

FISCAL NOTE TO
ASSEMBLY, No. 1480
STATE OF NEW JERSEY

DATED: JULY 25, 1997

Bill Summary:

Assembly Bill No. 1480 of 1996 establishes a nonlapsing Electronic Data Interchange Technology Development Fund (fund) in the Department of Health and Senior Services (DHSS) consisting of (a) assessments on health care facilities and health care providers, excluding pharmacists, of \$0.50 on every paper-based payment transaction and \$0.10 on every electronically automated payment transaction, subject to federal approval on Medicare and Medicaid transactions; (b) such other sources as the Legislature may determine; and (c) interest on the monies in the fund.

Monies in the fund are to be used to provide low interest loans, and to support the issuance of bonds by health care facilities and health care providers for acquiring electronic data interchange technology to store, retrieve and transmit health care information as determined by the Commissioner of Health and Senior Services. (The bonds are not considered a debt or liability of the State.) The Health Information Electronic Interchange Policy Council is allocated 2.5% of monies in the fund for its administrative costs, of which the New Jersey Institute of Technology and Thomas Edison State College would each receive \$250,000 for consulting services provided to the council. DHSS is allocated 2.5% of the monies in the fund for costs related to its annual report on Statewide health care expenditures and its survey.

Department Comments:

DHSS and the Office of Management and Budget (OMB) have estimated that between \$66 million and \$330 million would be raised by a \$0.50 for every paper based transaction and \$0.10 for every electronic transaction processed by a health care facility or provider based on the November 1994 Healthcare Information Networks & Technologies (HINT) report.

Office of Legislative Services Comments:

The Office of Legislative Services notes that the HINT report prepared by Thomas Edison State College estimates that 150 million claims are generated, of which 125 million are paper based. Using the HINT estimates \$65 million would be generated by the assessments.

DHSS' and OMB's estimate that the assessment would generate between \$66 million and \$330 million is uncertain as discussed below:

- The estimate that 150 million claims will be processed appears to include claims that are processed by either the Medicare and Medicaid program. Claims processed by these two programs may not be subject to the assessment.
- The estimate includes pharmacy claims. Under Assembly Bill No. 1480 pharmacies are not classified as a "health care provider" and claims processed by pharmacies would not be subject to the assessment.
- It is unclear to what extent health maintenance organizations are considered a "health care provider" and how they may be assessed since they do not process claims in the same manner as other health insurers.
- The bill does not define "payment transaction." For example, would 100 claims bundled on one document be considered one payment transaction or would each claim be considered a separate transaction?

This fiscal note has been prepared pursuant to P.L.1980, c.67.