

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

## **SENATE, No. 50**

with Senate committee amendments

# **STATE OF NEW JERSEY**

DATED: MARCH 7, 1996

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 50 (1R) of 1996 with committee amendments.

Senate Bill No. 50 (1R), as amended, establishes the Health Information Electronic Data Interchange Policy Council in the Department of Health. The council will be comprised of 29 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 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 secure networks that would be interconnected and available to all participants of the health care services delivery process.

In developing the EDI network, the council will adopt and use the following guidelines:

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

(2) All participants will be provided with equal functionality in their access to the network. Interconnection speeds and types of connections may vary, but the services offered will be available to all participants.

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

(4) The State's health care EDI will provide a direct connection to the Internet.

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

(6) Wherever possible, the network will utilize existing networks that are available for other applications and will 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 will establish a single connection to the network and this single connection should support all functions of the network.

(8) All providers of network services will 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.

To the maximum extent possible and practicable the council shall coordinate its responsibilities and functions with other health care quality improvement efforts undertaken by the Department of Health.

Finally, the bill authorizes the Council to certify and monitor networks that meet the Council's standards and to charge a fee for the certification and monitoring.

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 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.

COMMITTEE AMENDMENTS

The committee amended the bill to:

- C Add three additional members to the council: the President of the University of Medicine and Dentistry of New Jersey; a physical therapist; and an occupational therapist.
- C Correct the wording of the appropriation of \$250,000 to the council. The appropriation in this bill will be effective immediately and may be carried forward, if necessary, to the next fiscal year by the Fiscal Year 1997 appropriations act when enacted.
- C Require the council to encourage and facilitate the development of privately owned and operated secure networks, rather than open networks.
- C Require the EDI network to connect to the Internet for communication and research purposes.
- C Require the council to perform its functions, responsibilities and activities in coordination with other health quality improvement efforts undertaken by the Department of Health, to the maximum extent possible and practicable.
- C Require the council to develop means for the maintenance of the confidentiality of proprietary information of health care providers and payers.

FISCAL IMPACT

The bill appropriates \$250,000 from the General Fund to the Health Information Electronic Data Interchange Policy Council to enable the council to begin operations. However, in subsequent years, funds for the council's expenses will be appropriated from the Electronic Data Interchange Technology Fund, (to be established by Senate, No. 50 or Assembly, No. 1476 of 1996, now pending before the Legislature.) Finally, the bill specifies that although the council is allocated within the Department of Health, it will make its own annual budget request to the Legislature.