

SENATE HEALTH COMMITTEE

STATEMENT TO

SENATE, No. 50

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 22, 1996

The Senate Health Committee reports favorably Senate Bill No. 50 with committee amendments.

As amended by committee, this bill establishes the Health Information Electronic Data Interchange Policy Council in the Department of Health. The council is comprised of 27 members, representing the various participants in the health care services delivery process, including health care providers, insurers, employers and consumers of health care services. The council will be primarily responsible for developing an effective electronic data interchange (EDI) network for use in the health care services delivery process. The council will also be responsible for assuring that any EDI network it adopts will integrate the State's responsibilities to monitor the quantity and quality of health care.

Specifically, the council's responsibilities will include:

(1) Promulgating Statewide protocol standards for interorganizational communication among the participants in the health care services delivery process.

(2) Promulgating application protocol standards for the transmission of forms and information among the various sectors of the health care services delivery process.

(3) Encouraging health insurers and other benefit providers to issue magnetic stripe "smart cards," or similar type patient identification cards or equipment, that provide rapid, efficient electronic access to health care services, to covered individuals.

(4) Encouraging and facilitating the development of privately owned and operated open networks which would be interconnected and available to all participants of the health care services delivery process.

In developing the EDI network, the council shall adopt and utilize the following guidelines:

(1) National standards, such as those developed by the American National Standards Institute (ANSI) and the Health Care Financing Administration (HCFA) should be adopted wherever possible.

(2) All participants shall be provided with equal functionality in their access to the network. Interconnection speeds and types of

connections may vary, but the services offered shall be available to all participants.

(3) If multiple networks are established, the sum total of all networks shall act as a single network for all participants.

(4) As a national information super-highway is developed, New Jersey's health care EDI shall provide a direct connection to the highway and attach to the interim super-highway, the Internet.

(5) The network's design shall be flexible and allow for new services to be offered without impacting existing services.

(6) Wherever possible, the network shall utilize existing networks that are available for other applications and shall take into consideration existing proprietary networks which can connect to and transmit specified health care enrollment, claim and medical information to the open networks in the State.

(7) All participants in the network shall establish a single connection to the network and this single connection should support all functions of the network.

(8) All providers of network services shall agree to work in an ethical manner so as not to achieve a competitive advantage when collecting or accumulating content information from the transmissions carried on their network.

In addition, the council will consult with the Commissioner of Insurance in the promulgation of demonstration standards for the electronic processing of health care coverage claim information by health insurers pursuant to Senate, No. 48 or Assembly, No. 1481 of 1996; and will consult with the commissioner in his promulgation of standard health care enrollment and claim forms pursuant to Senate, No.49 or Assembly, No.1473 of 1996; as well as with the Commissioner of Health in his preparation of the annual report on health care expenditures required by Senate, No. 43 or Assembly, No.1479 of 1996.

An appropriation of \$250,000 is provided from the General Fund for Fiscal Year 1997 to enable the council to operate initially. However, in subsequent years, funds for the council's expenses will be appropriated from the Electronic Data Interchange Technology Fund, established by Senate, No.45 or Assembly, No. 1480 of 1996 and supported by a processing surcharge on payment transactions of health care facilities and providers. Finally, the bill specifies that although the council is allocated within the Department of Health, it shall make its own budget request.

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 by adding two additional members to the council, a representative of the dental profession and one from the home health care industry, and by specifying that one of

the insurance representatives would be named upon the recommendation of the Health Insurance Association of America. Also, the committee amendments deleted the President of the University of Medicine and Dentistry as an ex officio member and provided, instead, that the President of the New Jersey Hospital Association serve on the council.