



# House of Representatives

General Assembly

**File No. 433**

January Session, 2005

Substitute House Bill No. 6557

*House of Representatives, April 19, 2005*

The Committee on Public Health reported through REP. SAYERS of the 60th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING ELECTRONIC PRESCRIPTIONS AND ELECTRONIC MEDICAL RECORDS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2005*) Each health care provider  
2 licensed in this state with prescriptive authority may generate  
3 prescriptions in this state utilizing an electronic prescribing system.  
4 The Department of Public Health shall advise and assist health care  
5 providers in such utilization.

6 Sec. 2. Subsection (e) of section 1-283 of the general statutes is  
7 repealed and the following is substituted in lieu thereof (*Effective*  
8 *October 1, 2005*):

9 (e) Except as otherwise provided in subsection (f) of section 1-277  
10 and section 1 of this act, sections 1-266 to 1-286, inclusive, do not  
11 require a governmental agency in this state to use or permit the use of  
12 electronic records or electronic signatures.

13       Sec. 3. (NEW) (*Effective October 1, 2005*) A health care institution  
 14 licensed by the Department of Public Health pursuant to chapter 368v  
 15 of the general statutes may create, maintain or utilize medical records  
 16 or a medical records system in electronic format, paper format or both,  
 17 provided such records or system are designed to store medical records  
 18 or patient health information in a medium that is reproducible and  
 19 secure.

20       Sec. 4. Section 19a-639a of the general statutes is amended by adding  
 21 subsection (c) as follows (*Effective October 1, 2005*):

22       (NEW) (c) The Office of Health Care Access may, in its discretion,  
 23 exempt from certificate of need review pursuant to sections 19a-638  
 24 and 19a-639 any health care facility or institution that proposes to  
 25 purchase or operate an electronic medical records system on or after  
 26 October 1, 2005.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005</i>	New section
Sec. 2	<i>October 1, 2005</i>	1-283(e)
Sec. 3	<i>October 1, 2005</i>	New section
Sec. 4	<i>October 1, 2005</i>	19a-639a

**Statement of Legislative Commissioners:**

In section 1, the October 1, 2008, date was removed for clarity and consistency with the remaining provisions.

**PH**       *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 06 \$</b>	<b>FY 07 \$</b>
Public Health, Dept.	GF - Cost	43,325	56,700
Comptroller Misc. Accounts (Fringe Benefits)	GF - Cost	9,630	30,570
Consumer Protection, Dept.	GF - None	None	None
Health Care Access, Off.	GF - Revenue Loss	Potential	Potential
UConn Health Ctr.	GF - Cost Avoidance	Potential	Potential

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

This bill requires the Department of Public Health (DPH) to advise and assist health care providers about the utilization of electronic prescribing systems. The DPH will incur FY 06 costs of \$43,325 to support the three-quarter year salary of one Systems Developer and associated one-time equipment costs. In FY 07 and subsequent fiscal years the cost to DPH would be \$56,700 to reflect the full year salary associated with this position. Additionally, fringe benefit costs of \$9,630 in FY 06 and \$30,570 in FY 07 and subsequent fiscal years will ensue.<sup>1</sup>

This position will be needed because the DPH presently employs no staff with expertise in the area of electronic prescribing.

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<sup>1</sup> The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The estimated fringe benefit reimbursement rate as a percentage of payroll is 53.91%, effective July 1, 2004. However, first year fringe benefit costs for new positions do not include pension costs lowering the rate to 22.65%. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System.

It is anticipated that the Department of Consumer Protection (DCP) will experience no fiscal impact as a result of passage of this bill. Section 20-614(d) CGS requires entities providing infrastructure which connects computers used for the transmission of the electronic prescription orders (between prescribing medical practitioners and pharmacies) to seek operational approval from the Commissioner of the DCP.

A revenue loss to the state would result to the extent that the Office of Health Care Access (OHCA) elects to waive certificate of need (CON) requirements for proposed purchases of electronic medical records systems. The CON filing fee for capital expenditures for major medical equipment exceeding \$400,000 but less than or equal to \$1 million is \$400. For expenditures in excess of \$1 million, the filing fee is \$1,000 plus 0.05 percent of the total requested capital expenditure. A corresponding workload reduction to the Office would also ensue.

A potential cost avoidance would result for the University of Connecticut Health Center to the extent that it may otherwise have been subjected to CON review, and applicable filing fees, if at any time in the future it were to pursue major capital expenditures related to an electronic medical records system.

**OLR Bill Analysis**

sHB 6557

**AN ACT CONCERNING ELECTRONIC PRESCRIPTIONS AND ELECTRONIC MEDICAL RECORDS****SUMMARY:**

This bill allows each licensed prescribing practitioner to use an electronic prescribing system. The Department of Public Health (DPH) must assist them with compliance with this voluntary effort.

The bill allows licensed health care institutions to create, maintain, or use medical records or medical record systems in electronic format, paper, or both if the system can store medical records and patient health care information in a reproducible and secure manner.

The bill authorizes the Office of Health Care Access (OHCA) to exempt from certificate of need (CON) review any health care facility or institution proposing to purchase or operate an electronic medical record system on or after October 1, 2005.

EFFECTIVE DATE: October 1, 2005

**BACKGROUND****CON**

CON is a regulatory process, administered by OHCA, for reviewing certain proposed capital expenditures by health care facilities, acquisition of major medical equipment, institution of new services or functions, termination of services, transfer of ownership, and decreases in bed capacity. Generally, a CON is a formal OHCA statement that a health care facility, medical equipment purchase, or service change is needed.

**Current Law**

PA 04-107 (codified at CGS § 20-614(d)) allows electronic data intermediaries to transfer data between a licensed prescribing

practitioner and a pharmacy chosen by the patient and licensed in the United States under state or territorial law. It defines “electronic data intermediaries” as entities that provide the infrastructure to connect a prescribing practitioner’s computer system or other electronic devices with those of a pharmacy to transmit (1) electronic prescription orders, (2) refill authorization requests, (3) communications, and (4) other patient care information. It requires electronic data intermediaries to obtain the approval of the Department of Consumer Protection commissioner to adopt regulations setting approval criteria.

**COMMITTEE ACTION**

Public Health Committee

Joint Favorable Substitute  
Yea 24    Nay 0