

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 2022

SPONSOR: Health, Aging, and Long-Term Care Committee and Senator Alexander

SUBJECT: Health Care

DATE: April 8, 2004 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Harkey</u>	<u>Wilson</u>	<u>HC</u>	<u>Fav/CS</u>
2.	<u>Peters</u>	<u>Belcher</u>	<u>AHS</u>	<u>Favorable</u>
3.	_____	_____	<u>AP</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill, which has the popular name the “Health Care Consumer’s Right to Know Act,” directs the Agency for Health Care Administration (AHCA or agency) to make data concerning patient charges and performance outcomes collected from health care facilities available to the public by placing the data on the agency's website by a specified date. AHCA must select at least 100 medical conditions or procedures in order to compare data from licensed facilities. AHCA must establish rules for the conditions and procedures to be disclosed based upon assistance from the State Comprehensive Health information System Advisory Council. The bill revises the membership of that council.

By October 1, 2005, AHCA must implement the most effective methods of public disclosure of patient charge and performance outcome data. AHCA must report its findings and recommendations to the Governor, the President of the Senate, and the Speaker of the House of Representatives by a specified date and annually thereafter.

The bill requires that, in cases of nonemergency services, a licensed facility must give each patient an estimate, in writing, of the anticipated charges the facility typically bills to treat the patient's condition. The estimate must be given to the patient before treatment is rendered or before the patient is admitted to the facility. A licensed facility must give a patient access to the records necessary to verify the accuracy of the patient's bill within a certain time after the licensed facility receives the request for the records. The bill provides a procedure whereby a patient may dispute any charge listed in a licensed facility's bill.

The bill revises requirements for the use of sheltered nursing home beds by continuing care retirement communities by distinguishing between criteria that apply to the nursing home facility from those that apply to the entire continuing care retirement community facility.

This bill amends ss. 395.10973, 395.301, 408.05, 408.061, 408.08, and 651.118, F.S., and creates two unnumbered sections of law.

II. Present Situation:

Under s. 408.061, F.S., AHCA is authorized to require licensed facilities to submit data that is necessary for the agency to carry out its duties. AHCA must adopt a rule to establish the requirement to submit data, and the rules governing this data collection are in chapter 59E-7, F.A.C., Currently, hospitals and ambulatory surgical centers are required to submit discharge data on a quarterly basis to AHCA. The State Center for Health Statistics (SCHS) uses the data to create detailed reports that examine health care trends and outcomes of specific diagnoses in the Health Outcome Series. In addition, SCHS produces a variety of publications within the Consumer Awareness Series and the Florida HMO Report to assist the public in making well-informed health care decisions. Hospital data includes detailed patient data collected from acute care hospitals, short-term psychiatric hospitals, and comprehensive rehabilitation hospitals. It also includes aggregate data collected from long-term psychiatric hospitals.

Under Rule 59E-7.013, F.A.C., a hospital that refuses to file, fails to timely file, or files false or incomplete reports or other information required to be filed under the provisions of s. 408.08(13), F.S., other Florida Law, or rules adopted thereunder, is subject to administrative penalties. Failure to comply with reporting requirements will also result in the referral of a hospital to the Agency's Bureau of Health Facility Regulation. In addition, any hospital which is delinquent for a reporting deficiency shall be subject to a fine of \$100 per day of violation for the first violation, \$350 per day of violation for the second violation, and \$1,000 per day of violation for the third and all subsequent violations. Violations will be considered those activities which necessitate the issuance of an administrative complaint by the agency; unless the administrative complaint is withdrawn or a final order dismissing the administrative complaint is entered.

The State Comprehensive Health Information System (CHIS) Advisory Council advises agency staff regarding health information and statistics, pursuant to s. 408.05(8), F.S. CHIS has assisted in the development of the consumer publications Choosing A Quality Health Plan: Florida HMO Report and Understanding Prescription Drug Costs. CHIS has participated in a project to increase awareness and disseminate information on local and state programs combating health disparities. CHIS has also encouraged the continued expansion of the agency's consumer-oriented web site, www.FloridaHealthStat.com. CHIS meets four or more times each year at AHCA offices in Tallahassee or various locations in the state. Meetings are noticed in the Florida Administrative Weekly and are open to the public.

The FloridaHealthStat website provides consumers with a wide array of health care information. The online "Florida Hospital Service Guide 2003" provides consumers with information on hospitalizations for selected conditions and also information on specialized services available at Florida hospitals (<http://apps3.doh.state.fl.us/ahca/fhsg/index.cfm>).

Section 651.118, F.S., governs the use of "sheltered" nursing home beds in continuing care retirement communities (CCRCs). Sheltered beds are reserved for the use of CCRC residents and are not available to the community at-large. In subsection (7), the use of the term facility to refer

to the entire CCRC facility has reduced the flexibility that the CCRC might realize if the statute specified when a criterion applied to the entire CCRC facility and when it applied only to the CCRC's nursing home facility.

III. Effect of Proposed Changes:

Section 1. Provides a popular name for the act, the "Health Care Consumer's Right to Know Act."

Section 2. Establishes that the purpose of the act is to provide health care consumers with reliable, and understandable information about facility charges and performance outcomes to assist consumers in making informed decisions about health care.

Section 3. Amends paragraph (a) of subsection (8) of s. 408.05, F.S., to revise the composition of the State Comprehensive Health Information System Advisory Council as follows:

- The Governor will appoint an employee of the Executive Office of the Governor, a representative of an insurer licensed under ch. 627, F.S., a consumer advocate, a representative of a business/health coalition, a representative of a health maintenance organization licensed under ch. 641, F.S., a representative of a state trade association for health insurers, and two representatives of statewide business associations.
- The Director of the Office of Insurance Regulation will appoint an employee of that office.
- The Secretary of Health will appoint three physicians, one of whom is a general surgeon, one of whom is a general internist and one of whom is a radiologist or pathologist.
- The Secretary of Health Care Administration will appoint three persons, one of whom represents the chief executive officer of a hospital, one of whom represents the chief executive officer of a teaching hospital, and one of whom represents a hospital nursing executive.

Section 4. Amends s. 408.061, F.S., to require the State Comprehensive Health Information System Advisory Council to assist AHCA to establish specifications for data to be submitted to AHCA by health care providers, insurers, and facilities. Health care facility discharge data must be submitted quarterly as required by rule.

Section 5. Amends subsection (3) of s. 408.08, F.S., to delete a duplicative cross-reference.

Section 6. Amends s. 395.10973, F.S., to require AHCA to make available data concerning patient charges and performance outcomes collected from health care facilities under s. 408.061(1)(a) and (2), F.S., for not less than 100 conditions or procedures and the volume of inpatient hospitalizations or procedures by the appropriate Medicare diagnosis-related group, International Classification of Diseases 9 or Common Procedural Terminology code. Procedures performed 50 or fewer times must not be included. The data must be made available on the agency's website by October 1, 2004, and AHCA must make a hardcopy format available upon request. The data must be updated quarterly.

After consulting with the Comprehensive Health Information System Advisory Council, AHCA must adopt by rule the conditions and procedures that must be publicly disclosed. When

determining which conditions and procedures will be disclosed, the advisory council and AHCA must consider the variation in costs and outcomes and the magnitude of variations and other relevant information in order that the list of conditions and procedures selected will assist health care consumers to differentiate between health care facilities when making decisions regarding health treatment.

The data must be adjusted for case mix and severity, if applicable, and must compare:

- Volume of cases;
- Patient charges;
- Length of stay;
- Readmission rates;
- Complication rates;
- Mortality rates;
- Infection rates; and
- Use of computerized drug-order systems.

AHCA must make available to the public educational information relating to the 100 conditions and procedures selected under this subsection, including, but not limited to, an explanation of the medical condition or procedure, potential side effects, alternative treatments, costs, and the additional resources that may assist consumers in making informed decisions. The information may be made available by providing a link on the website to credible national resources, such as, but not limited to, the National Library of Medicine.

AHCA must publicly disclose the data to allow for the comparison of patient charges and performance outcomes between licensed facilities in Florida. When doing so, AHCA must use methods that are understandable to laypersons and accessible to consumers using an interactive query system. The agency must clearly state the age of the data and provide an explanation for the methodology used to adjust the data in order to account for the applicable degree of risk. AHCA also must provide guidance to Florida consumers on how to use this information to make informed health care decisions.

By October 1, 2005, AHCA must study and implement the most effective methods to publicly disclose comparative patient charges and performance outcomes, including additional measures to deliver this information to consumers that would enhance informed choices among consumers and health care purchasers. AHCA must evaluate the benefit of disclosing additional comparative measures that are adopted by the National Quality Forum, the Joint Commission on Accreditation of Healthcare Organizations, The Leapfrog Group, or similar national entities that establish standards to measure the performance of health care providers.

AHCA must report its findings and recommendations to the Governor, the President of the Senate, and the Speaker of the House of Representatives by October 1, 2005, and annually thereafter. The agency shall make this annual report available to the public on its Internet website.

AHCA must adopt rules to administer the provisions of subsections (9) and (10) of this section by January 15, 2005 and rules to administer the provisions of subsections (11) and (12) by October 1, 2005.

Section 7. Amends s. 395.301, F.S., to require that, in cases of nonemergency services, a licensed hospital, ambulatory surgical center or mobile surgical facility must give each patient a good faith estimate, in writing, of the reasonably anticipated charges the facility typically bills to treat the patient's condition. The estimate must be given to the patient before treatment is rendered or before the patient is admitted to the facility. The facility may also disclose upon request the median charges for its top 100 conditions or procedures by the appropriate Medicare diagnosis-related group, International Classification of Diseases 9 or Common Procedural Terminology code. Upon request of the patient, the facility must notify the patient of any revision to the good faith estimate in a timely manner if the good-faith estimate represented one of the 100 conditions or procedures determined by AHCA under s. 395.10973(9), F.S. Such an estimate will not prohibit the charges from exceeding the estimate.

A licensed facility must make available to a patient all records necessary to verify the accuracy of the patient's bill within 7 business days after the licensed facility receives the request for the records. The records must be made available at the licensed facility's offices. The records must be available to the patient before and after payment of the bill or claim. A licensed facility may not charge the patient for making the records available, except that the facility may charge its usual charge for providing copies of records as specified in s. 395.3025, F.S.

A licensed facility must establish an impartial method for reviewing written billing disputes. The facility must provide its written decision to the patient or the patient's payor making the appeal and to the agency within 30 days after the facility receives the dispute. The decision must include a clear explanation of the grounds for the decision. A facility must maintain a complete and accurate log of all disputes and must report to the agency the number of disputes, the total amount of the charges subject to dispute, and a summary of the dispositions of the disputes no later than January 1 of each year.

Section 8. Amends s. 651.118, F.S., to distinguish the application of the term "facility" to a continuing care retirement community's entire facility and the application of the term to its nursing home facility in regard to standards for the use of sheltered nursing home beds.

Section 9. Provides an effective date of July 1, 2004.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The provisions of this bill have no impact on municipalities and the counties under the requirements of Article VII, Section 18 of the Florida Constitution.

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Article I, s. 24(a) and (b) of the Florida Constitution.

C. Trust Funds Restrictions:

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Article III, Subsection 19(f) of the Florida Constitution.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Individuals could benefit from receiving additional information about hospital and ambulatory surgical center pricing and performance outcomes.

Patients seeking nonemergency treatment at a hospital would receive a good-faith estimate of the cost for treatment, thus helping them to be better prepared to pay the hospital bill.

Private hospitals, ambulatory surgical centers, and mobile surgical facilities would incur the cost of reporting their charges and other data to AHCA and providing each patient a written notice of anticipated charges prior to treatment.

C. Government Sector Impact:

Public hospitals would incur the cost of reporting their charges and other data to AHCA and providing each patient a written notice of anticipated charges prior to treatment.

AHCA would incur the cost of collecting from health care facilities the data concerning patient charges and performance outcomes required by the bill and making the required information available to the public by placing the data on the agency's website.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.