STATE LEGISLATIVE ACTIONS IN HEALTH IT AND ELECTRONIC HEALTH INFORMATION EXCHANGE FINANCING

By Kala Ladenheim and Kory Mertz

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Snapshot

How are states financing health information technology (HIT)? This study identifies current and proposed state activities and points to issues that continue to be debated within and among states. Some key findings:

- States differ on what they consider to be HIT costs and which streams of funding to track, making state-to-state comparisons difficult.
- States are funding one-time and start-up costs, to help the states and other entities transition to an electronic environment.
- The bulk of state HIT spending is in operations. While Medicaid and federal transfers are dominant, the state share of this spending is also large.
- Some best practices seem to be emerging—public-private partnerships, a state role in starting up activities—but there is a great deal of variation from state to state.
- States are supporting local and private-sector HIT activities through planning, infrastructure, direct grants, tax credits, and contractual or other payment incentives.
- States may influence HIT spending through other policy decisions, including regulations around privacy and licensure.
- States view HIT spending as a necessary investment in quality and efficiency.
- States want to better understand the business case and true incidence of costs so they can play a role in aligning the benefits and burden of financing HIT.
- States are appropriating funds for a variety of activities including HIT planning, establishment of health information exchanges, telemedicine, and conversion of records in publicly supported and safety net institutions.
- States are creating funds for HIT development or designating agencies and organizations to obtain and administer funds for HIT development. These are generally expected to obtain and blend funds from a variety of public and private sources.
- In addition to appropriations from general funds, state have identified revenue sources for HIT that include dues, bonds, Medicaid, and insurer assessments.
- States are using their purchasing power to promote private-sector investment in HIT.

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Executive Summary

This paper examines the legislative role in health IT (HIT) development through decisions that affect financing for HIT. It pays special attention to state efforts that jumpstart or shape development of HIT resources. What HIT is financed by states? What state-level approaches are states taking to fund HIT activities? What other things are states doing that may affect how HIT is financed in the state?

The paper is based on analyses of current bills and enacted state legislation, focus group discussions with legislative and other state HIT experts, and examinations of state budget materials.

HOW ARE STATES FINANCING HEALTH IT?

States finance health information technology in a variety of ways. It is difficult to compare state expenditures for HIT because estimates of state spending vary with how states define HIT and how they account for the flow of funds in a public-private enterprise. States are seeking to leverage new sources of funds to help pay for transitional costs as the health system modernizes its information flow. States also acknowledge the need for reliable funding streams for HIT operations, but are generally not proposing new dedicated revenues for ongoing HIT operations. This apparently reflects the expectation that HIT is an efficiency rather than a new cost.

METHODOLOGY

To better understand state roles in financing HIT, NCSL Project HITCh analyzed state legislative activity related to HIT funding, including proposed 2007 initiatives as well as a review of activities enacted in previous years, as summarized by the e-Health initiative, HIMSS and others. We contacted experts at state associations – NASBO, NASCIO – in order to learn whether information on state HIT spending had been collected and if there existed consensus definitions of this spending category. We learned that neither existed. To better understand the intent of proposed legislation and how state policy makers viewed their role in HIT financing, NCSL conducted several phone calls with key state contacts. Invited groups included legislators and staff identified as HIT leaders, state legislative fiscal officers, and legislators and staff with an interest in Medicaid. We asked for definitions of HIT financing currently in use in their states and requested existing analyses of state HIT spending. Results are included below.

Findings

WHAT HIT DO STATES FINANCE?

State HIT spending can be divided between start-up costs and operating costs.

- Start-up costs consist of spending by the state to conduct new activities designed to begin or expand the use of HIT. One-time costs include planning, catalyzing private action, conversion, and infrastructure. Examples of this include:
    - Funding for HIT commissions, studies and necessary infrastructure—physical, organizational and political—that will allow the growth of an IT-based system for health information exchange;
    - Start-up funding for state information exchanges;
    - Funding for adoption or conversion of medical information systems in state-owned facilities or for other entities;
    - Grant programs to support local or private sector initiatives;
    - Medical and health professional curriculum development, research and infrastructure support.
- Operating costs consist of HIT-related spending that is part of the ongoing operations of the state. Over time, most HIT spending will be operational. Examples include:
    - HIT costs in programs that the state finances (Medicaid, employee health);
    - Care the state provides or contracts for directly (prison health, school health, other institutions);
    - Public health activities related to population health, health planning and quality monitoring and research. These particularly include bio-surveillance and registries;
    - Ongoing costs for regulating HIT or operating entities that set state HIT policy.
- Spending on operating costs is of interest for two different reasons, and would be measured differently for these different purposes:
    - It is a measure of the volume of HIT-related activity by the state, in which case all spending would be measured.
    - It is a measure of spending on activities for which HIT is used, in which case incremental cost or savings due to use of HIT are estimated. The expectation would be that there would be initial increased costs while paper and electronic systems operate in parallel, but that over time savings would be realized.

States also spend on private-sector investment in HIT.

- This is being done through direct grants and state support to private entities as they seek philanthropic or federal funding, or develop a functional business model.
- States may also use financial levers to support expansion of HIT including offering tax incentives for HIT adoption and including financial incentives in contracts with provider groups for performance criteria that include HIT adoption.
- States may support capital expenditures on HIT through state bonding authority, revolving loan funds, or certificate of need prioritization.
- States may regulate or coordinate private activity in HIT.

Finally, state policy environments will affect the cost of HIT within a state even when the state does not have a direct financial role.

- Privacy and security requirements will have financial implications for providers and payers. Their absence may have corresponding effects on consumers.
- State support of broadband and other physical infrastructure, which may serve mixed uses, will affect costs to all users.

- If policies such as reciprocal licensing open borders, overall health spending may change but the direction will depend on local conditions. Competitive pressures may put downward pressure on prices, while resulting improvements in access increase the volume of health services.

HOW DO LEGISLATORS VIEW HIT FINANCING?

How states define state HIT spending varies greatly.

- There is agreement that HIT includes activities related to health information exchange and the adoption of electronic medical records/electronic health records. Beyond that, there was great variation in what states count as HIT. States disagreed strongly on whether they count the following as HIT expenditures:
    - Telemedicine and telehealth;
    - Biosurveillance and data warehousing for quality measurement;
    - MMIS and claims data.
- States differed on whether or not to count spending related to changed operations within organizations.

"It's hard to get a handle on what is new about interoperability. Is it sharing information, or is it a technique of providing health care? In terms of what we spend on HIT, we would think in terms of what we are doing to link and share info from state to state and provider to provider rather than what we spend in the health system as a way of providing health care to a patient."

- Some states are trying to understand spending across different departments within a state. Others are finding it difficult to measure spending by non-state public entities such as universities, although they consider this to be a key component of state spending in this area.
- States agree they do not know the level of spending on HIT in their states by the private sector and believe that this is important information.
- There was agreement that much of current spending on HIT is not readily apparent because it is inside budgets for program operations.

States view HIT spending as necessary investments.

"If we are spending more, or spending new money, on something we did manually, we should view it as an investment."

- Some state HIT spending has been driven by the availability of grants.
- HIT in public health is seen as necessary to improve quality and service in areas such as disease surveillance.
- State public health agencies that currently collect and analyze population data are facing much greater demands to share their data, often at their own expense as budgets have not kept pace.
- States want to target HIT spending so it does not replace funds that the private sector will provide.

[We have to ask…]"Where would things happen without the state? For example, the push for quality will push the need to invest in HIT. We need to know where the state can be helpful. For example, community hospitals will need help in investing in start-up."

States want to learn about the business case and true costs of HIT.

- Legislators want to learn about net savings in financial terms and in terms of lives and impact on health.
- States see a role for themselves in allocating the costs of new systems across interested groups.

"We need to understand the barriers to adoption. We need information on the true costs and benefits of each technology, including purchases and implementation costs, ongoing costs and benefits. We don't have performance standards in place."
"We've been looking at HIE and HIT adoption…Struggling with a sustainable business model. Everyone looks around and asks, 'Who pays?'"

- States can help promote clinical opportunities for savings including e-prescribing and disease management.

- There is disagreement about how quickly states can expect to reach sustainability.

"The original investment amount that it takes to get off the ground is the big issue. Once launched, I believe it will sustain itself -- if you can get on the other side of the mountain and see how valuable it is."

"We think the argument about benefit will never be decided because it is so individual. Each stakeholder sees their benefits opposite from the others, there is no intersection. Hospitals do NOT want to share data. Consumers are anxious. Physicians don't want consumers to have control."

EXAMPLE OF STATE SPENDING ESTIMATES

None of the states that took part in the conversation had complete estimates of spending on HIT, although many cited specific appropriations for new HIT or HIE activities. In most states there had only been a few initiatives to finance HIT so it was easy to provide totals for newly legislated actions. However, full estimates including new initiatives buried in operating budgets were not available. Analysts pointed out that most new HIT spending is likely to be found within continuing budgets and would be onerous to estimate.

The following estimate of HIT spending in North Carolina shows how complex such tracking can be. The box below gives an estimate of state HIT spending in the Corrections department, which comes to an estimated $600,000 per year. The Department of Health and Human Services estimated $60,728,800 in expenditures for HIT in 2006-2007. (Details are listed in Appendix 1.). This included $39,356,060 in federal and $21,250,106 in state funds. This budget was dominated by the current MMIS application, at $49,472,716 ($34,216,236 federal and $15,256,480 state). The state authorized an additional $34,956,299 from special funds for projects including implementation of telemedicine and MMIS and Health Information Systems. These estimates do not include other state HIT spending in other departments' budgets, for example for public employees, school health, or addiction services if these are not housed in DHHS.

State FY 2005-2006 data –North Carolina
Department of Corrections estimated spending on HIT

Pharmacy

The Department of Corrections (DOC) runs the largest pharmacy in the State. They use leased software to operate it, hosted on a server they own. The maintenance contract for the software (the lease) is for three years. The prorated amount for FY 05-06 is approximately $80K. The hardware is old and nearing end-of-life, so the cost is more or less fully amortized. They do have a maintenance contract on the hardware that they estimate costs about $20K annually.

Programming

The Department of Corrections has developed and now maintains several very basic OPUS modules, all COBOL/CICS/DB/2. They record basic medical, dental, and mental health information. They also schedule appointments. They do not constitute anything close to an electronic patient record. There is also an early client/server module that connects back to the OPUS database. It is used to manage medical contracts for outside health care contractors, providers, and services. All told, about six different programmers work on these modules, virtually all of them only part-time. DOC estimates that their annual programming costs (maintenance, minor enhancement, reports and queries) are approximately $200K.

Database storage and access costs

It cost DOC approximately $300K last year for the Office of Information Technology Services to store their data and provide them access to it via the health care modules.

LEGISLATIVE ACTIONS IN HIT FINANCING

We examined current year (2007) bills introduced related to HIT financing, as well as summaries based on activities in previous years to identify practices and trends in state legislation dealing with HIT financing.

2006 and earlier

Legislators take a range of approaches to financing health information technology, including the authorization of a commission or council to provide leadership and recommendations related to the use of HIT in the state, the development of a study or a plan for HIT, or the authorization of a grant or loan program to support HIT activity.

For the most part, legislation that authorized a commission also supplied funding to support the administrative costs of the body. Many of the new organizations were required to develop an annual budget showing a variety of funding sources: funding from the legislature, private grants, and user fees, and other public sources, particularly federal. According to the eHealth Initiative (September 2006), 27 bills introduced in 16 states in 2005 and 2006 would have authorized funding for HIT.

> *Florida – "Section 6 (e) Develop an annual budget that includes funding from public and private entities, including user fees. Section 9 The Corporation must seek funding through public and private entities to accomplish its goals and duties."*

Beyond that, 15 bills introduced in 11 states across 2005 and 2006 specified what funds were to be used. Seven bills in six states passed. Iowa and Minnesota proposed appropriations for HIT activities.

> *Iowa – "Section 2 (c) Preparation of an annual report, to be submitted by the director to the governor and the general assembly… There is appropriated from the general fund of the state to the Iowa department of public health for the fiscal year beginning July 1, 2005 and ending June 30, 2006, the following amount to be utilized for the purpose designated: $250,000." (HF 456, 2006)*

> *Minnesota – "Section 4 Health Information Technology, $12,000,000 is for improving health information technology statewide. This appropriation is available until June 30, 2009. Of this amount, $500,000 in each of fiscal years 2007, 2008, and 2009 is to operate the E-Health Coordination and Evaluation Center. The balance shall be used to provide health information technology matching grants according Minnesota statutes, section 144.366." (HF No. 3697, 2005-2006)*

The second most common financing measures were directed towards stimulating action by regional groups and providers. Some states authorized a grant or loan program for HIT. California (SB1338, 2006) is an example of a bill calling on the agency to pursue a waivers to enable the state's Medicaid program to pay its share of investments in statewide IT infrastructure. States set up funds to support RHIOs or HIEs through which money could be expended by contract, loan, or grant for certain projects. Two such examples are Michigan (MI H 6039, 2006) and Missouri (SB 858, 2006). Michigan specifies a framework for the process of expending loans, stating that the commission must develop criteria for the selection of projects and criteria for eligible RHIOs and HIEs. Recipients must not spend more than 5% of their previous year's premium income for any HIT project approved by the commission; in other words, projects must conform to commission criteria.

Finally, some states appropriated funds for specific organizations or programs. For example, the New Mexico legislature considered an appropriation for electronic medical records-keeping software exclusively for Dona Ana County (HB 431, 2006), and a separate measure appropriating $50,000 for HIT infrastructure for a children's telemedicine program housed in the University of New Mexico (HB 654, 2006).

Legislation introduced in 2007

State legislatures have been very active in HIT during 2007, with well over 200 separate bills introduced by the first of May. The following examples of ways states address financing are drawn from legislation introduced in 2007. For more information see Appendix 2, which lists legislation enacted in 2007 or still active as of mid-July, and language related to financing.

Planning activity

States continue to plan for HIT. Increasingly, the planning activities include explicit statements related to building sustainable funding models. This may reflect a view that the state financial commitment should be limited to helping programs get under way. Several states also plan to assess current spending levels for HIT within the state.

- Alabama – "The responsibilities of the partnership include; Assessing the expenditure of all state agency funding, current and future, for health information technology."
- Colorado – "The committee's long-range plan may: Propose strategies and investigate funding sources and continued financial support"
- Connecticut – "Develop policy options for advancing the implementation of health information technology including projected costs and sources of funding."

Appropriations and tax expenditures

States continue to appropriate funds for a variety of HIT activities. These include appropriations to health departments to implement electronic medical records for state hospitals, academic clinics, and other health providers, appropriations for HIT initiatives including HIT infrastructure and advisory committees, and to fuel reinvestment or revolving funds.

Legislation enacted in Indiana (S 551) forms a health informatics corporation to develop a statewide HIE and gives it the authority to request funds from the legislature.

- Indiana – "The corporation may request appropriations from the general assembly to: 1) carry out the corporation's duties under this article; and 2) fund the effort to develop and operate a statewide health information network."

The corporation is also given the option of establishing a nonprofit subsidiary corporation in order to supplement the HIEs funding with contributions from nonprofit entities. Appropriated and donated money will go toward the development and operation of a statewide HIE and will be subject to review by the state board of accounts.

Tax credit

Some states also proposed tax credits and deductions for HIT investment.

- Georgia – " Provides for an income tax credit with respect to qualified health information technology expenses. Qualified expenses must be made by a physician, pharmacy, or hospital, and tax credit is not to exceed $5,000."
- Illinois – "Permits bonus depreciation deductions taken for health information technology"

Establishes a fund

Some states establish funds as entities authorized to distribute state HIT dollars, even using dedicated revenues, or define the role of the state agency in funding activities throughout the state.

- Louisiana – "Establishes the Health Redesign Fund, partly to provide funding for the development of the Medical Home and Health Information Technology Systems"

- Minnesota – "An account is established to provide loans to eligible borrowers to assist in financing the installation or support of an interoperable health record system."

Authorizes entity to collect or receive funds
Much of the funding for HIT blends state and federal funds as well as private sources from both philanthropic and industry contributors. States have been authorizing (or, in at least one state, seeking to limit) how these entities—be they state agencies or state-designated corporations--may obtain and spend such non-state funds.

- California – "The office may receive federal funds, gifts, grants, revolving funds, and any other public or private funds."
- Vermont – "The commissioner shall contract with the Vermont information technology leaders (VITL), (i) VITL … may accept any and all donations, gifts and grants of money, equipment, supplies, materials, and services from the federal or any local government, or any agency thereof, and from any person, firm or corporation …"
- Louisiana – "requires that the department avail itself of any public and private funding available to implement health information technology. … The provisions of this Chapter shall be budget neutral or subject to an annual appropriation of the legislature."
- Oregon – "The Health Insurance Exchange Corporation may establish, impose, collect and use fees or other mechanisms to ensure sustainable and internally generated funding. Section 6 The Health Insurance Exchange Account is established separate and distinct from the General Fund. All moneys received by the Health Insurance Exchange Corporation, other than appropriations from the General Fund, shall be deposited into the account and are continuously appropriated to the Health Insurance Exchange Corporation"

Provides grants and other incentive
Many states are investing in HIT for groups with special needs or to achieve specific objectives. This includes funding for safety net or rural providers;

- Connecticut – "Authorizes **grants to community-based health centers for infrastructure** improvements, including, health information technology."
- Minnesota – give preference to projects benefiting **providers located in rural and underserved areas** of which the commissioner has determined have an unmet need for the development and funding of electronic health records. Grant funds shall be awarded on a three-to-one match basis. Grants shall not exceed $900,000 per grant
- New York – "Creates the insurer fund for **underserved neighborhood/rural area** development corporation to finance or facilitate the financing of projects, including the establishment and operation of health information technology."

State grant programs define the process of making the awards and may include criteria.

- Texas – "The Department of State Health Services may provide grant funding for the operation of a pilot program and may also provide financial incentives, including funding for health information technology infrastructure."
- Massachusetts – "Disbursement of funds shall be achieved through a separate Request for Application issued to hospitals and physicians participating in the MassHealth program. Said Request for Application shall provide a process by which hospitals and physicians will receive payments to purchase and install eligible technology systems."
- Minnesota – "give preference to projects benefiting providers located in rural and underserved areas of Minnesota which the commissioner has determined have an unmet need for the development and funding of electronic health records. Grant funds shall be awarded on a three-to-one match basis. Grants shall not exceed $900,000 per grant"

Revenue sources

The variety of possible sources described in legislation authorizing fund-raising by health information exchanges indicates that there is no consensus yet on how HIT should be funded. Among the revenue sources explicitly identified in legislation we reviewed:

- **Dues:** Maryland [Institute for Health care Quality] Funding is derived from member dues.
- **Bonds:** Massachusetts – "To meet the expenditures necessary, the state treasurer shall, upon request of the governor, issue and sell bonds of the commonwealth to an amount specified by the governor from time to time, not exceeding, in the aggregate, one hundred million dollars."
- **Medicaid:** Michigan – "…Shall seek financial support for electronic health records, including, but not limited to, personal health records, e-prescribing, web-based medical records, and other health information technology initiatives using Medicaid funds. "
- **Insurer assessment:** New York – "health insurers should likewise provide investment in the health care infrastructure of communities, particularly in the area of health information technology as health insurers are an immediate benefactor of health information technology. The reinvestment funds shall be distributed to each general hospital located in the suburban region proportionally based on each general hospital's reported inpatient discharges to the total of such inpatient discharges for all general hospitals located in the suburban region. (B) An annual amount of sixty-seven million dollars shall be divided."
- **User Fees:** Illinois – "ILHIN may determine, charge, and collect any fees, charges, costs, and expenses from any person or provider that uses the ILHIN, the health information exchange, or any electronic transaction in connection with its duties under this Act."

Leverage purchasing

Finally, several states explicitly considered directing state contracting or spending in ways that would incentivize the private sector to invest in health information technology.

- Texas – "The agency that administers or sponsors a state health care program or health insurance plan may **negotiate with existing vendors**, if opportunities for additional value-added services would offer a suitable benefit to the agency and to the patients served, to provide electronic health records or other health **information** technology to promote the greater integration of electronic health records."
- Illinois – " Subject to appropriation, the Department shall **establish incentive payments** to eligible providers based on a quality reporting system."

Appendix 1: Side-by-Side - Financing Approaches in Five States, 2007

Five states that enacted major legislation related to HIT in 2007 included very different stipulations related to financing in their legislation, reflecting the very different purposes of the legislation and varied environments and histories of HIT development in the states. As in other aspects of HIT, there is little convergence. For example, Illinois, Texas and Indiana included broad permission related to fund-raising in their mandates, whereas Indiana carefully separated out revenue from stakeholders from funding for the policy process. At the same time that Indiana was granting permission to request an appropriation, Texas called for the entity to be funded from income and Minnesota's law dealt with state-funded activities by state agencies. User fees and funding from philanthropic sources were also mentioned. Vermont amended prior statutes, which included a useful provision calling on the Vermont IT organization to " prepare a plan for achieving self-sustainable funding, including an analysis of the costs, benefits, and effectiveness of any pilot projects." Relevant sections are cited below.

	Illinois *Illinois Health Information Network*	**Indiana** *Indiana Health Informatics Corporation*	**Texas** *Texas Health Services Authority Corporation*	**Vermont** *Vermont Information Technology Leaders*	**Minnesota** *Minnesota Health Information Technology and Infrastructure*
Bill	2007 IL H 1254	2007 IN S 551	2007 TX H 1066	2007 VT H 229	2007 H 1078
Status	To Governor for signature 6/22/07	Enacted 5/2/07	Enacted 6/15/07	Enacted 6/5/07	Enacted 5/25/07
Project's role within state HIT activities					
	Section 5 (b)(1) To establish a state-level health information exchange to facilitate the sharing of health information among health care providers within Illinois and beyond in other states.	Section 1 (a) Will develop a statewide system for the electronic exchange of health care information, carried out by a Corporation. Corporation will expire on June 30, 2015.	Section 182.051 (a) Created to promote the establishment of a statewide network for the communication of electronic health information and to foster a coordinated public-private initiative for the development and operation of the health information infrastructure in the state. May implement the plan in phases or by using pilot projects or a regional approach. The corporation will expire	Amends the scope of work of the Vermont Information Technology Leaders, a non-profit organization incorporated in 2005. Section 903 (a) Operate the statewide health information exchange network and an integrated electronic health information infra-structure. Shall implement the plan by using pilot projects.	Article 15 Subdivision 1. By January 1, 2015, all hospitals and health care providers must have in place an interoperable electronic health records system within their hospital system or clinical practice setting. The commissioner of health, in consultation with the Health Information Technology and Infrastructure Advisory Committee, shall develop a statewide plan to meet this goal, including uniform standards to be used for the interoperable system for sharing and synchronizing patient data

			Sept. 1, 2019.		across systems.
Financing					
	Section 10 (f) ILHIN may solicit grants, loans, contributions, or appropriations from public or private sources and may enter into any contracts, grants, loans, or agreements with respect to the use of such funds to fulfill its duties under this Act. (g) ILHIN may determine, charge, and collect any fees, charges, costs, and expenses from any person or provider that uses the ILHIN, the health information exchange, or any electronic transaction in connection with its duties under this Act.	Section 11 The corporation may request appropriations from the general assembly to: 1) carry out the corporation's duties under this article; and 2) fund the effort to develop and operate a statewide health information network. Section 12. (a) The Indiana health informatics fund is established. …the corporation shall deposit the following in the fund: (1) All appropriations made by the general assembly to the corporation (2) All funding received from nonprofit entities under IC 5-31-6-2(4). (3)All other contributions received by the corporation from a nonprofit entity, as long as the nonprofit entity does not otherwise have an interest in the	Sec. 182.106 (a) The corporation may be funded through the General Appropriations Act and may request, accept, and use gifts and grants as necessary to implement its functions. Section 182.051 (c) All expenses of the corporation shall be paid from the income of the corporation. Section 182.064 The corporation may participate in a revenue-generating activity. Section 182.101 (c)(1) Administer programs providing financial incentives, including grants and loans. Section 182.104 The corporation shall develop an annual budget that includes funding from public and private entities, including user fees.	Section 903 (a)(4) Propose strategic investments in equipment and other infrastructure elements. Section 903 (a)(8)(g) By July 1, 2007, shall prepare a plan for achieving self-sustainable funding, including an analysis of the costs, benefits, and effectiveness of any pilot projects. (i) VITL is authorized to seek matching funds...In addition, it may accept any and all donations, gifts and grants of money, equipment, supplies, materials, and services from the federal or any local government, or any agency thereof, and from any person, firm or corporation for any of its purposes and functions under this section and may receive and use the same, subject to the terms, conditions, and regulations governing such donations, gifts,	Section 3. Subdivision 1. Account establishment. An account is established to provide loans to eligible borrowers to assist in financing the installation or support of an interoperable health record system. Subd. 3. Loans. (a) The commissioner of health may make a no interest loan to a provider or provider group who is eligible under subdivision 2 on a first-come, first-served basis provided that the applicant is able to comply with this section. The total accumulative loan principal must not exceed $1,500,000 per loan. The commissioner of health has discretion over the size and number of loans made. Section 10 Subd. 2. Grants authorized. The commissioner of health shall award grants to : (a) eligible community e-health collaborative projects to improve the implementation and use of interoperable electronic health records

		decisions of the corporation or board. Sec. 13. (a) The board may establish a nonprofit subsidiary corporation to solicit and accept nonprofit entity contributions.		and grants. Section 903 (a)(8)(k) The commissioner shall establish a loan and grant program.	

Appendix 2: North Carolina DHHS Health IT Expenditures and Special Appropriations

(1) NC Department of Health and Human Services State Fiscal Year 2005-06 Expenditures for Health Information Technology

Application/System	Description	Total Expenditures for SFY 2005-06	Expenditures of Federal Funds for SFY 2005-06	Expenditures of Other Funds for SFY 2005-06	Expenditures of State Funds for SFY 2005-06
ASPEN Complaint Tracking System/Division of Facility Services	Complaint Tracking and Incident Reporting.	$51,742	$51,742	-	-
Behavioral Risk Factors Surveillance System	Tracks health risks in the United States. Information from the survey is used to improve the health of the American people.	$40,781	$40,072	-	$709
Birth Defects Monitoring Program System	Contains data on infants born with in NC with serious congenital anomalies diagnosed within first year of life.	$34,786	$34,077	-	$709
Consumer Data Warehouse	A data repository of clinical mental health related information which supports block grant, and federal reporting requirements of DMH/DD/SAS.	$306,120	$930	-	$305,190
DRIVE	DRIVE enables Division of Medical Assistance users to analyze Medicaid and Health Choice data for effective long-term and strategic decision making.	$2,127,633	$1,584,126	-	$543,507
Fraud and Abuse Detection System (FADS)	FADS is composed of two software applications used to detect fraud abuse and waste by providers or recipients in the Medicaid Program.	$697,071	$522,803	-	$174,268
Health Alert Network	Provides secure multi-format/media alerts to public health rapid response teams/personnel regarding potential public health emergencies.	$28,883	$26,514	-	$2,369
Health Registry/Cancer Registry	Collects, processes, and analyzes data on all cancer cases diagnosed among NC residents, from data required by NC law to be reported from all health care providers in the state, primarily hospitals.	$136,654	$135,945	-	$709
Health Services Information System (HSIS)	Provides an automated means of capturing, monitoring, reporting, and billing for services provided in the local county health departments, and Children's Developmental Services Agency.	$1,335,572	-	-	$1,335,572
Healthcare Enterprise and Accounts Receivable Tracking System - Affinity (HEARTS)	Accounts Receivable System that tracks hospital facility clients' stay and bills appropriately.	$1,342,114	-	-	$1,342,114

Application/System	Description	Total Expenditures for SFY 2005-06	Expenditures of Federal Funds for SFY 2005-06	Expenditures of Other Funds for SFY 2005-06	Expenditures of State Funds for SFY 2005-06
HIV/AIDS Applications (i.e., Tracking and reporting on HIV/AIDS patients, Counseling and Testing System, Reporting System)	Tracks HIV/AIDS tests to prevent and control spread of disease. Also, tracks and reports HIV/AIDS tests for disease surveillance, prevention, and control.	$29,220	$25,697	-	$3,523
Laboratory Information Management System (LIMS)	Provides full laboratory management functions for test samples submitted to lab. Tracks samples, records and stores results and communicates results to submitters. Provides Medicaid billing through interface with HSIS.	$465,087	$447,598	-	$17,489
Long Term Care Initiative/Medication Aide System	The Long Term Care Initiative component was designed to be an information system utilized to complete reporting on inspections of North Carolina adult care and family care homes for compliance. The Medication Aide Testing component tracks the testing/approving of Medication Aides and the Administrator/SIC personnel in various facilities. Unlicensed individuals who administer medications to patients must pass a state exam to be considered qualified to administer medications.	$55,153	-	-	$55,153
MMIS Current Application (Including the contract with EDS)	Provides the means for reimbursement to Medicaid providers for services rendered to NC Medicaid Program recipients.	$49,472,716	$34,216,236	-	$15,256,480
North Carolina Immunization Registry	Collects data for all immunizations administered across the state, makes recommendations for needed immunizations, and manages state supplied vaccine inventory.	$1,554,917	$571,206	-	$983,711
Nurse Aide/Health Care Personnel System	The Nurse Aide/Health Care Personnel System is comprised of 5 components which produces various reports and letters related to Nurse Aide employment.	$55,880	$13,970	-	$41,910
Office of Chief Medical Examiner's System	Tracks examinations of persons who have died in NC. Supports operations, including billing performed by the NC Medical Examiner's Office.	$110,655	-	-	$110,655
Other Applications/Systems Supporting Public Health Initiatives	Various applications that support Public Health initiatives (e.g., Sexually Transmitted Disease Management Information System, Pregnancy Risk Assessment Monitoring System, Communicable Disease Reporting, Mortality Medical Data Systems, Tuberculosis Management Information System, Vaccine Manager, etc.).	$27,284	$22,125	-	$5,159

Application/System	Description	Total Expenditures for SFY 2005-06	Expenditures of Federal Funds for SFY 2005-06	Expenditures of Other Funds for SFY 2005-06	Expenditures of State Funds for SFY 2005-06
Other Operational IT Support for DMH/DD/SAS Facilities	Various applications support the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services' facilities (such as Menu Management System, Blood Glucose Monitoring, Family and Infant Preschool Program Database, Activity Therapy, Lab Information System, Digital X-ray, Medical Services Tracking, etc.).	$294,476	$9,225	$122,634	$162,617
PreMIS	To collect patient care reports from all Emergency Medical Services events within NC. Use in syndromic surveillance and quality management.	$459,000	$459,000	-	-
Purchase of Medical Care Services	Processes checks for medical and non-medical claims for eligibles of specific programs offered by the Division of Public Health.	$613,690	-	-	$613,690
Vital Records System (e.g., Adoptions and Legitimacy, Batch Systems (e.g., Birth, Death, Divorce, Fetal, Marriage, Birth Certification, etc.)	Contains confidential adoption and legitimation information and other information by for a particular calendar year.	$250,701	$202,701	-	$48,000
Women Infants & Children (WIC)	Captures information on eligibility determination and documentation of supplemental food benefits issuance, redemption, Federal participation and financial expenditure reporting.	$1,238,665	$992,093	-	$246,572
	Total	**$60,728,800**	**$39,356,060**	**$122,634**	**$21,250,106**

(2) The following are not focused solely on Health but are broader in scope. Through cost allocation, Federal Medicaid funds provided support for the following in SFY 2005-06.

Eligibility Information System (EIS)	Through cost allocation, Federal Medicaid participation for SFY 2005-06 totaled $2,060,753. The EIS supports the entry, retrieval, update, and maintenance of case and individual data required to produce Work First and Special Assistance Checks, Medicaid cards, and Federal, State, and County management reports.

NC FAST Project	Through cost allocation, Planning, On-Line Verification, Service Delivery Interface, Program Definition, and Case Management System. The SFY 2005-06 Medicaid expenditures consist of $444,154 earned in SFY 2005-06 and $211,819 earned in prior fiscal years and drawn in the current year. Currently, Federal Medicaid funds provide approximately 15% program share for the NC FAST Program.

(3) Special Appropriations and Provisions Authorizing Funding

Title	Description	Funding for SFY 2006-07	Federal Funds	Special Funding	State Appropriations
Accessible Electronic Information for Blind and Disabled Persons	Funding to continue accessible electronic information services for blind and disabled persons.	$75,000	-		$75,000
Telemedicine for Children in Residential Schools	Funding to implement telemedicine programs at the Western N.C. School for the Deaf in Morganton and the Governor Morehead School for the Blind in Raleigh.	$50,000	-		$50,000
MMIS Implementation	Funding from the G.S. 143-23.2 reserve to continue to fund the State share of implementing the new Medicaid Management System (MMIS).	$5,004,504	-	$5,004,504	-
Health Information Systems (HIS)	Funding is provided from a special fund (Budget Code 24430, Fund 2117) to the Division of Public Health for use in the development and implementation of the Health Information System.	$9,835,795	-	$9,835,795	-
DHHS Central Regional Psychiatric Hospital	Funding of $20,000,000 in certificates of participation to complete the construction of the Central Regional Hospital in Butner. Funds will cover the purchase and installation of information technology infrastructure as well as other construction needs to finish the project.	$20,000,000	-	$20,000,000	-
	TOTAL	**$34,965,299**	**$0**	**$34,840,299**	**$125,000**

Appendix 3a: State legislation related to health IT financing, active or enacted, July 2007

Summary

State legislation enacted in 2007 included several approaches to financing health information technology, including appropriating, developing public/private activities, establishing user fees and providing loans/grants. The table beginning on the next page displays major state legislation related to health IT financing that was either enacted in 2007 or is still live. Where legislation is still active but the chamber is in recess, legislation may be carried over for consideration in 2008.

Appropriations from the General Assembly - One approach enables a state's health information exchange corporation or commission to request and receive appropriated funds directly from the state's General Assembly. Legislation enacted in Indiana (S 551) forms a health informatics corporation to develop a statewide HIE and gives it the authority to request funds from the legislature.

> *Indiana – "Section 11 The corporation may request appropriations from the general assembly to: 1) carry out the corporation's duties under this article; and 2) fund the effort to develop and operate a statewide health information network."*

The corporation is also given the option of establishing a nonprofit subsidiary corporation in order to supplement the HIEs funding with contributions from nonprofit entities. Appropriated and donated money will go toward the development and operation of a statewide HIE and will be subject to review by the state board of accounts.

Public/Private - Some states have chosen a more collaborative approach to funding their statewide exchanges including Texas and Vermont which will accept funds from both public and private sources.

> *Texas – "Sec. 182.106 (a) The corporation may be funded through the General Appropriations Act and may request, accept, and use gifts and grants as necessary to implement its functions."*

The Texas Health Services Authority will use its public and private funds to implement a voluntary exchange of electronic health records in the state as well as create incentives for participation in the exchange.

> *Vermont – "Section 903 (c)(1) The commissioner shall contract with the Vermont information technology leaders (VITL), (i) VITL … may accept any and all donations, gifts and grants of money, equipment, supplies, materials, and services from the federal or any local government, or any agency thereof, and from any person, firm or corporation …"*

User Fees - Illinois' also authorizes the use of public and private funds for the creation and maintenance of its HIE, but in addition, gives its non-profit health information network corporation the option of collecting fees from people or providers transacting over the HIE.

> *Illinois – "Section 10 (g) ILHIN may determine, charge, and collect any fees, charges, costs, and expenses from any person or provider that uses the ILHIN, the health information exchange, or any electronic transaction in connection with its duties under this Act."*

In addition to using funds for the establishment of a secure health information exchange, contracts, loans and grants will be distributed to providers reaching predominantly uninsured and underserved patients to address any gaps in the statewide implementation of the exchange.

Loans and Grants - Minnesota enacted a comprehensive piece of HIT legislation (H 1078) mandating each provider in the state to have in place an interoperable electronic records system by January 1, 2015. To help

finance this sweeping mandate, eligible providers will be given loans for installation or support of their electronic health records systems.

> *Minnesota – "Section 3. Subdivision 1. Account establishment. An account is established to provide loans to eligible borrowers to assist in financing the installation or support of an interoperable health record system."*

Grants will also be provided to "e-health collaboratives" to fund interoperability between the collaborative's participating providers. The mandate and the loan and grant programs place special emphasis on using an electronic health records interoperability to reach rural and underserved populations and help manage chronic conditions. The commissioner of health will authorize the loans and grants and funding will come from the general fund.

Appendix 3b: State legislation related to health IT financing, active or enacted, July 2007

	Bill Number	Status/Date of Last Activity	Summary of Bill	HIT financing-related excerpts
Alabama	Act No. 2007-171, AL HJR 176	Enacted 04/16/2007	Establishes the Health Information Technology Partnership.	The responsibilities of the partnership include; Assessing the expenditure of all state agency funding, current and future, for health information technology.
Alaska				
Arizona	Chapter No. 255, AZ H 2781	Enacted 06/25/2007	An act appropriating funds	Arizona state hospital Electronic medical records $300,000 Fund sources: State general fund $300,000
Arkansas	Act 1283, AR H 1354	Enacted 04/05/2007	Department of Health and Human Services appropriations for the 2007-2009 biennium, including the Health Department Technology Fund, for Information Technology Initiative activities of the Department of Health.	Division of Health - Information Technology Initiatives for the biennial period ending June 30, 2009, the following: Fiscal year 2007-2008 - $596,640; 2008-2009 - $596,640.
California	CA SB 320	Passed Senate in Assembly Committee on Appropriations Pending 06/26/2007	Establishes the Health Care Information Infrastructure Program. The bill would require, within one year of the establishment of the program, and updated annually thereafter, the office to develop and deliver to the Legislature a plan regarding-the opportunity for every resident of the state to have an electronic health care record. Other responsibilities of the office would include, among others, conducting research, implementing pilot projects as necessary, and pursuing a waiver to enable the Medi-Cal program to participate in the statewide information technology infrastructure program.	This bill would authorize the office to receive various forms of funding to be used, upon appropriation by the Legislature, for purposes of the bill and would establish a $350,000 maximum on Expenditure s for this purpose for the 2008 calendar year. State-mandated local program: no. The office may receive federal funds, gifts, grants, revolving funds, and any other public or private funds which, upon appropriation by the Legislature, may be used for the purposes of implementing this part.
	CA SB	To Conference	Makes technical and conforming	Subsection (c) The department shall select the Health

	1039	Committee 07/03/2007	changes to the Public Health Act of 2006. Establishes new functions and responsibilities for the State Department of Public Health and the State Department of Health Care Services.	Care Coverage programs that best meet the requirements and desired outcomes set forth in this part. (d) The following elements shall be used in evaluating the proposals to make selections and to determine the allocation of the available funds: (1) Enrollment processes, with an identification system to demonstrate enrollment of the uninsured into the program. (2) Use of a medical record system, which may include electronic medical records.
	CA SB 236	Pending 04/19/2007	Health reform legislation. Expresses the Legislature's intent to enact the Cal CARE program to improve access to health care services for the residents of the state.	Provide a tax credit for hospitals and physicians and surgeons who purchase cost-saving and quality-improving technologies such as electronic medical records and telemedicine and establish a low-interest loan program to assist nonprofit hospitals and medical groups make health care technology purchase.
Colorado	Chapter No. 282, CO S 196	Enacted 05/24/2007	Creates the health information technology advisory committee to develop a long-range plan for health care information technology, including the use of electronic medical records, computerized clinical support systems, computerized physician order entry, regional data sharing interchanges for health care information, data privacy and security measures, and other methods of incorporating information technology in pursuit of greater cost-effectiveness and better patient outcomes in health care.	The committee's long-range plan may: Propose strategies and investigate funding sources and continued financial support for any strategies proposed by the committee.
	Chapter No. 319, CO H 1346	Enacted 05/29/2007	Concerns managed care in the Medical Assistance Program.	Section (3) Subject to the approval of the state board, a PIHP agreement may also provide for an increase in the fee paid to the contractor in an amount reasonable calculated to cover the costs of collecting and maintaining the medical records of recipients through an electronic medical records system.
Connecticut	CT H 8002	Enacted 6/26/2007	Implements the provisions of the budget concerning human services and	Sec. 115. (Effective July 1, 2007) Up to $500,000 of the unexpended funds appropriated to the Department of

			public health	Children and Families, for the fiscal year ending June 30, 2007, for Board and Care for Children - Foster Care, shall not lapse on June 30, 2007, and shall continue to be available for an electronic medical records system in FY 2008.
Delaware	DE H 250	Enacted 07/01/2007	A Bond and Capital Improvements Act for the fiscal year ending June 30, 2008.	Section 37. Delaware Health Information Network. The Section 1 Addendum to this Act appropriates $3,000,000 for the Delaware Health Information Network. As a joint initiative between private, federal and state funds, the $3,000,000 shall be utilized to support the development of an interoperable network to exchange clinical information among all healthcare providers across the state to improve patient outcomes and patient-provider relationships. The system shall be designed to allow patient clinical information to be shared across all healthcare facilities and organizations and across public and private sectors.
District of Columbia	DC L.B. 2	Enacted 01/16/2007	Among other things appropriates funds for electronic health records system in community health centers.	(B) Of the remainder of the grant, $2.2 million in fiscal year 2007 and $2.8 in fiscal year 2009, shall be used to develop an electronic health record system for community health centers to promote higher quality of care, improved coordination of services among providers, and more accurate reporting of health statistics to the Department of Health; provided, that of the $2.2 million allocated for fiscal year 2007, $200,000 shall be used to support information technology needs for District of Columbia public and charter school nurse suites.
Florida	Chapter No. 2007-105, FL S 1974	Enacted 06/12/2007	Provides appropriations for health information technology; creates the Agency for Enterprise Information Technology to define architecture standards for information technology and developing a strategic enterprise information technology plan; revises the duties of the Technology Review Workgroup.	Funding for experiments and pilot projects shall be derived from service revenues and may not exceed 5 percent of the service revenues for the Technology Resource Center for any single fiscal year. Relating to the Health Information Systems Council, expedited permitting, the Florida Center for Health Information; providing appropriations and authorizing additional positions; providing an effective date.
Georgia	GA S 28	Pending	Revises health insurance laws.	Provides for an income tax credit with respect to qualified

		01/22/2007		health information technology expenses. Qualified expenses must be made by a physician, pharmacy, or hospital, and tax credit is not to exceed $5,000.
	GA H 404	Pending 02/13/2007	Revises health insurance laws.	Same as GA S 28.
	GA S 150	Pending 02/13/2007	Relates to health, so as to provide for the establishment of a website to provide consumers with information on the cost and quality of health care in Georgia, as well as to provide for electronic medical records.	Subject to appropriations by the General Assembly, the website shall be developed, hosted, and maintained by a private or other entity selected through a request for proposals process. Such website shall be operational and available to the public no later than January 1, 2008. All health care facilities licensed under this article which receive any state funds shall submit performance and outcome data as well as pricing information to the Department of Community Health.
Hawaii	HI H 1701	Pending 01/23/2007	Appropriate funds for capital improvement projects for the benefit of the 6th Representative District.	Section 5 (D) West Hawaii community health center, Hawaii. Design, construction, and equipment for an electronic medical records system and dental equipment for a comprehensive community healthcare, mental healthcare, and early intervention primary healthcare. Design appropriation is $1,000.
	HI S 977	Pending 02/15/2007	Appropriates funds to develop a statewide rural training model to provide a pipeline of well trained family physicians to improve health care access	The partial costs of starting the two new academic clinical practices on the neighbor islands total $870,000 in fiscal year 2008 and $1,890,000 in fiscal year 2009. They include the costs of eight faculty physician salaries, clinic infrastructure improvements, transportation, and electronic health records. The sustainability of this model will be accomplished through a combination of CMS funding, clinical revenue, and support from rural hospital and community health center partners similar to programs adopted successfully in other rural states such as Washington and Wisconsin.
Idaho	Chapter No. 199, ID H 159	Enacted 03/27/2007	Creates a Community Health Center Grant Fund with the intent of improving access to health care services through grants.	Section (1) Individual grant awards will be limited to a total of five hundred thousand dollars ($500,000) for direct and indirect costs, per year. (2) No project may be funded for more than a total of one (1) year. (3) In addition to other uses as approved by the board, funds awarded under a grant may be used for the purchase,

				construction, renovation or improvement of real property or for projects which are solely or predominantly designed for the purchase of equipment, including information technology and electronic health records.
Illinois	IL S 559	Pending 02/08/2007	Revises health insurance laws. Establishes the Illinois Innovative Solutions Program and the Illinois Health Insurance Premium Assistance Program. Implements a plan to provide electronic health records for all Illinois citizens.	Permits bonus depreciation deductions taken for health information technology. Section 90 (d) The Department may accept gifts and grants from any party, including a health benefit plan issuer or a foundation associated with a health benefit plan issuer, to assist with funding the programs established in Section 90 of this Act. Sec. 5-26. Incentive payments to providers. Subject to appropriation, the Department shall establish incentive payments to eligible providers based on a quality reporting system.
	IL H 1987	House Rules Committee 05/25/2007	Revises health insurance laws.	Same as IL S 559.
	IL H 1254	To Governor 06/22/2007	Creates the state Health Information Network Act. Requires the Department of Public Health to establish a not for profit corporation to plan a state-level network for the electronic exchange of medical patients' records among health care providers.	Section 15 (f) ILHIN may solicit grants, loans, contributions, or appropriations from public or private sources and may enter into any contracts, grants, loans, or agreements with respect to the use of such funds to fulfill its duties under this Act. No debt or obligation of ILHIN shall become the debt or obligation of the State.
	IL H 1258	House Rules Committee 05/25/2007	Creates the Universal Access to Broadband Services Act. Requires a survey assessing interest in creating a local broadband plan and providing technical assistance. Adds language including health care facilities and providers as part of the Century Network.	(d) Improved quality of health care throughout the State depends on access to broadband services to enable medical providers to implement and interconnect electronic health records. Section 15 (a) Any municipality or county may apply for and receive funds or technical assistance to undertake broadband projects, including the lease of publicly-held broadband infrastructure.
	IL S 5	House Rules Committee 06/01/2007	Health reform legislation. Creates the Illinois Health Care For All Act.	(e) Funds collected by the ILHIN shall be considered private funds and shall be held in an appropriate account outside of the State Treasury. The treasurer of the ILHIN shall be custodian of all ILHIN funds. The ILHIN's accounts and books shall be set up and maintained in a

				manner approved by the Auditor General and the ILHIN and its officers shall be responsible for the approval of recording of receipts, approval of payments, and the proper filing of required reports.
Indiana	Public Law No. 111, IN S 551	Enacted 05/02/2007	Establishes the Health Informatics Corporation.	Sec. 11. The corporation may request appropriations from the general assembly to: (1) carry out the corporation's duties under this article; and (2) fund the effort to develop and operate a statewide health information network.
Iowa	IA H 211	Pending - Carryover	Provides for the establishment of a health care information technology and infrastructure advisory committee; makes an appropriation.	The bill provides for an appropriation from the general fund of the state to the department of public health for the fiscal year beginning July 1, 2007, and ending June 30, 2008, of $300,000 for utilization by and in support of the health care information technology and infrastructure advisory committee.
	IA H 909	Enacted 05/29/2007	Makes appropriations for health and human services.	For the state resource center at Woodward, $1,000,000. The amounts above $750,000 at each resource center shall be used to continue the procurement and installation of the electronic medical records system initiated in the fiscal year beginning July 1, 2005.
Kansas	KS H 2951	Pending - Carryover	Health reform legislation. Enacts the Foundations of Health Reform Act of 2007.	New Sec. 5. (a) The Kansas health policy authority shall conduct a needs analysis to design a database of clinical utilization information or electronic medical records for Medicaid providers. This system shall be based and funded in the private sector by 2013.
	KS H 2368	Enacted 04/23/2007	An act appropriating funds	(e) In addition to the other purposes for which expenditures may be made by the Kansas health policy authority from the moneys appropriated from the state general fund or from any special revenue fund for the Kansas health policy authority for fiscal year 2008, as authorized by this or any other appropriation act of the 2007 regular session of the legislature, expenditures shall be made by the Kansas health policy authority from moneys appropriated from the state general fund or from any special revenue fund for the Kansas health policy authority for fiscal year 2008 to support ongoing health information exchange

				initiatives that include health information exchange infrastructure planning, privacy and security collaboration, the advanced identification card project and the community health record project and to support the inclusion of disease management, a strengthening of electronic prescribing and electronic medical records and the development of pilot programs and compatibility with the private sector.
Kentucky				
Louisiana	LA S 1	Sent Governor 06/28/2007	Authorizes the Department of Health and Hospitals to develop and implement a health care delivery system for Medicaid recipients and low-income uninsured citizens.	Proposed law provides that Louisiana Health First shall consist of a medical home system of care and shall incorporate health information technology and quality measures. Proposed law provides for the adoption of health information technology to fully participate in Louisiana Health First and requires that the department avail itself of any public and private funding available to implement health information technology. Section 978.4. Funding The provisions of this Chapter shall be budget neutral or subject to an annual appropriation of the legislature.
	Act No. 172 LA S 238	Enacted 06/27/2007	Establishes the Health Care Redesign Fund in the state treasury.	Redesign effort will require both transitional and permanent changes in the state's medical assistance programs and their financing. Establishes the Health Redesign Fund, partly to provide funding for the development of the Medical Home and Health Information Technology Systems.
	Act No. 203, H 765	Enacted 06/27/2007	To appropriate funds from certain sources to be allocated to designated agencies and purposes in specific amounts for the making of supplemental appropriations for said agencies and purposes	Payable out of the State General Fund (Direct) for implementation of Phase I of the statewide electronic medical records system for state public hospitals and medical centers $ 30,000,000
Maine	ME S 221	Pending - Carryover	Makes a one-time General Fund appropriation of $75,000 in fiscal year 2007-08 for the Commissioner of Health and Human Services to issue grants to develop communication	Medical Error Disclosure and Compensation Program for grants to program participants to procure information technology products; General Fund 2007-2008: $75,000; 2008-2009: $0.

			programs and procure information technology products	
	ME H 1251	Pending - Carryover	Appropriates $2,000,000 to Maine's HealthInfoNet program to fund the creation of a health information exchange and to facilitate the use of electronic medical records.	HealthInfoNet Program under the Department of Health and Human Services; General Fund 2007-2008: $2,000,000; 2008-2009: $0.
	Chapter 240, ME H 383	Enacted 06/07/2007	Appropriates funds for the 2008-09 biennium	Appropriates funds on a one-time basis for grants to HealthInfoNet to help build the first phase of Maine's health information exchange system. 2007-08 General Fund Total $265,000
Maryland	MD H 979	Enacted 04/24/2007	Alters the uses of the Community Health Resources Commission Fund to provide funding for a regional health data exchange; requires the Health Services Cost Review Commission to provide funding of at least a specified amount for a regional health data exchange; establishes eligibility requirements for an organization to receive funding.	SECTION 2. … (a) (1) The Health Services Cost Review Commission shall provide funding through hospital rates of $10,000,000 each year to establish a regional health data exchange ...(2) … awarded for a 3-year period, beginning in fiscal year 2008. (3) [defines what organizations are eligible for funding –private nonprofit, significant experience with health information in the state, broadly representative governance]
Massachusetts	MA H 1130	To Conference Committee 05/16/2007	Reduces administrative burdens in the delivery of health care through the use of new technology.	Section 1 Establishes the Patient Safety Technology Trust Fund to Section 1(a) Provide for a grant program to promote health care quality and safety through the use of new health information technology. Section 2 (f) Disbursement of funds shall be achieved through a separate Request for Application issued to hospitals and physicians participating in the MassHealth program. Said Request for Application shall provide a process by which hospitals and physicians will receive payments to purchase and install eligible technology systems.
	MA S 261, 263, 264	Pending 01/10/2007	Provides for capital outlays for the acquisition, upgrading, development and implementation of health care technology in the Commonwealth.	Provides for grants and zero or low-interest loans to state and local agencies of government, institutions of higher education, health care providers, health care organizations, health plans and insurance entities, health consumer organizations, not-for-profit health information technology corporations and other organizations in health

				care technology, including but not limited to equipment, access charges, training and applied research. Section 3 To meet the expenditures necessary, the state treasurer shall, upon request of the governor, issue and sell bonds of the commonwealth to an amount specified by the governor from time to time, not exceeding, in the aggregate, one hundred million dollars.
	MA S 1238	Joint Committee on Health Care Financing 06/26/2007	Relates to controlling health care costs and improving quality.	The executive office of health and human services shall prepare and implement a plan to make MassHealth and Commonwealth Care leaders in the use of advanced health information technology and electronic health records. The plan shall be developed in consultation with the Massachusetts e-Health Collaborative, the Massachusetts Health Data Consortium, MassPRO, consumer health organizations, consumer privacy organizations, providers and others concerned about health information technology and electronic health records. The secretary shall file a report detailing the findings, recommendations and implementation plan, along with any legislation needed to implement its recommendations, with the committee on health care financing and the committees on ways and means no later than 6 months after the effective date of this act.
Michigan	MI S 248	Pending 02/21/2007	A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2008;	Section 120 $10,000,000 to the Medical Services Administration for Health Information Technology Initiatives.
	MI S 1	Passed in Senate, Sent to House 02/22/2007	Requests a federal waiver for incentives for Medicaid recipients.	Section 105 (b)(4) The department of community health shall seek financial support for electronic health records, including, but not limited to, personal health records, e-prescribing, web-based medical records, and other health information technology initiatives using Medicaid funds.
	MI H 4344	Pending 06/28/2007	Executive budget bill for the Department of Community Health.	Same as MI S 248.
	Public Act	Enacted	Appropriations bill for the Department	Section 103 (3) $7,250,000 to the Medical Services

	No. 7, MI S 404	05/07/2007	of Community Health.	Administration for Health Information Technology Initiatives.
Minnesota	MN H 842	Pending - Carryover	Appropriations bill for the Department of Health. Establish a community e-health collaborative grant program.	Health Information Technology. Of the health care access fund appropriation, $7,500,000 in fiscal year 2008 and $11,000,000 in fiscal year 2009 are to implement Minnesota Statutes, section 144.3345. Up to $750,000 each fiscal year is available for grant administration and health information technology technical assistance. This appropriation shall be included in the agency's base budget for fiscal year 2010 only. Section 9 (Sub. 3) In awarding grants, the commissioner shall give preference to projects benefiting providers located in rural and underserved areas of Minnesota which the commissioner has determined have an unmet need for the development and funding of electronic health records. Grant funds shall be awarded on a three-to-one match basis. Grants shall not exceed $900,000 per grant.
	MN S 888	Pending - Carryover	Appropriations bill for the Department of Health. Establish a community e-health collaborative grant program.	Same as MN H 842.
	Chapter No. 147, MN H 1078	Enacted 05/25/2007	Relating to state government; making changes to health and human services programs	By January 1, 2015, all hospitals and health care providers must have in place an interoperable electronic health records system within their hospital system or clinical practice setting. The commissioner of health, in consultation with the Health Information Technology and Infrastructure Advisory Committee, shall develop a statewide plan to meet this goal, including uniform standards to be used for the interoperable system for sharing and synchronizing patient data across systems. The standards must be compatible with federal efforts. The uniform standards must be developed by January 1, 2009, with a status report on the development of these standards submitted to the legislature by January 15, 2008. Subdivision 1. Account establishment. An account is

				established to provide loans to eligible borrowers to assist in financing the installation or support of an interoperable health record system. The system must provide for the interoperable exchange of health care information between the applicant and, at a minimum, a hospital system, pharmacy, and a health care clinic or other physician group.
	MN S 2, MN H 297	Pending - Carryover	Proposes an amendment to the Constitution to affirm state residents' right to affordable health care; enacts other non-constitutional legislation to include electronic medical records.	By January 1, 2015, all hospitals and health care providers must have in place an interoperable electronic health records system within their hospital system or clinical practice setting. The commissioner of health, in consultation with the Health Information Technology and Infrastructure Advisory Committee, shall develop a statewide plan to meet this goal The commissioner shall distribute the funds appropriated under this section to federally qualified health centers operating in Minnesota as of January 1, 2007. The amount of each subsidy shall be in proportion to each federally qualified health center's amount of discounts granted to patients during calendar year 2006.
Mississippi				
Missouri	MO S 577	Enacted 07/02//2007	Among other things creates a Healthcare Technology Fund	208.975. 1. There is hereby created in the state treasury the "Health Care Technology Fund" which shall consist of all gifts, donations, transfers, and moneys appropriated by the general assembly, and bequests to the fund. The state treasurer shall be custodian of the fund and may approve disbursements from the fund in accordance with sections 30.170 and 30.180, RSMo. The fund shall be administered by the department of social services in accordance with the recommendations of the MO HealthNet oversight committee unless otherwise specified by the general assembly. Moneys in the fund shall be distributed in accordance with specific appropriation by the general assembly. The director of the department of social services shall submit his or her recommendations for the disbursement of the funds to the governor and the general assembly.

	MO H 11	Enacted 06/27/2007	Appropriations bill for the Department of Social Services and the Office of Administration	For the purpose of funding an electronic pilot project in one or more skilled nursing facilities in Greene County to study the cost effectiveness of electronic health records in long term care and the financial benefit to Missouri HealthNet From Nursing Facility Quality of Care Fund.... $450,000
Montana	MT D 683, MT SJR 19	Enacted 04/24/2007	Relates to developing health information technology.	A Joint Resolution of the Senate and the House of Representatives supporting the development of secure and confidential health information technology and exchange in local communities. Section (2) That the State of Montana support the funding of a demonstration project in specific communities throughout the state as developed by the health information task force.
Nebraska				
Nevada				
New Hampshire				
New Jersey	NJ A 4044	Passed Assembly in Senate Health, Human Services and Senior Citizens Committee 06/14/2007	New Jersey Health Information Technology Promotion Act; establishes New Jersey Health Information Technology Commission and provides for Statewide health information technology plan.	The New Jersey Health Information Technology Commission provides funding for the ongoing development and maintenance costs of a Statewide health information system; receive and expend appropriations;
New Mexico	Chapter No. 2007-21, NM S 611	Enacted 03/13/2007	Making appropriations and authorizing expenditures by state agencies	twenty-five thousand dollars ($25,000) to purchase electronic health records software for the Mora valley community health center;
New York	NY A 3564	Pending 04/20/2007	Creates the Insurer fund for Underserved Neighborhood/Rural Area Development Corporation; provides that such corporation shall operate in accordance with a plan of operation.	Section 1415 (b) Creates the insurer fund for underserved neighborhood/rural area development corporation to finance or facilitate the financing of projects, including the establishment and operation of health information technology.
	Chapter No. 54,	Enacted 04/09/2007	Appropriations to the Health and Mental Hygiene budget.	For services and expenses of health information technology 3,000,000

	NY S 2104			
	NY A 6509, NY S 4016	Pending 03/13/2007	Establishes a healthcare reinvestment fund suburban demonstration project; defines terms; creates an oversight committee; provides for distribution of funds and calculation of reinvestment fund payments; makes related changes.	Section 1 While the state of New York is investing in the health care infrastructure of New York state in an amount of two hundred fifty million dollars a year for four years through the health care efficiency and affordability law of New Yorkers (HEAL-NY) capital grant program, health insurers should likewise provide investment in the health care infrastructure of communities, particularly in the area of health information technology as health insurers are an immediate benefactor of health information technology. The reinvestment funds shall be distributed to each general hospital located in the suburban region proportionally based on each general hospital's reported inpatient discharges to the total of such inpatient discharges for all general hospitals located in the suburban region. (B) An annual amount of sixty-seven million dollars shall be divided.
	NY S 4679	Pending 04/20/2007	Enacts the "Health E-Links New York Act" to develop an implement an interoperable health information technology infrastructure to improve the quality and efficiency of health care and the ability of consumers to manage their care and safety.	Establishes a grant program to facilitate widespread adoption of interoperable health information technology. Section 1004 (2) To develop a plan to create statewide RHIOs with defined functions, organizational structure, governance, and funding requirements and sources.
	NY A 8544, NY S 5428	Assembly Ways and Means Committee 06/05/2007	Amends the public health law and the public authorities law, in relation to cost allowances for strategic capital investments for technology infrastructure of certain home health care programs	3-B. Strategic capital investment allowances. (A) For annual rate periods on and after January first, Two Thousand Eight, in determining the proposed rate schedules for payments for certified home health agency services or services provided by long term home health care programs or AIDS home care programs, the commissioner shall include in such rates an allowance for costs incurred for strategic capital investments by such agencies and programs in information technology, medication management technology and other investments related to their technology infrastructure. The purpose of such allowance shall be to improve the

				quality of care, improve the cost-effective operation of such agencies and programs and facilitate the fulfillment of the State's health care goals. Such allowance shall be factored in as a component of the rate schedule after, and shall not be subject to, the application of any adjustments, ceilings or limitations on such rate schedules.
North Carolina	NC H 814, NC S 800	Pending 03/15/2007	Appropriates funds for a community health education center.	The center shall serve as a model that could be replicated, if successful, in other areas of the State. The center shall provide a state-of-the-art simulated hospital environment for the simulation of patient-centered care, including emergency medical services; health information technology. Section 1.(b) There is appropriated from the General Fund to Edgecombe Community College the sum of six million four hundred fifty thousand dollars ($6,450,000) for the 2007-2008 fiscal year.
North Dakota	ND H 1021	Enacted 05/02/2007	Concerns the Information Technology Department; makes appropriations to defray expenses; creates a health information technology steering committee and the borrowing authority of the information technology department.	Base level funding component appropriated to the information technology department. Total all funds - Base level $108,907,227; Total general fund - Base level $ 9,972,837
Ohio				
Oklahoma				
Oregon	OR S 329	Enacted 06/28/2007	Establishes Oregon Health Fund program; establishes Oregon Health Fund Board to administer program; requires Board to adopt enrollment procedures and defined set of essential health services; requires Board to contract with health plans licensed to transact business in state to provide coverage; requires certain persons to participate in program.	Directs the Oregon Health Trust Board to establish subcommittees to develop proposals for financing Oregon Health Fund program and identifying health services to be provided by program. (10) The program should ensure that funding for health care is equitable and affordable for all Oregon residents and small and large businesses;
Pennsylvania	PA HB 700	House Insurance Committee	Amends the Insurance Code. Reforms the health care system by providing for access to affordable health insurance	Section 7202. Establishes the Cover All Pennsylvanians (CAP) health insurance program. Appropriations are a source of money for the CAP Fund. Section 7402 (5) Up

		04/03/2007	coverage for previously uninsured individuals and for small businesses, ensuring that charitable health care institutions meet their community benefit requirements, imposing certain health information technology requirements on health care providers. Imposes penalties. Makes repeals.	to $25,000,000 of the funds appropriated by the General Assembly for the Machinery and Equipment Loan Fund shall be made available for grants to health care facilities to assist in acquiring e-prescribing systems. Grants shall not exceed 50% of a hospital's costs, which shall be approved by the Department of Community and Economic Development.
	PA SB 8	House Health and Human Services Committee 06/20/2007	Establishes the Medical Safety Automation Account. Provides grants to implement medical safety automation systems.	The amount of a grant to any specific health care provider or regional medical safety automation organization under this program shall not exceed $1,000,000. No less than 60% of available funds shall be used for grants to health care providers in counties of the fourth, fifth, sixth, seventh or eighth class. (F) Matching funds. An applicant for a grant under this section shall provide matching funds in the amount of 100% of the amount of the grant. If the applicant is a community-based health care provider, the applicant shall provide matching funds in the amount of 50% of the amount of the grant. (3)(b) Annual reports describing the total amount of funds spent shall be delivered to the PA House of Representatives. Section 8 (9) Audits shall be conducted to ensure that funds have been used in accordance with the terms and standards adopted by the department.
Rhode Island				
South Carolina				
South Dakota				
Tennessee				
Texas	TX H 1066	Enacted 06/15/2007	Relates to electronic health information, electronic health records; creates the Texas Health Service Authority Corporation.	Establishes the Texas Health Services Authority as a public-private collaborative to implement the state-level health information technology functions identified by the Texas Health Information Technology Advisory Committee Sec. 182.106.(a) The corporation may be funded through the General Appropriations Act and may request, accept, and use gifts and grants as necessary to implement its functions.
Utah				

Vermont	Act No. 27 VT H 380	Enacted 05/16/2007	Amends hospital reporting and licensing requirements; provide hospitals with greater flexibility in how community needs assessments are conducted; eliminates mandatory biannual revisions to the health resource allocation plan; requires the public oversight commission to make recommendations regarding revisions to the health resource allocation plan.	Section 9434 (c) In the case of a health information technology project which requires a certificate of need under this section, expenditures for which are anticipated to be in excess of- $30,000,000, the applicant first shall secure a conceptual development phase certificate of need, in accordance with the appropriate standards and procedures, which permits the applicant to make expenditures for architectural services, engineering design services, or any other planning services , as defined by the commissioner, needed in connection with the project. Expenditures may be made in preparation for obtaining a conceptual development phase certificate of need, which expenditures shall not exceed $1,500,000 for non-hospitals or $3,000,000 for hospitals.
	Act No. 70, VT H 229	Enacted 06/05/2007	Makes corrections and clarifications to the 2006 Health Care Affordability Act and related legislation.	(a) The commissioner shall facilitate the development of a statewide health information technology plan that includes the implementation of an integrated electronic health information infrastructure for the sharing of electronic health information among health care facilities, health care professionals, public and private payers, and patients. The plan should recommend funding mechanisms for the ongoing development and maintenance costs of a statewide health information system. (c)(1) The commissioner shall contract with the Vermont information technology leaders (VITL), a broad-based health information technology advisory group. (i) VITL is authorized to seek matching funds.
	Act No. 71, VT H 531	Enacted 06/05/2007	Establishes outreach and enrollment principles for Catamount Health and state benefit programs; Establishes the rural health alliance. Requires that all primary care providers participating in the project shall use health information technology.	Section 7(d) For fiscal year 2008, the department of health shall provide a grant to the Vermont rural health alliance for the early implementation projects described in this section upon the approval by the commissioner and upon receipt of $185,000.00 by the alliance of federal grant or other matching funds.
Virginia	Chapter No. 847, VA H	Enacted 04/04/2007	Appropriates public revenues	Z.1. Out of this appropriation, $4,698,113 the second year from nongeneral funds shall be used to develop and implement a system of electronic medical records,

	1650			including any necessary system upgrades, for individuals receiving services at state mental health and mental retardation facilities. The Department of Mental Health, Mental Retardation and Substance Abuse Services shall collaborate with the Secretary of Technology to pursue a multi-source procurement. Any agreement signed by the department for health information technology or a health information technology system for the retrieval, storage, or exchange of health information shall be consistent with federal standards for the electronic exchange of health information and include a provision to ensure interoperability.
Washington	Chapter 114, WA S 5640	Enacted 04/18/2007	Authorizes tribal governments to participate in public employees' benefits board programs	Through state health purchasing, reimbursement, or pilot strategies, promote and increase the adoption of health information technology systems, including electronic medical records.
	Chapter 259, WA S 5930	Enacted 05/02/2007	Provides high quality, affordable health care to residents based on the recommendations of the blue ribbon commission on health care costs and access.	Authorizes an evaluation of the impact of the use of shared decision making with decision aids, including the use of preference-sensitive health care services selected for the demonstration project and expenditures for those services. Establishes demonstration projects, which as a condition of participating in the demonstration project, a participating practice site must bear the cost of selecting, purchasing, and incorporating the chosen decision aids into clinical practice.
	WA S 5423	Pending - Carryover	Seeks to improve the quality of health care through the use of health information technologies.	1) Subject to the limits in this section, an eligible person is authorized a credit against the tax due under this chapter for the acquisition of health information technologies certified as eligible for credit by the health care authority as provided in RCW 41.05.021.
	Chapter No. 2007-522, WA H 1128	Enacted 05/15/2007	Makes appropriations for 2007-2009	(4) $1,012,000 of the general fund -- state appropriation for fiscal year 2008 and $338,000 of the general fund -- state appropriation for fiscal year 2009 are provided solely for an evaluation of the information technology infrastructure capacity for institutions operated by the department of social and health services, department of veterans affairs, and department of corrections. The

				evaluation will detail the status of the participating institutions' infrastructure and recommend an improvement strategy that includes the use of electronic medical records. The department shall report back to the appropriate committees of the legislature on its findings by January 1, 2009.
West Virginia				
Wisconsin	WI S 40	Passed Senate to Assembly 06/26/2007	Relates to state finances and appropriations. Constitutes the Executive Budget Act of 2007 Legislature.	20.250 (1) (e) Implements principal repayment and interest. A sum sufficient to reimburse for the payment of principal and interest costs incurred in aiding the construction of a basic science education facility and in aiding the funding of a health information technology center.
Wyoming				