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FISCAL IMPACT STATEMENT

LS 6054

BILL NUMBER: HB 1127

NOTE PREPARED: Feb 20, 2007

BILL AMENDED: Feb 8, 2007

SUBJECT: Transmission of Health Information.

FIRST AUTHOR: Rep. Fry

FIRST SPONSOR: Sen. R. Young

BILL STATUS: As Passed House

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill specifies requirements that must be met for health plans to transfer certain health information to a location outside the United States.

Effective Date: July 1, 2007.

Explanation of State Expenditures: The fiscal impact of this bill would be dependent upon the extent to which the additional requirements imposed on offshore outsourcing of health information processing occurs, or would occur, may impact administrative expenses of state or local governmental employee health benefit plans. The cost of state-operated programs such as Medicaid, CHIP, ICHIA, and prison health care could also be impacted by the provisions of the bill. The bill would discourage offshore outsourcing for any reason, by requiring that health plans, health clearinghouses, or health providers that transmit any individually identifiable health information in electronic format to annually obtain an individual's consent to send their identifiable information out of the country.

Increases in health insurance premiums or health maintenance organization enrollment fees that result from administrative cost increases may not necessarily imply additional budgetary outlays since the state's response to increased health benefit costs may include (1) greater employee cost sharing in health benefits; (2) reduction or elimination of health benefits; and (3) passing costs onto workers in the form of lower wage increases than would otherwise occur. It is unknown at this time if the state would absorb added costs or pass the costs on to employees.

Explanation of State Revenues:

Explanation of Local Expenditures: To the extent that the provisions of the bill could influence the cost of employee health care benefits, local governments and school corporations could have increased expenses.

School corporations and local governments purchasing health benefit coverage on their own could incur increased premiums. The specific impact is indeterminable, but would depend on current health care coverage. It is unknown if local units would absorb this cost or pass the cost on to employees, as cost sharing of health benefit premiums varies widely by locality.

Explanation of Local Revenues:

State Agencies Affected: Potentially all state agencies.

Local Agencies Affected: Local governmental units and school corporations.

Information Sources:

Fiscal Analyst: Kathy Norris, 317-234-1360.