

## Health Information Compliance Alert

### Compliance Costs OMB PUTS PRICE TAG ON REGULATORY COSTS

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The OMB released a regulatory report Dec. 18 that claims rules issued by the HHS cost up to \$3.1 billion from April 1995 to September 2001, but the yield in benefits amounts to up to \$9.1 billion, according to the report.

Those costs relate to health insurance reform, including standards for electronic transactions, as well as costs concerning the standards for protecting individually identifiable health information, according to the OMB.

Concerning the implementation of electronic standards, the report says that e-transactions for health care providers would cost \$7 billion over 10 years, but would produce \$36.9 billion in benefits over the same duration. The costs include system conversion and upgrades, start-up costs of automation, training and costs associated with mitigating implementation problems.

Also of note were the OMB's statistics for costs associated with privacy rule implementation. "The Rule shows a net savings of \$29.9 billion over 10 years (2002-2011), or a net present value savings of \$19 billion," numbers that do not include e-health or e-commerce, the OMB notes.

The OMB reports that the final privacy rule is estimated to produce net costs of \$18 billion with a net present value of \$11.8 billion over 10 years, from 2003 through 2012. the OMB basis those numbers on costs already incurred due to the transactions rule.

Editor's Note: To read the report, go to [http://www.whitehouse.gov/omb/inforeg/2002\\_report\\_to\\_congress.pdf](http://www.whitehouse.gov/omb/inforeg/2002_report_to_congress.pdf).