

Legislative Analysis



HEALTH INFORMATION EXCHANGE

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4037 as introduced
Sponsor: Rep. Julie M. Rogers

Analysis available at
<http://www.legislature.mi.gov>

House Bill 4038 as introduced
Sponsor: Rep. Curt S. VanderWall

Committee: Health Policy
Complete to 3-10-25

SUMMARY:

House Bill 4037 would amend the Public Health Code to require that a request for proposal be issued by March 1, 2026, to select a *health information exchange* to operate a *health data utility* in Michigan. The request for proposal and any resulting contract would, at a minimum, have to require the health information exchange to comply with all Michigan and federal laws that pertain to cyber security and data protection.

Health information exchange would mean the nonprofit entity that operates an inclusive health information technology infrastructure in Michigan that serves as a health data aggregator and is enabled to collect, normalize, and share disparate health data content from a diverse set of health data sources.

Health data utility would mean a system operated by the health information exchange that does all of the following:

- Combines, enhances, and facilitates the exchange of disparate clinical and other health data for treatment, care coordination, quality improvement, population health, public health emergencies, and other public health and community health purposes.
- Identifies trusted data sharing organizations and allows only them to access and submit data.
- Provides those trusted data sharing organizations with access to data so as to support care coordination among participants.
- Provides a variety of technical services a participant can choose from to allow for the exchange of information using multiple modalities, including query searches and push notifications.
- Promotes interoperability between the state, health care entities, and other participants.
- Is patient-centered and market-driven.
- Ensures that access to and submission of data comply with Michigan and federal laws related to health information.

The health information exchange selected as provided above would have to meet all of the following:

- Be able to route relevant real-time data.

- Be able to allow a program that monitors any of the following to access relevant data:
 - Public safety or population health.
 - Adherence to another program’s requirements.
 - Compliance with Michigan laws.
- Be able to improve the quality of health care in Michigan by increasing public health monitoring efforts, incorporating public health data into electronic records, and allowing for the coordination of care in clinical and social decision-making efforts.
- Comply with all applicable federal and Michigan laws regarding standards-based health data exchange, including by adhering to legally required data protection requirements.
- Have a governing board with representatives who have expertise in public health or who are associated with the Department of Health and Human Services (DHHS), the Health Information Technology Commission, a hospital, a health plan, a human services organization, a physician organization, or a pharmacy.
- Maintain a high level of cybersecurity standards, including at least a certification from HITRUST Alliance or a similar certification that, through a third-party assessment, requires an organization to demonstrate compliance with Common Security Framework and requires adherence to industry best practices and standards.
- Be a nonprofit health information exchange that operates in Michigan and has technical connections to a significant percentage of health care providers, public health agencies, and payors in Michigan.
- Have a technology infrastructure that includes the following to provide a high level of protection of patient data:
 - Advance identity management.
 - Patient consent management that allows the patient to manage their consent practices.
 - Patient matching.
- Provide all patients, through a clear and conspicuous process, the ability to opt out of data sharing through the health data utility at any time.

MCL 333.2501 and proposed MCL 333.2508

House Bill 4038 would amend the Insurance Provider Assessment Act to provide an earmark from Insurance Provider Fund expenditures for the health information exchange designated under HB 4037. Currently under the act, DHHS must expend money from the fund, upon appropriation, only for one or more of the following purposes:

- The amount necessary to continue to support the payment of actuarially sound capitation rates to Medicaid managed care organizations.
- Administrative and compliance costs in accordance with section 15 of the act.
- The balance after the above to be transferred to a separate restricted account in the fund and used only as appropriated by the legislature.

Under the bill, DHHS would have to expend the money, upon appropriation, only for one or more of the following purposes:

- The amount necessary to continue to support the payment of actuarially sound capitation rates to Medicaid managed care organizations.
- Administrative and compliance costs in accordance with section 15.

- For the 2024-25 state fiscal year only, \$6.0 million to the health data utility selected under House Bill 4037.
- For the 2025-26 state fiscal year only, \$7.0 million to the health data utility selected under House Bill 4037.
- For the 2026-27 state fiscal year and every subsequent state fiscal year, \$8.0 million to the health data utility selected under House Bill 4037. The bill would require this amount to be adjusted for inflation annually beginning January 1, 2027, using the Detroit Consumer Price index for all items for the prior 12-month period as reported by the U.S. Department of Labor.
- The balance after the above to be transferred to a separate restricted account in the fund and used only as appropriated by the legislature.

The bill cannot take effect unless House Bill 4037 is also enacted.

MCL 550.1763

BACKGROUND:

The bills are identical to House Bills 5283 and 5284 of the 2023-24 legislative session as those bills were passed by the House of Representatives.

FISCAL IMPACT:

House Bills 4037 and 4038 would increase GF/GP needed as the state share of Medicaid by \$6.0 million in Fiscal Year 2024-25, \$7.0 million in FY 2025-26, \$8.0 million in FY 2026-27, and adjusted by the Detroit Consumer Price Index annually thereafter. The earmark of those funds would be repurposed from being used for the state share of Medicaid costs. For FY 2024-25, the federal Medicaid match rate is 65.13% and the state share of Medicaid is 34.87%. These bills would have no fiscal impact on local units of government.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.