

LEGISLATIVE FISCAL ESTIMATE TO

SENATE, No. 45

STATE OF NEW JERSEY

DATED: April 1, 1996

Senate Bill No. 45 of 1996 establishes a nonlapsing Electronic Data Interchange Technology Development Fund (fund) in the Department of Health (DOH) consisting of (a) assessments on health care facilities and health care provider 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. (The bonds are not considered a debt or liability of the State.) The Health Information Electronic Interchange Policy Council (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. DOH 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.

DOH and the Office of Management and Budget have not provided any fiscal information on the legislation.

The Office of Legislative Services notes that the Healthcare Information Networks & Technologies (HINT) (November 1994) report prepared by Thomas Edison State College estimates that 150 million claims are generated, of which 125 million are paper based. Thus, \$65 million would be generated.

The Office of Legislative Services further notes that the estimates of 150 million claims appears to include claims that are processed by either the Medicare and Medicaid program which may not be subject to this assessment. Also, pharmacy claims are included in the estimates of 150 million claims and pharmacies are not classified as either a health care facility or provider. Finally, as the bill does not define "payment transaction," would the bundling of claims on one document be considered one payment transaction or would each claim be considered a separate transaction?

Thus, the \$65 million figure that is developed using the HINT report is uncertain.

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