

HF57 - 1E - Medical Standard Charges Public; Comparison Tool

Chief Author: **Steve Elkins**
 Committee: **Health Finance and Policy**
 Date Completed: **2/18/2021 10:16:29 AM**
 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	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	387	470	241	241	
Total	-	387	470	241	241	
Biennial Total			857			482

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	1	1	.7	.7
Total	-	1	1	.7	.7

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Carlos Guereca **Date:** 2/18/2021 10:16:29 AM
Phone: 651-2846541 **Email:** carlos.guereca@lbo.leg.mn

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	FY2021	FY2022	FY2023	FY2024	FY2025	
General Fund	-	387	470	241	241	
Total	-	387	470	241	241	
Biennial Total			857		482	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	387	470	241	241	
Total	-	387	470	241	241	
Biennial Total			857		482	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-		-	

Bill Description

This bill requires medical practices to publicly post their current standard charges for all items and services provided by the practice. Medical practices include hospitals, outpatient surgical centers and any other medical practices with revenue greater than \$50,000,000 per year that derive their revenue primarily from specific services such as diagnostic radiology, diagnostic laboratory testing, orthopedic surgery, ophthalmologic surgery, anesthesia, and oncology services. The format of the data posted must be in a specific order and format (comma separated values file).

Medical practices will report this data to MDH in a format, manner, and frequency to be determined by MDH. MDH must post the reported information to a consumer-facing web-based tool for the public to compare prices for all medical services.

Assumptions

MDH assumes that the specified price data will be submitted by approximately 140 hospitals, 85 free-standing outpatient surgical centers, 200 imaging facilities, several infusion centers, and several hundred other qualifying medical practices. MDH assumes submission of data by facilities once a year.

Effective date of this bill is January 1, 2022. This effective date requires MDH to perform development of reporting requirements, systems build and data collection through the first ten months of 2022, and place reporting of 2022 data through the price comparison tool in October 2022. Second-year data reporting would be posted timelier, but still not before June 2023.

To meet the requirements of the bill, MDH would develop draft policies and procedures for reporting data, including for how to group, bundle and reconcile data; seek stakeholder input, including from the Minnesota Hospital Association, Minnesota Medical Association, individual medical systems, consumers, and others; communicate written requirements; build the technology to collect and house the data; and develop a consumer facing website. This work would take place in fiscal year 2022 and 2023. Management of and oversight over the implementation effort will require a 1.0 FTE State Program Administrator Coordinator in 2022 and 2023, and 0.7 FTE in 2024 and thereafter.

MDH will contract with a vendor with expert knowledge in the development of a consumer-facing price comparison website for an amount of \$410,000 (FY 2022=\$210,000 and FY2023=\$200,000). Ongoing data collection support, including communication with data submitters, updating medical billing codes and their alignment across providers, and updating the consumer-facing price reporting website will require an ongoing contract of \$45,000 in fiscal year 2023 and ongoing. Vendor cost estimates are based on a range of efforts by a number of states that developed consumer-facing price transparency websites and an estimate for a vendor with expertise performing such work at different levels of complexity.

MDH will incur one-time information technology costs related to MN.IT supervising the technology build to ensure it complies with MN.IT standards and is compatible with MN.IT systems, including conducting appropriate audits and system testing; uploading and storing the data; and integrating the vendor-build solution in the government cloud would require effort in the amount of \$20,000 in fiscal year 2022 and \$40,000 in fiscal year 2023. Hardware and hosting costs during development are estimated to be \$15,000 in fiscal year 2023. Ongoing IT costs to maintain incoming data and the price comparison tool would be \$72,000 per year beginning in fiscal year 2024 and ongoing.

Expenditure and/or Revenue Formula

Expenditure (Actual Dollars)	Amount	FY 2022	FY 2023	FY 2024	FY 2025
Salary & Fringe:		FTE	FTE	FTE	FTE
State Program Admn Coordinator	117,962	1.00	1.00	0.70	0.70
	FTE	1.00	1.00	0.70	0.70
	Subtotal	117,962	117,962	82,573	82,573
Information Technology:					
Computing & IT support per FTE	2,712	2,712	2,712	1,898	1,898
Architecture, security approval, system testing		20,000	40,000		
Hardware and initial hosting			15,000		
Ongoing maintenance				72,000	72,000
	Subtotal	22,712	57,712	73,898	73,898
Other Operating Costs:					
Materials, supplies & training per FTE	600	600	600	420	420
Contract for development of data specifications with stakeholder input, database development, data collection tools development, development of public facing website.		210,000	200,000		
Contract for ongoing data collection/data submitter support, update reference data and CPT code.			45,000	45,000	45,000
	Subtotal	210,600	245,600	45,420	45,420
Grants, Aids & Subsidies:					
	Subtotal	0	0	0	0
Indirect (21.7% Eligible Costs)	Subtotal	36,081	49,101	39,471	39,471
Expenditure	Total	387,355	470,375	241,362	241,362

Fiscal Tracking (Dollars in Thousands)	BACT	FY 2022	FY 2023	FY 2024	FY 2025
Health		387	470	241	241
Administration	1	387	470	241	241
Grants		0	0	0	0

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Brian Awsumb

Phone: 651-201-5235

Date: 2/18/2021 10:11:20 AM

Email: brian.awsumb@state.mn.us