

ASSEMBLY, No. 1480

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 5, 1996

By Assemblymen KAVANAUGH, FELICE, Assemblywomen
Vandervalk and Murphy

1 AN ACT concerning payment transactions by health care facilities and
2 providers and supplementing Title 26 of the Revised Statutes.

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4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

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7 1. As used in this act:

8 "Commissioner" means the Commissioner of Health.

9 "Electronic data interchange technology" means computer
10 equipment or software which permits the electronic transmission of a
11 business document in a standard format.

12 "Fund" means the Electronic Data Interchange Technology
13 Development Fund established pursuant to this act.

14 "Health care facility" means a health care facility licensed by the
15 Department of Health pursuant to P.L.1971, c.136 (C.26:2H-1 et
16 seq.).

17 "Health care provider" means a health care provider subject to
18 regulation by a professional board pursuant to the provisions of Title
19 45 of the Revised Statutes, but excluding pharmacists.

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21 2. There is established the Electronic Data Interchange Technology
22 Development Fund in the Department of Health.

23 a. The fund shall be comprised of revenues from the automated
24 transition incentive fee established pursuant to section 4 of this act and
25 from such other sources as the Legislature may determine. Interest
26 earned on the monies in the fund shall be credited to the fund.

27 Except as provided in subsection b. of this section, the fund shall be
28 a nonlapsing fund dedicated for use by the State to provide
29 low-interest loans to, and to support the issuance of bonds by, health
30 care facilities and health care providers for the purpose of acquiring
31 electronic data interchange technology to store, retrieve and transmit
32 health care information.

33 b. Of the monies in the fund, 2.5% shall annually be allocated to
34 the Health Information Electronic Data Interchange Policy Council
35 established pursuant to P.L. , c. (C.)(pending before the
36 Legislature as Senate Bill No. 50 or Assembly Bill No. 1476 of 1996)

1 to fund its administrative costs, out of which amount \$250,000 shall
2 be allocated to the New Jersey Institute of Technology and \$250,000
3 shall be allocated to Thomas Edison State College for consulting
4 services provided to the council; and 2.5% shall annually be used by
5 the Department of Health for costs related to its survey and annual
6 report on Statewide health care expenditures pursuant to P.L. ,
7 c. (C.)(pending before the Legislature as Senate Bill No.
8 50 or Assembly Bill No. 1476 of 1996).

9 c. The fund shall be administered by a person appointed by the
10 commissioner or an agency designated by the commissioner. The
11 administrator of the fund is responsible for overseeing and
12 coordinating the collection and disbursement of fund monies. The
13 administrator is responsible for promptly informing the commissioner
14 if monies are not or are not reasonably expected to be collected or
15 disbursed.

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17 3. Bonds issued pursuant to this act shall not be deemed to
18 constitute a debt or liability of the State or of any political subdivision
19 thereof, nor a pledge of the faith and credit of the State or of any such
20 political subdivision, but shall be payable solely from the funds
21 provided pursuant to this act. The bonds shall contain on the face
22 thereof a statement to the effect that neither the State of New Jersey
23 nor any political subdivision thereof shall be obligated to pay the same
24 or the interest thereon and that neither the faith and credit nor the
25 taxing power of the State of New Jersey or of any political subdivision
26 thereof is pledged to the payment of the principal of or the interest on
27 the bonds. The issuance of bonds pursuant to this act shall not directly
28 or indirectly or contingently obligate the State or any political
29 subdivision thereof to levy or to pledge any form of taxation whatever
30 therefor.

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32 4. a. Effective July 1, 1996, the commissioner shall assess each
33 health care facility and health care provider an automated transition
34 incentive fee of \$0.50 on every paper-based payment transaction and
35 \$0.10 on every electronically automated payment transaction, the
36 proceeds from which shall be deposited in the fund.

37 b. The provisions of subsection a. of this section are subject to
38 federal approval with respect to payment transactions in connection
39 with patients covered by the federal Medicare program established
40 pursuant to the federal Social Security Act, Pub. L. 89-97 (42 U.S.C.
41 §1395 et seq.) and the Medicaid program established pursuant to
42 P.L.1968, c.413 (C.30:4D-1 et seq.).

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44 5. The commissioner shall establish the criteria for determining
45 eligibility for financial assistance provided to a health care facility or
46 a health care provider from the fund and the terms and conditions of

1 that assistance, for which purpose the commissioner shall consult, at
2 a minimum, with the following organizations: the New Jersey Hospital
3 Association, the Medical Society of New Jersey, the Hospital Alliance
4 of New Jersey, the New Jersey Association of Health Care Facilities,
5 the New Jersey Association of Non-Profit Homes for the Aging, and
6 the Home Health Agency Assembly of New Jersey, Inc.

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8 6. The commissioner shall report annually to the Governor and the
9 Legislature on the activities of the fund and the results of the fund in
10 meeting its objectives.

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12 7. The commissioner, pursuant to the "Administrative Procedure
13 Act," P.L. 1968, c.410 (C.52:14B-1 et seq.), shall adopt rules and
14 regulations to effectuate the purposes of this act.

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16 8. This act shall take effect immediately.

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19 STATEMENT

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21 This bill establishes the Electronic Data Interchange Technology
22 Development Fund in the Department of Health to provide
23 low-interest loans to, and to support the issuance of bonds by, health
24 care facilities and providers for the purpose of acquiring electronic
25 data interchange technology to store, retrieve and transmit health care
26 information. The fund shall be comprised of revenues from an
27 automated transition incentive fee to be assessed against health care
28 facilities and providers of \$0.50 on every paper-based payment
29 transaction and \$0.10 on every electronically automated payment
30 transaction, which takes effect July 1, 1996 (subject to federal
31 approval for Medicare and Medicaid patient-related payment
32 transactions), and from such other sources as the Legislature may
33 determine, plus interest earned on the monies in the fund.

34 The bill exempts pharmacists from the automated transition
35 incentive fee because they have largely made the transition to
36 automated transactions already. According to the Healthcare
37 Information Networks and Technologies (HINT) report to the
38 Legislature under the joint auspices of Thomas Edison State College
39 and the New Jersey Institute of Technology, 89% of pharmacies
40 surveyed by the HINT project are computerized (the highest
41 percentage among all components of the health care industry),
42 compared with only 38% of physicians and 37% of payers.

43 This bill is part of a legislative package designed to effectuate the
44 recommendations of the HINT report. The bill is intended to provide
45 a financial incentive for health care facilities and providers to purchase
46 computer equipment and software that will permit electronic claims

1 processing and other electronic data exchanges, which have the
2 potential to significantly reduce health care administrative costs in this
3 State.

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8 Imposes fee on payment transactions by health care facilities and
9 providers and establishes “Electronic Data Interchange Technology
10 Development Fund.”