

HF3820 - 0 - "Est Grant Program E-Prescribing Ctrl Subst"

Chief Author: **Dave Baker**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/02/2018**
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	2,909	2,909	2,909	2,909
Total	-	-	2,909	2,909	2,909	2,909
Biennial Total			2,909			5,818

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	3	3	3
Total	-	-	3	3	3

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	-	2,909	2,909	2,909
Total		-	-	2,909	2,909	2,909
Biennial Total					2,909	5,818
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	2,909	2,909	2,909
Total		-	-	2,909	2,909	2,909
Biennial Total					2,909	5,818
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total					-	-

Bill Description

This bill establishes a grant program to organizations or collaboratives to support implementation of electronic prescribing (e-prescribing) for controlled substances, with an emphasis on rural and underserved areas of the state. The bill also directs the Minnesota Department of Health to provide technical assistance and educational resources to prescribers and dispensers on implementation and best practices for use of e-prescribing, including relevant national standards, prior authorization, formulary and benefit issues. The health commissioner is required to provide annual reports to the legislature on progress toward meeting program goals. The bill does not contain an appropriation.

Assumptions

In the absence of an appropriation, the assumptions in this fiscal note provide our best estimate of what would comprise an effective program to support implementation of e-prescribing for controlled substances. If a different appropriation amount is specified in future engrossments of this bill, the estimates provided here may need to be modified. The department does not have existing resources to implement the bill without an appropriation for this purpose. We assume the activity would begin with an appropriation in FY 2019 and continue each year thereafter.

e-Prescribing Grant Program

Funding would provide grants to reimburse costs associated with e-prescribing of controlled substances. MDH estimates awarding 100 grants per year to organizations and collaboratives. Based on input from prescriber organizations, MDH estimates \$20,000 per grantee organization to cover costs associated with implementing e-prescribing of controlled substances. To support administration of the grant program, 1.0 FTE is required to manage the grant application process, grant agreement execution, invoicing, and grantee oversight and reporting processes. MDH assumes that the grant program would extend for four years, at which point an estimated 80% of eligible organizations would be able to implement e-prescribing of controlled substances.

Technical Assistance, Educational Resources and Reporting

MDH would contract with an organization with expertise in e-prescribing to develop and implement a statewide plan for providing technical assistance and educational resources to prescribers and dispensers on implementation and best practices for use of e-prescribing, including relevant national standards, prior authorization, formulary and benefit issues, estimated at \$250,000 annually. MDH has contracted for similarly scoped and comparably complex technical work in the e-health area for a similar dollar amount and based its assumption on that experience. In addition, MDH would hire a 0.5 FTE position to develop a competitive request for proposals for this work, oversee the procurement and contracting process, manage the vendor's work, coordinate activities with other related efforts, provide subject matter expertise, and

ensure successful completion of all contract deliverables. Based on previous experience using a vendor to provide statewide technical assistance and educational resources for related issues, MDH assumes a four-year implementation period and contract.

Expenditure and/or Revenue Formula

FISCAL TRACKING (dollars in thousands)						
FUND	BACT	DESCRIPTION	FY 2018	FY 2019	FY 2020	FY 2021
1000	01	Health Improvement - Administration	-	909	909	909
1000	01	Health Improvement - Grants	-	2,000	2,000	2,000
1000	01	TOTAL	-	2,909	2,909	2,909

EXPENDITURE (dollars in thousands)				
DESCRIPTION	FY 2018	FY 2019	FY 2020	FY 2021
Salary and Fringe	-	146	146	146
Contracts	-	250	250	250
Grants & Aid	-	2,000	2,000	2,000
Other Operating	-	9	9	9
Administrative Indirect	-	504	504	504
TOTAL EXPENSES	-	2,909	2,909	2,909

Note: Other operating costs each year are for supplies, materials, travel, computing and training for 1.5 FTE.

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Minnesota’s e-Prescribing mandate is Minnesota Statute 62J.497.

MDH fact sheet about e-prescribing mandate and e prescribing of controlled substances:

<http://www.health.state.mn.us/e-health/eprescribing/index.html>

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