

[First Reprint]
SENATE, No. 48

STATE OF NEW JERSEY

INTRODUCED JANUARY 18, 1996

By Senators LaROSSA and LITTELL

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

3

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

6

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.

20

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

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SHH committee amendments adopted February 22, 1996.

1 implementation will result in an undue hardship to a medical service
2 corporation or its covered individuals.

3

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

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

17

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

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

32

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

42 The commissioner may, in his discretion, grant extensions or
43 waivers of the implementation requirement when it has been
44 demonstrated to his satisfaction that compliance with the timetable for
45 implementation will result in an undue hardship to a health insurer or
46 its covered individuals.

1 6. Within 90 days of the promulgation of demonstration standards
2 and a timetable for implementation by the Commissioner of Insurance
3 pursuant to section 7 of this act, a health maintenance organization
4 shall demonstrate to the satisfaction of the commissioner that it will
5 adopt and implement the demonstration standards, according to the
6 corresponding timetable, to receive, transmit and store medical and
7 health care claim information electronically as a condition of its
8 continued authorization to operate in this State.

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

14
15 7. a. The Commissioner of Insurance, in consultation with the
16 Healthcare Information Electronic Data Interchange Policy Council
17 established pursuant to P.L. , c. (C.)(now before the Legislature
18 as Senate, No. 50 of 1996), shall establish demonstration standards,
19 along with a timetable for implementation, for the electronic receipt,
20 transmission and storage of medical and health care claim information
21 by hospital service, medical service and health service corporations,
22 health insurers ¹[and], ¹ health maintenance organizations, dental
23 service corporations and dental plan organizations,¹ respectively. The
24 commissioner may, in his discretion, grant extensions or waivers of the
25 implementation requirement when it has been demonstrated to his
26 satisfaction that compliance with the timetable for implementation will
27 result in an undue hardship to a hospital service, medical service, or
28 health service corporation, health insurer ¹, dental service corporation,
29 dental plan organization,¹ or health maintenance organization, or its
30 covered individuals or enrollees.

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

32 (1) Encourage the use of the electronic data interchange (EDI)
33 network developed by the council pursuant to P.L. , c. (C.)(now
34 before the Legislature as Senate, No. 50 of 1996);

35 (2) Encourage hospital service, medical service and health service
36 corporations, health insurers ¹[and], ¹ health maintenance
37 organizations, ¹dental service corporations and dental plan
38 organizations,¹ to issue magnetic stripe "smart cards," or similar type
39 patient identification cards or systems to covered individuals; and

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

43 c. The timetable for implementation promulgated by the
44 commissioner shall provide for extensions and waivers of the
45 implementation requirement pursuant to subsection a. of this section.

46 d. The commissioner shall report annually to the policy council, the

1 Legislature and the Governor on progress made in the implementation
2 of these demonstration standards in this State.

3
4 ¹8. Within 90 days of the promulgation of demonstration standards
5 and a timetable for implementation by the Commissioner of Insurance
6 pursuant to section 7 of this act, a dental plan organization shall
7 demonstrate to the satisfaction of the commissioner that it will adopt
8 and implement the demonstration standards, according to the
9 corresponding timetable, to receive, transmit and store medical and
10 health care claim information electronically as a condition of its
11 continued authorization to operate in this State.

12 The commissioner may, in his discretion, grant extensions or
13 waivers of the implementation requirement when it has been
14 demonstrated to his satisfaction that compliance with the timetable for
15 implementation will result in an undue hardship to a dental plan
16 organization or its enrollees.¹

17
18 ¹9. Within 90 days of the promulgation of demonstration standards
19 and a timetable for implementation by the Commissioner of Insurance
20 pursuant to section 7 of this act, a dental service corporation shall
21 demonstrate to the satisfaction of the commissioner that it will adopt
22 and implement the demonstration standards, according to the
23 corresponding timetable, to receive, transmit and store medical and
24 health care claim information electronically as a condition of its
25 continued authorization to operate in this State.

26 The commissioner may, in his discretion, grant extensions or
27 waivers of the implementation requirement when it has been
28 demonstrated to his satisfaction that compliance with the timetable for
29 implementation will result in an undue hardship to a dental service
30 corporation or its subscribers.¹

31
32 ¹[8.] 10.¹ The commissioner shall promulgate regulations pursuant
33 to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1
34 et seq.) to effectuate the provisions of this act.

35
36 ¹[9.] 11.¹ This act shall take effect immediately.

37
38
39
40
41 Requires health insurers to process medical and claims information
42 electronically.