

ASSEMBLY, No. 1481

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 5, 1996

By Assemblymen KAVANAUGH, FELICE, Assemblywomen
Vandervalk and Murphy

1 AN ACT requiring health insurers to receive and transmit medical and
2 health care claims information electronically.

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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. Within 90 days of the promulgation of demonstration standards
8 and a timetable for implementation by the Commissioner of Insurance
9 pursuant to section 7 of this act, a hospital service corporation shall
10 demonstrate to the satisfaction of the commissioner that it will adopt
11 and implement the demonstration standards, according to the
12 corresponding timetable, to receive, transmit and store medical and
13 health care claim information electronically, as a condition of its
14 continued authorization to transact business in this State.

15 The commissioner may, in his discretion, grant extensions or
16 waivers of the implementation requirement when it has been
17 demonstrated to his satisfaction that compliance with the timetable for
18 implementation will result in an undue hardship to a hospital service
19 corporation or its covered individuals.

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21 2. Within 90 days of the promulgation of demonstration standards
22 and a timetable for implementation by the Commissioner of Insurance
23 pursuant to section 7 of this act, a medical service corporation shall
24 demonstrate to the satisfaction of the commissioner that it will adopt
25 and implement the demonstration standards, according to the
26 corresponding timetable, to receive, transmit and store medical and
27 health care claim information electronically, as a condition of its
28 continued authorization to transact business in this State.

29 The commissioner may, in his discretion, grant extensions or
30 waivers of the implementation requirement when it has been
31 demonstrated to his satisfaction that compliance with the timetable for
32 implementation will result in an undue hardship to a medical service
33 corporation or its covered individuals.

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35 3. Within 90 days of the promulgation of demonstration standards
36 and a timetable for implementation by the Commissioner of Insurance

1 pursuant to section 7 of this act, a health service corporation shall
2 demonstrate to the satisfaction of the commissioner that it will adopt
3 and implement the demonstration standards, according to the
4 corresponding timetable, to receive, transmit and store medical and
5 health care claim information electronically, as a condition of its
6 continued authorization to transact business in this State.

7 The commissioner may, in his discretion, grant extensions or
8 waivers of the implementation requirement when it has been
9 demonstrated to his satisfaction that compliance with the timetable for
10 implementation will result in an undue hardship to a health service
11 corporation or its covered individuals.

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13 4. Within 90 days of the promulgation of demonstration standards
14 and a timetable for implementation by the Commissioner of Insurance
15 pursuant to section 7 of this act, a health insurer issuing individual
16 health insurance policies shall demonstrate to the satisfaction of the
17 commissioner that it will adopt and implement the demonstration
18 standards, according to the corresponding timetable, to receive,
19 transmit and store medical and health care claim information
20 electronically, as a condition of its continued authorization to transact
21 business in this State.

22 The commissioner may, in his discretion, grant extensions or
23 waivers of the implementation requirement when it has been
24 demonstrated to his satisfaction that compliance with the timetable for
25 implementation will result in an undue hardship to a health insurer or
26 its covered individuals.

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28 5. Within 90 days of the promulgation of demonstration standards
29 and a timetable for implementation by the Commissioner of Insurance
30 pursuant to section 7 of this act, a health insurer issuing group health
31 insurance policies shall demonstrate to the satisfaction of the
32 commissioner that it will adopt and implement the demonstration
33 standards, according to the corresponding timetable, to receive,
34 transmit and store medical and health care claim information
35 electronically, as a condition of its continued authorization to transact
36 business in this State.

37 The commissioner may, in his discretion, grant extensions or
38 waivers of the implementation requirement when it has been
39 demonstrated to his satisfaction that compliance with the timetable for
40 implementation will result in an undue hardship to a health insurer or
41 its covered individuals.

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43 6. Within 90 days of the promulgation of demonstration standards
44 and a timetable for implementation by the Commissioner of Insurance
45 pursuant to section 7 of this act, a health maintenance organization
46 shall demonstrate to the satisfaction of the commissioner that it will

1 adopt and implement the demonstration standards, according to the
2 corresponding timetable, to receive, transmit and store medical and
3 health care claim information electronically as a condition of its
4 continued authorization to operate in this State.

5 The commissioner may, in his discretion, grant extensions or
6 waivers of the implementation requirement when it has been
7 demonstrated to his satisfaction that compliance with the timetable for
8 implementation will result in an undue hardship to a health
9 maintenance organization or its enrollees.

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11 7. a. The Commissioner of Insurance, in consultation with the
12 Healthcare Information Electronic Data Interchange Policy Council
13 established pursuant to P.L. , c. (C.)(now before the Legislature
14 as Assembly, No. 1476 and Senate, No. 50 of 1996), shall establish
15 demonstration standards, along with a timetable for implementation,
16 for the electronic receipt, transmission and storage of medical and
17 health care claim information by hospital service, medical service and
18 health service corporations, health insurers and health maintenance
19 organizations, respectively. The commissioner may, in his discretion,
20 grant extensions or waivers of the implementation requirement when
21 it has been demonstrated to his satisfaction that compliance with the
22 timetable for implementation will result in an undue hardship to a
23 hospital service, medical service, or health service corporation, health
24 insurer or health maintenance organization, or its covered individuals
25 or enrollees.

26 b. In establishing these standards, the commissioner shall:

27 (1) Encourage the use of the electronic data interchange (EDI)
28 network developed by the council pursuant to P.L. , c. (C.)(now
29 before the Legislature as Assembly, No. 1476 and Senate, No. 50 of
30 1996);

31 (2) Encourage hospital service, medical service and health service
32 corporations, health insurers and health maintenance organizations, to
33 issue magnetic stripe "smart cards," or similar type patient
34 identification cards or systems to covered individuals; and

35 (3) Encourage and facilitate the development of privately owned
36 and operated open networks which are interconnected and available to
37 all participants in the health care services delivery process.

38 c. The timetable for implementation promulgated by the
39 commissioner shall provide for extensions and waivers of the
40 implementation requirement pursuant to subsection a. of this section.

41 d. The commissioner shall report annually to the policy council, the
42 Legislature and the Governor on progress made in the implementation
43 of these demonstration standards in this State.

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45 8. The commissioner shall promulgate regulations pursuant to the
46 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.)

1 to effectuate the provisions of this act.

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3 9. This act shall take effect immediately.

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STATEMENT

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8 This bill requires hospital service, medical service and health service
9 corporations, commercial health insurers and health maintenance
10 organizations (HMO's) to demonstrate their ability to receive, transmit
11 and store medical and health care claim information electronically.
12 The Commissioner of Insurance, in consultation with the Healthcare
13 Information Electronic Data Interchange Policy Council established
14 pursuant to Assembly, No. 1476 of 1996, shall establish these
15 demonstration standards, along with a timetable for adoption and
16 implementation. The bill authorizes the commissioner to grant
17 extensions or waivers of the implementation requirement when it is
18 demonstrated to his satisfaction that compliance with the timetable for
19 implementation will result in an undue hardship to a hospital service,
20 medical service, or health service corporation, health insurer or health
21 maintenance organization, or its covered individuals or enrollees.

22 This bill is part of a legislative package designed to effectuate the
23 recommendations of the Healthcare Information Networks and
24 Technologies (HINT) report to the Legislature under the joint auspices
25 of Thomas Edison State College and the New Jersey Institute of
26 Technology.

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31 Requires health insurers to process medical and claims information
32 electronically.