CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

December 2, 2016

S. 2511
Improving Health Information Technology Act

As reported by the Senate Committee on Health, Education, Labor, and Pensions on April 5, 2016

SUMMARY

S. 2511 would require the Department of Health and Human Services (HHS) to strengthen federal efforts related to the adoption and certification of health information technology (HIT), the exchange of electronic health data between different HIT systems, and the transmission of electronic health data to patients and to registries that collect data about individuals with specific medical conditions. Additionally, the Comptroller General would be required to issue several reports to Congress. CBO estimates that implementing S. 2511 would cost $122 million over the 2017-2021 period, assuming appropriation of the necessary funds.

S. 2511 also would provide the Inspector General of HHS with the authority to collect civil monetary penalties from entities that willfully block access to electronic health information. CBO estimates that collections of the civil monetary penalties would increase revenues, therefore pay-as-you-go procedures apply. Those effects would be insignificant over the 2017-2026 period. The bill would not affect direct spending.

Enacting S. 2511 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027. S. 2511 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 2511 is shown in the following table. The costs of this legislation fall within budget functions 550 (health) and 800 (general government).

	By Fiscal Year, in Millions of Dollars					
	2017	2018	2019	2020	2021	2017-2021
INCREASES IN SPENDING SUBJECT TO APPROPRIATION[a]						
Assisting Doctors and Hospitals in Improving the Quality of Care for Patients						
Estimated Authorization Level	1	2	2	1	1	6
Estimated Outlays	1	2	2	1	1	6
Transparent Ratings on Usability and Security to Transform Information Technology						
Estimated Authorization Level	6	13	13	7	7	45
Estimated Outlays	4	12	13	8	7	43
Information Blocking						
Estimated Authorization Level	1	2	2	1	1	7
Estimated Outlays	1	2	2	1	1	6
Interoperability						
Estimated Authorization Level	7	12	13	8	8	48
Estimated Outlays	4	12	13	9	8	45
Leveraging Health Information Technology to Improve Patient Care						
Estimated Authorization Level	1	3	3	1	1	9
Estimated Outlays	1	2	3	2	1	8
Empowering Patients and Improving Patient Access to Their Electronic Health Information						
Estimated Authorization Level	1	1	1	1	1	5
Estimated Outlays	*	1	1	1	1	5
Government Accountability Office Studies						
Estimated Authorization Level	*	*	*	*	0	1
Estimated Outlays	*	*	*	*	0	1
Total Changes						
Estimated Authorization Level	18	33	33	19	19	122
Estimated Outlays	10	30	33	23	19	114

Notes: * = less than $500,000; Components may not sum to totals because of rounding.

a. S. 2511 also would increase revenues by an insignificant amount over the 2017-2026 period.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 2511 will be enacted before the end of calendar year 2016 and that the necessary amounts will be appropriated each year.

Assisting Doctors and Hospitals in Improving the Quality of Care for Patients

Section 2 of S. 2511 would require the Secretary of HHS, in consultation with private and public stakeholders, to develop recommendations to reduce the administrative requirements related to using electronic health records and a strategy for implementing those recommendations. Additionally, the HIT Standards Committee, which is charged with making recommendations to the Office of the National Coordinator for Health Information Technology (ONC) within HHS on issues related to electronic exchange and use of health information, would be required to identify medical specialties and provider sites where HIT adoption is limited. The committee also would be required to make recommendations on certifying criteria for HIT used by pediatric health care providers. The Secretary would be required to adopt these criteria within two years after the enactment of S. 2511.

Based on an analysis of information provided by HHS, CBO estimates that implementing section 2 would require the equivalent of 4 employees each year, on average. CBO estimates that those employees, in addition to related information technology and infrastructure spending, would cost $6 million over the 2017-2021 period.

Transparent Ratings on Usability and Security to Transform Information Technology

ONC administers a certification program that is voluntary for developers and vendors. The program tests products to ensure that they meet specific criteria adopted by the Secretary of HHS. Section 3 of the bill would require ONC to ensure that certified HIT developers are not willfully impeding access to electronic health information and that the exchange of such information between HIT systems is not obstructed. The bill also would require ONC, in collaboration with stakeholders, to establish reporting requirements for HIT products. Developers that do not submit required information to ONC would lose their certification. ONC also would be required to establish a rating methodology that would be used by an independent body to assign star ratings to certified products. The bill would require ONC to publish both the rating criteria and the star ratings for certified HIT products on its website.

Based on an analysis of information provided by HHS, CBO estimates that implementing section 3 would require the equivalent of 26 full-time employees each year, on average. In addition, related information technology and infrastructure would be necessary to ensure compliance with new certification requirements and to incorporate the rating system into

the current certification program. Overall, CBO estimates that implementing this section of S. 2511 would cost $43 million over the 2017-2021 period.

Information Blocking

Section 4 of S. 2511 would define the term "information blocking" as willful practices that interfere with, prevent, or discourage the use of electronic health information and would require the Secretary to determine the activities that meet this definition. This section also would define the term "trusted exchange" as the technical capability of an HIT product to exchange electronic health information between users and multiple HIT systems securely. Additionally, this section would require the Secretary to issue guidance on how to overcome barriers that prevent the trusted exchange of health information and would require the HIT Standards Committee to consider similar issues.

Based on an analysis of information provided by HHS, CBO estimates that implementing those activities would require the equivalent of 5 full-time employees each year, on average. CBO estimates that those employees, in addition to spending on related information technology and infrastructure, would cost about $6 million over the 2017-2021 period.

Section 4 of S. 2511 also would provide the Inspector General of HHS with the authority to investigate cases of information blocking and levy a civil monetary penalty against HIT developers, networks, exchanges, and providers that engage in information blocking activities. The Office of the Inspector General would retain these penalties as offsetting collections, which would be used as a credit to any appropriation available to carry out this provision. CBO expects that most HIT developers, networks, exchanges, and providers would not engage in information blocking. Therefore, CBO estimates that this provision would result in penalties of less than $500,000 in each year and over the 2017-2021 period.

Interoperability

Section 5 of S. 2511 would require ONC to work with stakeholders to develop a trusted exchange framework. This framework would include policies and practices to address potential privacy and security concerns. ONC also would be required to:

- Provide technical assistance to health information networks on how to implement the framework;

- Conduct pilot tests of the framework; and

- Publish the trusted exchange framework and a directory of health information networks that have adopted the framework.

Based on an analysis of information provided by HHS, CBO estimates that implementing section 5 would require the equivalent of 17 employees each year, on average. In addition, spending on information technology and infrastructure to provide technical assistance to HIT developers and to test the trusted exchange framework would be required. CBO estimates that implementing section 5 would cost $45 million over the 2017-2021 period.

Leveraging Health Information Technology to Improve Patient Care

Section 6 of S. 2511 would require HIT products certified by ONC to transmit data to, and accept data from, registries that collect information about individuals with specific medical conditions. Currently, registries do not collect information uniformly. CBO expects that ONC would need to provide ongoing technical assistance to certified HIT developers to ensure they are able to meet these new requirements. Additionally, HHS would be required to submit a report to Congress about best practices in the integration of HIT into clinical practice by patient safety organizations.

Based on an analysis of information provided by HHS, CBO estimates that implementing section 6 would require, on average, the equivalent of about 4 full-time employees each year. CBO estimates that those employees, in addition to spending on the information technology necessary to test and certify that HIT products incorporate registry data in accordance with this section, would cost $8 million over the 2017-2021 period.

Empowering Patients and Improving Patient Access to Their Electronic Health Information

Section 7 of S. 2511 would require HHS to promote patient access to electronic health information by educating health care providers about the benefits of patient access to such information. The Secretary of HHS also would be required to issue guidance on best practices in the accurate and secure provision of electronic health information to patients and to assess the accessibility of such information.

Based on an analysis of information from HHS, CBO estimates that implementing section 7 would require the equivalent of 4 employees each year, on average. CBO estimates that those employees, in addition to related information technology and infrastructure spending, would cost $5 million over the 2017-2021 period.

Government Accountability Office Studies

The bill would require the Comptroller General to issue several reports to Congress on the rating system established by S. 2511 and on current initiatives that work to match electronic health records received within and across health care organizations to the correct patient. CBO estimates that these reports to Congress would cost $1 million over the 2017-2021 period.

PAY-AS-YOU-GO CONSIDERATIONS:

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. CBO estimates that collections from civil monetary penalties under S. 2511 would increase revenues by an insignificant amount over the 2017-2026 period and that the bill would not affect direct spending.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 2511 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2511 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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