



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1613

PRINTERS NO. 2516

PRIME SPONSOR: Cutler

COST / (SAVINGS)

FUND	FY 2017/18	FY 2018/19
General Fund	See fiscal impact	See fiscal impact

SUMMARY: House Bill 1613, printer's number 2516, statutorily reauthorizes and modernizes the Health Care Cost Containment Council (PHC4).

ANALYSIS: HC4 was created through Act 89 of 1986 to collect and disseminate hospital and ambulatory surgery center data. PHC4 was reauthorized by Act 3 of 2009, but Act 3 expired June 30, 2014. PHC4 has continued to operate under Executive Order 2014-04.

The bill amends Title 35 (Health and Safety) by adding Part II, Regulated Entities, Chapter 33, to be known and cited as the Health Care Cost Containment Act. The chapter provides for the powers and duties of the PHC4, for health care cost containment through collection and dissemination of data, for public accountability of health care costs, and to conduct studies on alternative health care delivery models.

The PHC4 is established as an independent council and shall consist of 29 members, including six representatives of the business community, six representatives of organized labor, two representatives of hospitals, two representatives of physicians, one representative of nurses, three representatives of health insurers, and four representatives from the General Assembly. Council members are permitted to attend meetings by electronic means, such as teleconferencing so long as each council member attending via electronic means can communicate in real time with the other members of the council and the public.

The majority of the powers and duties of the PHC4 are unchanged; however, the Council will need to add regional trends in the cost of health care and health insurance premiums to the annual report to the General Assembly. The Council shall also conduct studies and publish reports analyzing the effects that outpatient, alternative health care delivery systems have on health care costs. In addition, the Council must annually report on its financial expenditures to the Appropriations Committee and Public Health and Welfare Committee of the Senate and the Appropriations Committee, the Health Committee and the Human Services Committee of the House of Representatives.

This legislation is effective immediately, and the following apply: actions taken by the Council from June 30, 2014, to the effective date are validated; new positions on the Council shall be filled

no later than 60 days after the effective date and organizations required to submit lists of recommended persons shall do so within 30 days of the effective date. There shall be no lapse in employment for current employees of PHC4.

The provisions of Chapter 33 are severable.

FISCAL IMPACT: Act 1A of 2017, the General Appropriation Act of 2017, appropriated \$2,752,000 for the operation of the PHC4. PHC4 sells data sets and customized data reports and is authorized to utilize the revenue gained from the sale of data for the operation of the Council. For the year ended June 30, 2017, PHC4 realized \$936,416.96 from the sale of data and reports, and the year prior to that PHC4 collected \$721,274.47. These additional revenues support costs of PHC4 staff and operations. Current staff of PHC4 includes 31 filled positions at an annual estimated cost of \$3,085,000 for salary and benefits.

Enactment of this legislation will have no additional fiscal impact on Commonwealth funds beyond what has been appropriated through Act 1A.

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House Appropriations Committee (R)

DATE: October 2, 2017

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.