

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: May 31, 2011
POSITION: Support

BILL NUMBER: SB 945
AUTHOR: Senate Health

BILL SUMMARY: Medi-Cal: Electronic Devices

This urgency bill would require the Department of Health Care Services (DHCS) to establish and administer the Medi-Cal Electronic Health Records Incentive Program that would allow Medi-Cal providers to receive federally funded incentive payments to implement and use electronic health records (EHR) systems.

FISCAL SUMMARY

This bill would not have a fiscal impact on the General Fund. This bill would enable DHCS to develop an electronic health record incentive program that would give Medi-Cal providers access to 100 percent federally funded incentive payments of up to \$1.4 billion. Additionally, the state is eligible to receive 90/10 federal funding for administering the program. The California Healthcare Foundation would provide the 10 percent state match. The increased federal funding from this incentive program is already included in the 2011 Budget Act.

COMMENTS

The Department of Finance supports this Administration-sponsored bill because it would implement an incentive program that would allow Medi-Cal providers to receive federally funded incentive payments to implement and use EHR systems.

Specifically, this bill would do the following:

- Require DHCS to establish and administer the program in accordance with the State Medicaid Health Information Technology Plan.
Require DHCS to accept applications from and make incentive payments to eligible professionals and facilities, upon federal approval.
Allow contracts entered into by DHCS to implement the program to be exempt from established competitive bidding requirements in state law.
Allow DHCS to implement the program through provider bulletins or similar instruction without regulatory action.
Establish reporting requirements to the appropriate fiscal and policy committees of the Legislature and to the Legislative Analyst's Office.
Specify that the program would only be implemented to the extent that federal financial participation is available and that General Fund moneys shall not be used.
Sunset the program on June 30, 2021.

Analyst/Principal Date Assistant Program Budget Manager Date
(0544) J. Wunderlich

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)****Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

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SB 945

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code
	LA	(Dollars in Thousands)								
	CO	PROP								
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014		
4260/Hlth Care	SO	No	B	\$217	B	\$214	B	\$214		0995
4260/Hlth Care	SO	No	B	\$1,956	B	\$1,926	B	\$1,926		0890
4260/Hlth Care	LA	No	B	\$639,025	B	\$100,000	B	\$100,000		0890
<u>Fund Code</u>	<u>Title</u>									
0890	Trust Fund, Federal									
0995	Reimbursements									