

Fiscal Note & Local Impact Statement

122nd General Assembly of Ohio

BILL: Sub. H.B. 243 (LSC 122 0687-4)

DATE: November 12, 1997

STATUS: In Senate Health

SPONSOR: Rep. Van Vyven

LOCAL IMPACT STATEMENT REQUIRED: No — Permissive

CONTENTS: Use of electronic or computer-generated signatures for authenticating medical records

State Fiscal Highlights

STATE FUND	FY 1997	FY 1998	FUTURE YEARS
General Revenue Fund – Department of Health			
Revenues	-0-	- 0 -	- 0 -
Expenditures	Minimal increase	Potential minimal increase	Potential minimal increase

- Establishing a protocol for the use of electronic signatures, as well as certifying a facility's signature code system and adopting rules, should have a minimal fiscal effect on the Department of Health.
- Restoration of licensure requirements for rural health care facilities will have no fiscal effect.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.



Detailed Fiscal Analysis

The bill permits any entry into a health care record to be authenticated by a handwritten signature or handwritten initials written directly on the entry. The bill also allows the use of an electronic signature to authenticate a document providing an entity's electronic signature system has met certain conditions and is certified as such by the Department of Health. The bill also allows the department to accept the approval of any private or public organization that has reviewed the entity's system, providing their standards are as stringent as those set forth in the bill. Such organizations include the Joint Commission on Accreditation of Healthcare Organizations (JCAHO); the American Osteopathic Association; the United States Food and Drug Administration; and the United States Health Care Financing Administration (HCFA).

According to a spokesperson from OHA, The Association for Hospitals and Health Systems, the practice of using electronic signatures is currently permitted in standards set forth by HCFA and JCAHO and is generally in use at computerized facilities. Additionally, although the language requires an authenticating signature, it is permissive as to whether this is a handwritten, electronic or computer-generated signature. Since this practice is generally in use and certification can be accepted from numerous organizations, it is assumed that these provisions, overall, will have a minimal fiscal effect.

The bill also requires the Public Health Council to adopt rules for the department to certify if an entity's electronic signature system complies with the standards set forth in the bill. This provision is expected to be a minimal one-time increase in expenditure for the Department of Health.

Additionally, under law, the Director of Health has been required to issue a license to a health care facility that files an application and demonstrates that certain quality standards have been met. An exception was granted to those facilities located in rural areas that apply on or after March 31, 1996 and at the time the license is to take effect, the quality standards are not yet in effect. Under those circumstances, the director must grant the license without a demonstration that the facility meets those standards. Additionally, effective March 21, 1996, none of these facilities were able to operate without a license and effective April 1, 1998, no other facility could operate without a license.

Amended Sub. H.B. 215, as enacted, inadvertently eliminated the licensure requirement for rural health care facilities, which effectively allowed them to operate without licensure or adherence to quality standards. This bill's provisions restore the licensure requirement is not expected to have a fiscal effect.

□ *LBO staff: Barbara Petering, Senior Analyst*

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