



House of Representatives

File No. 732

General Assembly

January Session, 2005

(Reprint of File No. 433)

Substitute House Bill No. 6557
As Amended by House Amendment
Schedules "A" and "B"

Approved by the Legislative Commissioner
May 6, 2005

**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 Consumer Protection may, within available
5 appropriations, advise and assist health care providers in such
6 utilization.

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8 repealed and the following is substituted in lieu thereof (*Effective*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

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

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

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

23 (NEW) (c) The Office of Health Care Access shall, in its discretion,
 24 exempt from certificate of need review pursuant to sections 19a-638
 25 and 19a-639 any health care facility or institution that proposes to
 26 purchase or operate an electronic medical records system on or after
 27 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

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:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Consumer Protection, Dept.	GF - Cost	See Below	See Below
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

It is anticipated that the Department of Consumer Protection (DCP) will experience an increase in call volume as a result of the bill and could therefore require resources of approximately \$41,214 in FY 06 for an Office Assistant (annual salary of \$35,679) which includes annual costs incurred related to Other Expenses (\$1,500), and one-time costs in Other Expenses and Equipment (\$4,035).¹ In FY 07, DCP could require resources of \$37,179. However, the bill states that DCP may implement its provisions within available appropriations, therefore DCP would have to reallocate resources to do so.

A revenue loss to the state would result to the extent that the Office of Health Care Access (OHCA) would be required to waive certificate of need (CON) requirements for proposed purchases of electronic medical records systems. The CON filing fee for capital expenditures

¹ 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.

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.

House "A" requires the Department of Consumer Protection (DCP) rather than the Department of Public Health (DPH) to advise and assist health care providers in utilization of electronic prescribing systems. The amendment eliminates staff costs to DPH, which had been estimated to be \$43,325 in FY 06 and \$56,700 in FY 07 (with associated fringe benefit costs of \$9,630 in FY 06 and \$30,570 in FY 07). It results in the fiscal impact to DCP discussed above.

House "B" requires the OHCA to waive CON requirements for proposed purchases of electronic medical systems by any health care facility or institution, on or after 10/1/05. The original bill provided discretionary authority to the Office to waive CON review for these projects.

A potential revenue loss (from CON filing fees) and workload decrease to the OHCA will result, if additional entities are exempted from CON review. The amount of the revenue loss will depend upon the extent to which the Office would otherwise have chosen to review proposed electronic medical records system projects and their capital expenditure value, which cannot be determined in advance.

OLR Bill Analysis

sHB 6557 (as amended by House "A" and "B")*

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 Consumer Protection (DCP) may, within available appropriations, 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 requires the Office of Health Care Access (OHCA), using its discretion, 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.

*House Amendment "A" makes DCP, rather than the health department, responsible for assisting prescribing practitioners. It also allows, rather than requires, such assistance within available appropriations.

*House Amendment "B" requires, using its discretion, rather than authorizes, OHCA to exempt from CON facilities proposing to purchase electronic systems.

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.

Existing 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 DCP commissioner to adopt regulations setting approval criteria.

Legislative History

On April 26, the House referred the bill (File 433) to the Appropriations Committee, which reported it favorably on May 2.

COMMITTEE ACTION

Public Health Committee

Joint Favorable Substitute
Yea 24 Nay 0

Appropriations Committee

Joint Favorable Report
Yea 38 Nay 3