

Fiscal Estimate Narratives

DOR 10/9/2009

LRB Number	09-2488/1	Introduction Number	SB-312	Estimate Type	Original
Description The electronic medical records tax credit					

Assumptions Used in Arriving at Fiscal Estimate

The current electronic medical records credit for health care providers is effective for taxable years beginning in 2012 and is equal to 50% of the amount that the health care provider paid in the taxable year for information technology hardware or software used to maintain medical records in electronic form. The maximum amount that may be claimed in a taxable year by all claimants is \$10 million. Current law does not specify standards to be met by the medical records systems.

This bill expands the credit to also include 50% of the amount paid in the taxable year to another person to maintain the claimant's medical records in electronic form. Under the bill, the Department of Commerce is required to allocate credits only for costs related to electronic medical records systems that are certified or are being upgraded to become certified as specified under federal Public Law 111-5 (the American Recovery and Reinvestment Act of 2009). The law establishes standards to be met for certification to facilitate interoperability of systems and exchange of information across healthcare providers. When allocating credits, the Department of Commerce shall grant priority to claimants that provide health care to underserved or low-income populations and to claimants that have the greatest need for financial assistance with the costs of implementing an electronic medical records system. The bill also directs the Department of Commerce to promulgate rules to establish penalties for security breaches.

Fiscal Effect:

The annual limit on the credit remains at \$10 million, the same as under current law. Therefore the bill would not affect state revenues and as such has no fiscal effect.

Long-Range Fiscal Implications