NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

Note: this fiscal note addresses section 39 ONLY of SB 345

BILL NUMBER: Sec. 39 S345 (edition 10)

SHORT TITLE: Insurance Omnibus Change

SPONSOR(S): Rep. Richard Morgan

FISCAL IMPACT: Expenditures: Increase () Decrease ()

available now is not expenditure

)

Because no reliable cost estimates are as to the impact upon State agencies receiving data at less than full cost, it possible to calculate the net

position.

Revenues: Increase () Decrease (

No Impact ()

No Reliable Estimate Available ()

FUNDS AFFECTED: General Fund (X) Highway Fund ()

Local Fund () Other Fund (X) Dept. of

Insurance Fund

BILL SUMMARY:

- 1. Repeals the existing Medical Database Commission.
- 2. Privatizes the medical data collection process by allowing a statewide data processor to collect the medical data previously collected by the Medical Database Commission.
- 3. Requires the Division of Facility Services (DFS)/Dept. of Human Resources to certify a statewide data processor.
- 4. Requires a statewide data processor to make available annually to DFS, at no charge, a report that includes a comparison of the 35 most frequently reported charges of hospitals and freestanding ambulatory surgical facilities. The report is a public record and shall be made available to the public.
- 4. Does not require a person, corporation, or other entity not previously required to report data to the Medical Database Commission to report data under this provision.
- 5. Does not require a person, corporation, or other entity to be a state-wide data processor.

EFFECTIVE DATE:

Effective October 1, 1995.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:

Department of Insurance, Department of Human Resources, State Employees Health Plan, Industrial Commission, Department of Environment, Health and Natural Resources

FISCAL IMPACT

units = \$ million unless otherwise noted

99-00	FY 95-96	FY 96-97	FY 97-98	FY 98-99	<u>FY</u>
EXPENDITURES DEPT. OF INSURANCE FUND RECURRING (\$1.23) NON-RECURRING	(\$1.23)	(\$1.23)	(\$1.23)	(\$1.23)	
GENERAL FUND RECURRING NON-RECURRING	*	*	*	*	*
and * 1	No estimate	available,	see item 2		cions nodology"

REVENUES/RECEIPTS

GENERAL FUND RECURRING NON-RECURRING

POSITIONS: (5) (5) (5)

ASSUMPTIONS AND METHODOLOGY:

- 1. The 94/95 authorized budget for the Medical Database Commission is \$1,233,392 with 5 positions.
- 2. There are a number of State agencies (Dept. of Human Resources, State Employees Health Plan, Industrial Commission, Dept. of Environment, Health and Natural Resources, State Planning, etc.) that use information published by the Medical Database Commission.

Currently those agencies pay less than full cost for the data. If the Medical Database Commission were eliminated, those agencies affected would have to establish an alternative means to get comparable data. Available alternatives, such as procuring the information from a statewide processor/vendor, cannot be reliably estimated at this time.

3. Division of Facility Services (DFS) estimates that it cannot certify statewide data processor(s) within existing resources. Without knowing the potential demand, the Division is reluctant to suggest adding staff. Their recommendation is to retain a consultant to handle the certification process the first year until more knowledge of the market and certification process is developed. DFS estimates that such a consultant would cost approximately \$30,000 to \$35,000, and could perform the certification process of three to four firms.

SOURCES OF DATA:

Medical Database Commission\Department of Insurance, Division of Facility Services/Department of Human Resources

TECHNICAL CONSIDERATIONS:

Each hospital and freestanding ambulatory surgical facility is required by the proposed legislation to submit patient data to a statewide private data processor. The legislation also states that no person, corporation, or other entity is required to be a statewide processor. If no statewide processor existed, the hospitals and freestanding ambulatory surgical facilities would have nowhere to file the required reporting.

FISCAL RESEARCH DIVISION

733-4910

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