ISSUE REVIEW

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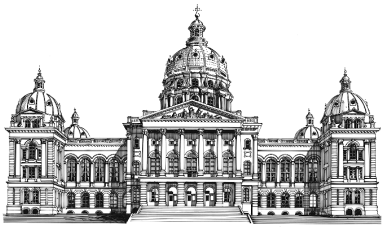

State Capitol
Des Moines, IA 50319
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The Transition From The Health Data Commission To The Community Health Management Information System

ISSUE

Factors involved in the transfer of health data collection responsibilities from the Health Data Commission (HDC) to the Community Health Management Information System (CHMIS).

AFFECTED AGENCIES

Department of Elder Affairs

Department of Human Services (DHS)

Department of Public Health (DPH)

Department of Commerce, Insurance Division

CODE AUTHORITY

Chapter 145, Code of Iowa

BACKGROUND

Recent national health care reform efforts have demonstrated an increased need for health care data. In 1983, the State acknowledged the value of health care data by establishing the HDC as a health data clearinghouse. The purpose of the HDC is to collect and distribute data which will improve decision making processes regarding health care services. Information relating to cost, use, and quality are reported for use by health care purchasers, providers, plan administrators, consumers, business leaders, labor leaders, government executives, and legislators.

The Health and Human Rights Appropriations Bill (HF 429) approved during the 1993 Legislative Session contained language eliminating the HDC effective June 30, 1994. Legislation approved during the 1994 Session (SF 2069) extended the HDC until July 1, 1996. The rationale for the extension was the planned implementation of a new electronic data transfer system by July 1, 1996. The new system, the CHMIS, will provide administrative efficiencies and cost savings through standardized, electronic filing of insurance claims in addition to serving as a data repository.

The CHMIS Steering Committee recommended the HDC continue until the CHMIS is fully operational. This recommendation is based upon the concern that gaps in data collection would occur and result in a loss of data required for health care reform efforts, policy decisions, research, and consumer use of the Iowa-specific data. National data is no longer adequate by itself for analysis at the State and local level, particularly when decisions being discussed to reform the health care system affect local health care providers and consumers.

CURRENT SITUATION

The HDC currently collects hospital inpatient, hospital outpatient, physician, and long-term care data. The HDC contracts with the Iowa Hospital Association to obtain direct hospital inpatient data. Outpatient hospital records and physician data are submitted from third-party payers through insurance claims. Long-term care data is collected through surveys and analysis of long-term care data collected by State agencies as part of ongoing operations.

During the initial phase, the CHMIS data set will vary from the HDC's current system in 3 significant facets: 1) long-term care data will not be collected, 2) data will have unique plan, provider, and encrypted patient identification numbers, and 3) providers will be the source of data collection, as opposed to payers. During later phases, the data collection will move to an encounter basis, and the scope of data collected will include all health care providers.

As the CHMIS finalizes a business plan, policies, and procedures for the electronic submission of claims, the HDC will continue to refine data collection and analysis techniques which can be modeled by the CHMIS.

ALTERNATIVES

The following are 3 alternatives which the Legislature may wish to examine:

1. Maintain FY 1996 HDC funding at $240,250 to allow subsistence level data collection during the transition to the CHMIS. This would maintain the July 1, 1996, sunset language.
2. Maintain the current sunset and restore funding to $290,250 in FY 1996 so data activities which will be curtailed due to reduced funding can be restored in preparation of the CHMIS implementation.
3. Eliminate the HDC funding in FY 1996. Ceasing the HDC funding would create a loss of data continuity for decision makers and current users of the Iowa specific information. Current and trend data will not be available for more than a year after CHMIS data collection begins. Prior to that time, Iowa health care reform will be without Iowa specific information.

BUDGET IMPACT

The CHMIS will be funded by the Hartford Foundation through June 1995, and will subsequently be self-sufficient through fees. As such, the CHMIS is not expected to have a direct effect on the General Fund. The following factors, however, can be expected to have a budget impact.

1. Since its origination, the HDC has received annual funding through the Health and Human Rights Appropriations Bills. The transfer of data collection responsibilities from the HDC to the CHMIS will make a $250,000 appropriation to the DPH unnecessary beginning in FY 1996.

2. After the CHMIS becomes operational, the State will incur fees for the purchase of the CHMIS data. The amount of fees cannot be estimated at this time because many variables regarding the CHMIS are still unknown.
3. The DHS will be required to convert Title XIX processing systems to comply with the CHMIS provisions. The DHS estimates the onetime technical conversion costs to be incurred in FY 1996 at $1.5 million based on a 50.0% federal match rate.
4. The DHS and the Department of Personnel are likely to experience savings due to insurance providers submitting claims electronically. Until the claims process is developed and implemented, the amount of any savings cannot be determined.

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