that it would require at least two additional positions for the collection, review, and analysis of this information. The department estimates that these two positions would cost about \$200,000 per year.

The requirement for annual reporting would create additional expense since the Boards of Medicine and Nursing renew licenses biennially. The department could tie the question on electronic prescribing to renewals, but collection of the information in a non-renewal year would necessitate an additional survey of most prescribers at a cost of about \$50,000 each year.

The department does not have sufficient fee revenue to cover the added costs associated with this legislation. There is not sufficient funding for such a system and it could not be absorbed by the department without significant increases in fees for all licensees.

### Department of Medical Assistance Services

There is no expected fiscal impact on the Department of Medical Assistance Services or Medicaid. However, the legislation's deadline of 2010 for Medicaid patients to utilize electronic prescribing may impact the number of providers (medical doctors, dentists, etc.) who would participate in the Medicaid program.

**9. Specific Agency or Political Subdivisions Affected:**

Office of the Secretary of Health and Human Resources  
Office of the Secretary of Technology  
Department of Health Professions  
Department of Medical Assistance Services

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Date:** 1/26/2009

**Document:** G:\2009 Fiscal Year\EFIS\HB2453.Doc

cc: Secretary of Health and Human Resources