

SENATE, No. 45

STATE OF NEW JERSEY

INTRODUCED JANUARY 18, 1996

By Senators LaROSSA and LITTELL

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. or Assembly Bill No. of 1996)  
37 to fund its administrative costs, out of which amount \$250,000 shall

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

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

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

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

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

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

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

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

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

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15 8. This act shall take effect immediately.

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18 STATEMENT

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

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

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

1 potential to significantly reduce health care administrative costs in this  
2 State.

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