

# FISCAL NOTE

**STATE OF ALASKA**  
**2009 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSSB 133(FIN)  
 (S) Publish Date: 4/13/09

Identifier (file name): SB133CS(FIN)-DHSS-MAA-04-10-09 Dept. Affected: Health & Social Services  
 Title Electronic Health Info Exchange System RDU Health Care Services  
 Component Medical Assistance Administration  
 Sponsor Paskvan, Davis  
 Requester Senate FIN Component Number 2660

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>OPERATING EXPENDITURES</b>								
Personal Services	232.2			232.2	232.2	232.2	232.2	232.2
Travel	10.0			10.0	3.0	3.0	3.0	3.0
Contractual	18.8			18.8	2,118.8	2,118.8	2,118.8	2,118.8
Supplies	9.2			4.0	4.0	4.0	4.0	4.0
Equipment	10.0							
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>280.2</b>	<b>0.0</b>	<b>265.0</b>	<b>2,358.0</b>	<b>2,358.0</b>	<b>2,358.0</b>	<b>2,358.0</b>	<b>2,358.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>27,275.0</b>							
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<b>CHANGE IN REVENUES (</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	24,799.7		238.5	1,281.3	1,281.3	1,281.3	1,281.3
1003 GF Match	2,755.5		26.5	1,076.7	1,076.7	1,076.7	1,076.7
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</b>	<b>27,555.2</b>	<b>0.0</b>	<b>265.0</b>	<b>2,358.0</b>	<b>2,358.0</b>	<b>2,358.0</b>	<b>2,358.0</b>

Estimate of any current year (FY2009) cost: \_\_\_\_\_

**POSITIONS**

Full-time	<b>2.0</b>		2.0	2.0	2.0	2.0	2.0
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

SB 133 proposes to oversee creation of a secure statewide electronic health information exchange system. It would mandate the department oversee 1) infrastructure planning by a qualified nonprofit or for-profit entity; 2) implementation measures that include installation and training, a plan to encourage use of the system, support to providers, and compliance with federal and state health information policies. The fiscal note assumes federal stimulus funding is available for the first five years of the project; it assumes those funds will create a number of new private sector jobs with those funds, and that the project promotes cost efficiencies across the public and private health delivery systems. The project assumes that when federal stimulus funds are gone, the electronic exchange system will be self-sustaining afterward from a combination of public and private sources that utilize the system. (continued on next page)

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 Division Health Care Services

Phone 334-2520  
 Date/Time 4/10/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner  
DHSS Finance & Management Services

Date 4/10/2009

## FISCAL NOTE #2

STATE OF ALASKA  
2009 LEGISLATIVE SESSION

BILL NO. CSSB 133(FIN)

### ANALYSIS CONTINUATION

Given the size and complexity of the task, the department has chosen to pursue funding in both the operating and capital budgets. The department believes that this approach enhances the overall success of the project.

The Division of Health Care Services estimates that it will need a total of 2 FTE's for the planning and administration of the electronic health information exchange system.

#### **Operating Budget :**

Administrative costs

1 Project Manager, \$150.0, 1 Accountant III \$82.2, All personal services costs include benefits. Assumes \$9.4 per FTE annually for office space, phones, and other contractual costs. Assumes \$2.6 one time costs per FTE for computers and software. Assumes \$5.0 one time costs per FTE for Office equipment. Assumes \$2.0 per FTE annually for supplies. Assumes \$10.0 for travel for first 2 years and \$3.0 for remaining years.

Maintenance

Assumes \$1,800.0 per year for hosted service maintenance costs beginning in FY2012.

Assumes \$300.0 annual maintenance costs for broadband support beginning in FY2012.

#### **Capital Budget:**

Planning

Assumes approximately \$1,500.0 will be needed for infrastructure planning, Statewide Technical planning, policy and standard planning, training and workforce development planning, and health information policy compliance.

Implementation

Assumes \$13,000.0 one time costs will be needed for contractual services to upgrade broadband support statewide for the electronic health information exchange system to be interactive, responsive, and less subject to frequent breakdowns especially in rural parts of the state. Assumes \$7,000.0 one time costs will be needed for hardware and software updates for the system. Assumes \$5,775.0 one time costs will be needed for Health Electronic Records repository, patient and provider portals.

#### **Fund Source**

Assumes 90% federal for FY2010 and FY2011

Assumes 54.34% federal for 2012 and beyond