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Joint Committee on Finance

Paper #383

Repeal Health Care Provider Fees for Data Collection and Dissemination (Health Services -- Public Health and Other Programs)

[LFB 2015-17 Budget Summary: Page 243, #7]

CURRENT LAW

Chapter 153 of the statutes outlines the Department of Health Services (DHS) role with respect to the collection and dissemination of health care claims information and provider cost and quality data. Among other responsibilities, DHS must estimate total annual costs associated with certain data collection activities, including costs of a contract with a "data organization" that collects claims data from insurers (currently the Wisconsin Health Information Organization (WHIO)). DHS must then impose a fee on health care providers from whom the Department collects data, other than hospitals and ambulatory surgical centers, to support these data collection and dissemination costs.

Currently, most physicians who practice in Wisconsin must pay a \$70 annual fee, commonly known as the "physician assessment," to fund these DHS activities. Chapter 153 sets the maximum allowable assessment at \$75 per year. Total revenue collections equaled \$1,033,600 PR in 2013-14, and supported state staff costs and contracts with private organizations.

GOVERNOR

Repeal the requirement that DHS assess a fee of up to \$75 per year on health care providers (other than hospitals and ambulatory surgical centers) from whom the Department collects data under Chapter 153 of the statutes.

Repeal provisions requiring DHS to do the following: (a) assess the total estimated amount that the Department will spend on data collection, database development and maintenance, generation of data files and standard reports, orientation and training, and contracting with a data organization to analyze and report health care claims information, minus certain DHS

administrative costs; and (b) work with the Department of Safety and Professional Services to develop a mechanism for collecting assessments.

Delete \$263,900 PR annually and 2.0 PR positions, beginning in 2015-16, from the appropriation to which the physician fees are credited. Provide \$216,600 (\$108,900 FED and \$107,700 PR) annually, and 2.0 positions (1.0 FED position and 1.0 PR position) beginning in 2015-16, to continue funding the state's eHealth manager position, and the portions of the State Registrar and an office operations associate position currently supported by physician fee revenue. Reduce estimated fee revenue by \$1,033,600 annually.

DISCUSSION POINTS

1. DHS conducts activities under the state's eHealth program to encourage adoption and use of electronic health records, support reliable and secure exchange of health information among providers, and collect and disseminate health care information. Chapter 153 of the statutes outlines the Department's responsibilities with respect to health care data.

2. DHS collects an annual fee from Wisconsin physicians to support certain data collection activities. The Department sets the fee by policy, rather than administrative rule. The annual assessment went into effect in 2001 at \$65, decreased to \$60 in 2002, and increased to the current level of \$70 in 2003. The bill would eliminate this assessment, under the administration's rationale of reducing the costs of practicing medicine, and restraining health care costs.

3. Currently, revenue from the physician assessment supports 2.0 PR positions in DHS. The bill would continue funding these positions by transferring the expenditure and position authority to other appropriations. A federal Medicaid administration appropriation would fund the state's eHealth program director (1.0 FTE), and revenue generated in the state vital records program would fund part of the state registrar (0.5 FTE), and part of an office operations position (0.5 FTE).

4. Physician assessment revenues also support contracts with several entities. Under the bill, DHS would not continue to fund these contracts from alternate state sources. The two main contracts are with the Wisconsin Health Information Organization (WHIO) (\$527,900 in 2014-15) and the Wisconsin Statewide Health Information Network (WISHIN) (\$148,100). Smaller amounts supported technical assistance for health care providers that electronically submit data to the state's immunization registry and other public health databases, provided by the Wisconsin Health Information Technology Extension Center (WHITEC) (\$27,300) and HP Enterprise Services (\$10,000). These contracts generate federal matching funds for activities related to data collected on individuals enrolled in the state's Medicaid program.

5. The following table shows actual and projected revenue generated by the physician assessment, and expenditures from that source, in state fiscal years 2011-12 through 2014-15. In 2014-15, total projected assessment collections equal \$1,033,600. Projected 2014-15 expenditures equal \$334,800 for state staff costs, and \$713,300 for contracts with other entities to perform data collection and dissemination activities.

Physician Assessment Revenues, Expenditures, and Appropriation Balances

	<u>Actual</u>			<u>Projected</u>
	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Opening Balance	\$913,600	\$1,405,600	\$1,578,300	\$2,069,900
Physician Assessment Revenues	\$1,001,400	\$1,022,800	\$1,033,600	\$1,033,600
Expenditures				
<i>State Operations</i>				
Staff Salary and Fringe Benefits	\$211,300	\$291,600	\$177,400	\$264,000
Supplies & Services	48,000	60,000	68,600	68,600
Travel	<u>1,400</u>	<u>2,300</u>	<u>2,200</u>	<u>2,200</u>
Subtotal	\$260,700	\$353,900	\$248,200	\$334,800
<i>Contracts</i>				
WHIO	\$100,000	\$352,500	\$254,000	\$527,900
WISHIN	0	0	39,300	148,100
WHITEC	0	0	0	27,300
HP Enterprise Services	0	0	0	10,000
Health Information Technology	148,600	139,800	0	0
Other	<u>100</u>	<u>3,900</u>	<u>500</u>	<u>0</u>
Subtotal	\$248,700	\$496,200	\$293,800	\$713,300
Total Expenditures	\$509,400	\$850,100	\$542,000	\$1,048,100
Closing Balance	\$1,405,600	\$1,578,300	\$2,069,900	\$2,055,400

6. WHIO is a nonprofit organization, created as a partnership between health care providers, health insurers, and state agencies, that collects and aggregates health insurance claims data into an all-payer claims database. In addition, WHIO received \$5 million GPR in the 2013-15 biennium to conduct certain activities, including developing a website where consumers can access cost and quality information on health care providers.

7. The physician assessment supports WHIO's ongoing operations, in combination with subscriber fees and other WHIO revenues. Eliminating the physician assessment would require WHIO to increase other revenues, or reduce its operating costs. WHIO is currently considering options to increase subscription fees health care providers and insurance companies pay to access the claims database.

8. WISHIN is a nonprofit organization created to develop statewide health information exchange between health care providers, and to allow health care providers to securely access and share a patient's electronic medical records with other providers as needed. Currently, physician assessment revenue funds a project to connect the state's immunization registry with the health information exchange maintained by WISHIN. DHS indicates that this is not an ongoing project, and does not foresee ongoing costs for activities currently funded with physician assessment revenues.

9. The physician assessment appropriation has maintained an unexpended PR balance in excess of \$1.4 million since the end of 2011-12, and has a projected balance of approximately \$2.1 million by the end of the current fiscal year. The administration intends to develop a plan for the use of any unexpended revenues, which it could use to support WHIO operations while that organization identifies alternate ongoing funding sources. DHS would need to make any expenditures from the physician assessment appropriation for allowable data collection activities.

10. Under the bill, the physician assessment appropriation would maintain expenditure authority of \$1,738,100 in 2015-16 and \$1,334,000 in 2016-17, to allow for the expenditure of any unexpended revenues in the 2015-17 biennium. This does not reflect projected expenditures under the administration's as-yet undeveloped plan.

11. The bill would repeal the requirement that DHS assess an amount on health care providers to fund data collection and other activities, eliminating the current \$70 fee assessed on physicians. As described above, the bill would not use other sources to support currently-funded contracts, and DHS indicates that it would develop a plan for any unexpended revenues. If the Committee agrees with this approach, it could adopt the Governor's recommendation (Alternative 1).

12. The bill does not involve the Legislature in the development of the plan for the use of any remaining unexpended revenues. If the Committee chooses to approve the Governor's recommendation, it could also require oversight or approval of any plan. Two options are the following: (a) prior to expending any remaining physician fee revenue, require DHS to submit to the Committee a summary of the planned uses of that revenue (Alternative 2a); or (b) require DHS to submit a proposal to the Committee that summarizes the Department's planned uses of the unexpended revenue, and prohibit DHS from expending any revenue unless the Committee approves the submitted plan under a 14-day passive review process (Alternative 2b).

13. The administration proposes using any unexpended revenue balance within the eHealth program, but has not indicated what specific ways it would use these funds. If the Committee wishes to use the unexpended revenue for other purposes, it could do so. For example, in addition to approving the Governor's recommendation, the Committee could transfer \$1,000,000 of unexpended physician assessment revenue to the medical assistance (MA) trust fund, to be used to fund MA benefits in 2015-16 and offset GPR expenditures in that program. Adopting this option would result in an increase of \$1,000,000 SEG and a corresponding reduction of \$1,000,000 GPR in 2015-16 (Alternative 3). Under current 2014-15 revenue and expenditure projections, this would leave approximately \$1.1 million for the Department to use for data collection purposes in the 2015-17 biennium, such as transitional funding for WHIO. Though this alternative would benefit the general fund, it would allocate unexpended revenue for purposes other than those for which the state originally collected the physician assessment.

14. The Committee could decide to continue state support for ongoing data collection activities, but that the general fund should fund these activities rather than the assessment on physicians. The Wisconsin Medical Society has argued that data collection and dissemination activities benefit the broader public through improved health care quality, and would be more appropriately funded by a broad-based source. The Committee could do so by: (a) deleting the physician assessment and transferring the expenditure and position authority associated with the 2.0

FTE positions, as recommended by the Governor; (b) providing DHS with \$500,000 GPR annually, to continue funding data collection activities at approximately the level of the current physician assessment transfer to WHIO; (c) requiring DHS to transfer to the MA trust fund all unexpended and unencumbered balances that remain in the physician assessment PR appropriation at the end of 2014-15, for expenditure on MA benefits in 2015-16; and (d) deleting the physician assessment appropriation and associated expenditure authority in 2016-17 (Alternative 4).

This would result in a net decrease of GPR expenditures in the 2015-17 biennium (-\$1,055,400), an increase in SEG expenditures from the MA trust fund (\$2,055,400), and a decrease in PR expenditure authority (-\$1,334,000) since DHS would not make any expenditures from the physician assessment appropriation in 2016-17. This alternative would maintain the physician assessment appropriation (though not the assessment itself) in the first year of the biennium to allow DHS to spend any amounts encumbered in 2014-15.

15. The Committee could decide to transfer the entire unexpended balance to the MA trust fund, as in Alternative 4, and not provide any ongoing GPR support of data collection activities (Alternative 5). This alternative would result in a net decrease of GPR expenditures in the 2015-17 biennium (-\$2,055,400), an increase in SEG expenditures from the MA trust fund (\$2,055,400), and a decrease in PR expenditure authority (-\$1,334,000) to delete expenditure authority in the physician assessment appropriation in 2016-17. This would reduce GPR expenditures in the bill, but would not provide ongoing state funding or allow DHS to use the unexpended revenues for data collection activities or transitional WHIO funding.

16. If the Committee decides to maintain ongoing state support for data collection activities and state staff with the physician assessment, it could delete the Governor's recommendation. This would maintain a current law requirement that DHS assess an amount to support data collection activities, and maintain expenditure and position authority in the current PR appropriation that collects physician assessment revenues (Alternative 6).

ALTERNATIVES

1. Approve the Governor's recommendation.
2. Approve the Governor's recommendation. In addition, adopt either of the following provisions to increase legislative oversight of the proposal:
 - a. Require DHS, prior to expending any remaining physician fee revenue, to submit to the Committee a summary of the Department's planned uses of that revenue.
 - b. Require DHS to submit a proposal to the Committee that summarizes the Department's planned uses of the unexpended revenue. Prohibit DHS from expending any revenue under this plan unless the Committee approves the submitted plan under a 14-day passive review process.
3. Approve the Governor's recommendation. In addition, transfer \$1,000,000 PR from the

uncommitted balance in the physician assessment appropriation to the MA trust fund for expenditure on MA program benefits in 2015-16. With this one-time transfer, increase estimated SEG revenues to the MA trust fund by \$1,000,000 in 2015-16, increase MA benefits funding from the MA trust fund by \$1,000,000 SEG and reduce GPR funding budgeted for MA benefits by a corresponding amount in 2015-16.

ALT 3	Change to Bill
GPR	- \$1,000,000
SEG	<u>1,000,000</u>
Total	\$0
SEG-REV	\$1,000,000

4. Adopt the Governor's recommendation to delete the physician assessment and transfer the expenditure and position authority associated with the 2.0 positions currently supported by the physician assessment revenue to other PR and FED sources, beginning in 2015-16. Provide \$500,000 GPR annually, beginning in 2015-16, to maintain state support for data collection activities.

In addition, require DHS to transfer all unexpended and unencumbered revenues that remain in the physician assessment PR appropriation at the end of 2014-15 to the MA trust fund, for expenditure on MA benefits in 2015-16. Increase estimated revenue to the MA trust fund by \$2,055,400 in 2015-16, increase MA benefits funding by \$2,055,400 SEG, and reduce MA benefits funding by \$2,055,400 GPR in 2015-16 to replace GPR funding for MA benefits with uncommitted revenue from the assessment on a one-time basis. Repeal the physician assessment appropriation, effective June 30, 2016, and delete all expenditure authority the bill would provide from that source in 2016-17 (-\$1,334,000 PR).

ALT 4	Change to Bill
GPR	- \$1,055,400
PR	- 1,334,000
SEG	<u>2,055,400</u>
Total	- \$334,000
SEG-REV	\$2,055,400

5. Adopt the Governor's recommendation to delete the physician assessment and transfer the expenditure and position authority associated with the 2.0 positions currently supported by the physician assessment revenue to other PR and FED sources, beginning in 2015-16.

In addition require DHS to transfer all unexpended and unencumbered revenues that remain in the physician assessment PR appropriation at the end of 2014-15 to the MA trust fund, for expenditure on MA benefits in 2015-16. Increase estimated revenue to the MA trust fund by \$2,055,400 in 2015-16, increase MA benefits funding by \$2,055,400 SEG, and reduce MA benefits funding by \$2,055,400 GPR in 2015-16 to replace GPR funding for MA benefits with uncommitted revenue from the assessment on a one-time basis. Repeal the physician assessment appropriation, effective June 30, 2016, and delete all expenditure authority the bill would provide from that source

in 2016-17 (\$1,334,000 PR).

ALT 5	Change to Bill
GPR	- \$2,055,400
PR	- 1,334,000
SEG	<u>2,055,400</u>
Total	- \$1,334,000
SEG-REV	\$2,055,400

6. Delete provision.

ALT 6	Change to Bill	
	Funding	Positions
FED	- \$217,800	- 1.00
PR	<u>312,400</u>	<u>1.00</u>
Total	\$94,600	0.00
PR-REV	\$2,067,200	

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