



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 23, 2013

Joint Committee on Finance

Paper #349

Health Care Data Organization Grant (DHS -- Other Health Programs and Departmentwide)

[LFB 2013-15 Budget Summary: Page 249, #8]

CURRENT LAW

Several organizations collect and disseminate health care information in Wisconsin, each with a different focus and level of state and stakeholder involvement. These entities include the Wisconsin Health Information Exchange, the Wisconsin Collaborative for Healthcare Quality, the Wisconsin Statewide Health Information Network, the Wisconsin Health Information Organization (WHIO), the Wisconsin Hospital Association, and the Rural Wisconsin Health Cooperative.

The Department of Health Services (DHS) currently contracts with WHIO (a partnership between providers, health plans, DHS, and the Department of Employee Trust Funds (ETF)) to comply with a statutory requirement that the agency contract with a health care information entity to conduct various activities. Under this contract, WHIO collects claims data on health care cost and quality measures, and aggregates this data to provide a way to compare that data through WIO's Health Analytics Exchange (HAE).

GOVERNOR

Provide \$2,500,000 GPR annually to increase the amount of funding DHS is budgeted to contract with a health care information organization that collects health care claims data from insurers and administrators, and analyzes and reports that information for cost, quality, and effectiveness of care. Create an annual state operations appropriation in DHS to fund the contract. Budget this funding as "one-time funding," so that all of this funding would be deleted from the agency's base as part of standard budget adjustments, beginning in 2015-16.

Specify the conditions the grantee must meet in order to contract with DHS for these services so that, in addition to meeting the current conditions, the grantee would be required to: (a) provide an Internet site that offers health care provider cost and quality data and reports to consumers in a manner that is comprehensive and transparent, and uses language that is understandable to laypersons; (b) conduct statewide consumer information campaigns to improve health literacy; (c) provide a review and reconsideration software solution to allow health care providers to validate their cost and quality data prior to publication on the Internet site; (d) conduct other functions specified in its contract with the state; and (e) fulfill any requirements according to timelines specified by DHS and ETF.

DISCUSSION POINTS

1. Chapter 153 of the statutes contains provisions relating to health care information, including a requirement that the state contract with an entity to perform certain duties related to the collection, analysis, and dissemination of health care information. This entity is required to collect data from hospitals and ambulatory surgical centers, and may request claims information from insurers and plan administrators. The entity must analyze and publicly report that data in a manner that is understandable to laypersons. The state currently contracts with WHIO to perform this service.

2. WHIO's primary activity is the administration and maintenance of the Health Analytics Exchange (HAE). This database collects and makes information available about services provided in different Wisconsin health systems, and allows comparisons of cost and quality measures. In its current form, that information is most useful and accessible to health care providers, insurers, insurance agents and brokers, actuarial firms, and health plan administrators.

3. State funding for WHIO is provided from revenues the state collects from an annual \$70 assessment paid by physicians. This fee is in addition to the fee for physician licensure charged by the Department of Safety and Professional Services. This assessment generally applies to all physicians holding a Wisconsin license and practicing in Wisconsin, with several exceptions. WHIO is also supported by federal medical assistance (MA) matching funds DHS claims for certain MA-related costs administrative costs, with the revenue from the physician assessment serving as the state match to these federal funds.

4. The physician fee revenue allocated to WHIO will total approximately \$450,000 in 2012-13, in addition to approximately \$100,000 in federal MA matching funds. The total WHIO budget for equals approximately \$1.8 million, which includes subscription fees for access to health care information collected by WHIO.

5. The bill would provide \$2,500,000 GPR each year of the biennium to WHIO to improve access to, and transparency of, WHIO data for consumers, and make other improvements to the data collected by WHIO. In general, the goal of this funding is to allow WHIO to provide a comprehensive web portal for consumers to access health care cost and quality data, conduct statewide consumer information campaigns, establish a way for providers to review submitted data prior to publication, and allow WHIO to include Medicare claims in the HAE.

6. The proposed \$2.5 million annual allocation would support the following projects and activities:

- *Web Portal (\$300,000)*. Under the bill, the grantee would be required to create a comprehensive web portal for consumer access to data. WHIO would spend \$150,000 for ongoing development and maintenance of the web portal, and \$150,000 for 1.5 FTE positions (0.5 help desk staff, and 1.0 data analyst).
- *Statewide Public Information Campaign (\$200,000)*. The bill would require the grantee to conduct a statewide health literacy campaign, which would provide consumers with information on how to use new health care data resources. This funding would support a subcontract for a project manager and a nurse educator consultant, and various printed materials and awareness campaign activities.
- *Provider Data Review Software (\$1,000,000)*. The bill would require the grantee to implement a way for providers to validate cost and quality data prior to publication on the website. This item includes \$500,000 for software licenses and \$500,000 for staff and other operations costs.
- *Inclusion of Medicare Claims Data (\$1,000,000)*. Finally, although not required in the bill, WHIO would use \$1,000,000 to create a database (separate from the commercial claims database) for tracking Medicare claims, subject to the provider review mechanism. This would increase the amount of data collected and analyzed by WHIO.

7. If the Committee chooses to provide additional support to WHIO to improve consumer access to health care information, it could approve the Governor's proposal (Alternative 1).

8. Although the bill would provide the \$5 million as a one-time allocation for the 2013-15 biennium, the administration indicates that it will continue to work with WHIO to determine whether there is a need to continue to support these activities after 2014-15. Based on the Department's descriptions of projects and activities that would be funded in the 2013-15 biennium, it appears that there may be a need to provide some funding for these projects on an ongoing basis. For example, it appears that WHIO would either hire or contract for up to 5.0 employees with this funding.

If the Committee chooses to fund this item, and wishes to assure that some ongoing costs could be supported as part of the adjusted base (after standard budget adjustments) after 2014-15, it could modify the bill to budget \$500,000 of the funding as ongoing basis, rather than as one-time funding (Alternative 2).

9. Finally, if the Committee determines that providing additional funding for WHIO to conduct these activities is not a priority use of state funds, it could delete the Governor's recommendation (Alternative 3).

10. If the Committee chooses to fund this item, the new appropriation in the bill should be designated as an "aids to individuals and organizations" appropriation, rather than as a "state

operations appropriation." This modification is incorporated into both alternatives that would fund this item.

ALTERNATIVES

1. Approve the Governor's recommendation. In addition, convert the new appropriation from a state operations appropriation to an appropriation that funds aids to individuals and organizations.

2. Modify the bill by budgeting \$500,000 of the funding that would be provided in 2014-15 as ongoing funding, rather than as one-time funding. In addition, convert the new appropriation from a state operations appropriation to an appropriation that funds aids to individuals and organizations.

3. Delete provision.

ALT 3	Change to Bill Funding
GPR	- \$5,000,000

Prepared by: Sam Austin