

ASSEMBLY HEALTH COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1481

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 1, 1997

The Assembly Health Committee reports favorably and with committee amendments Assembly Bill No. 1481.

As amended by the committee, this bill requires hospital, medical or health service corporations, commercial health insurers, health maintenance organizations (HMO's), dental plan organizations and dental service corporations, or their subsidiaries that process health benefits claims as third party administrators, to demonstrate that they will adopt and implement standards established by the Commissioner of Banking and Insurance to receive, transmit and store health care claim information electronically.

The Commissioner of Banking and Insurance, in consultation with the Healthcare Information Electronic Data Interchange Policy Advisory Council (which would be established by Senate Bill No. 50 (2R) Aca or Assembly Bill No. 1473 Aca of 1996, which were reported by the committee on this date), will establish these demonstration standards, along with a timetable for adoption and implementation. The bill authorizes the commissioner to grant extensions or waivers of the implementation requirement if it is demonstrated that compliance with the timetable for implementation will result in an undue hardship to a carrier, subsidiary or its covered individuals or enrollees.

The bill directs the commissioner, in establishing the standards, to:

(1) Encourage the use of the electronic data interchange (EDI) network;

(2) Encourage carriers to issue patient identification cards or systems to covered individuals; and

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

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

The committee amended the bill to:

- C include dental plan organizations and dental service corporations under the requirements of the bill;
- C include any subsidiary of a hospital, medical or health service corporation, health insurer, health maintenance organization, dental service corporation and dental plan organization that processes health care benefits claims as a third party administrator within the provisions of the bill;
- C delete the requirement that the demonstration standards include the receipt, transmission and storage of medical information, which is unnecessary for the purposes of the HINT package of bills;
- C change the references to the "Healthcare Information Electronic Data Interchange Policy Council" to the "Healthcare Information Electronic Data Interchange Policy Advisory Council" (which would be established by Senate Bill No. 50 (2R) Aca or Assembly Bill No. 1473 Aca of 1996); and
- C change the references to the "Commissioner of Insurance" to the "Commissioner of Banking and Insurance."

As reported by the committee, this bill is identical to Senate Bill No. 48 (2R) Aca (LaRossa/Littell), which the committee also reported on this date.