



House of Representatives

General Assembly

File No. 425

February Session, 2010

House Bill No. 5354

House of Representatives, April 8, 2010

The Committee on Human Services reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT TO PROVIDE INCENTIVES FOR HOSPITALS TO ADOPT ELECTRONIC HEALTH RECORDS.

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

1 Section 1. (NEW) (*Effective from passage*) The Commissioner of Social
2 Services shall, in consultation with the Commissioner of Public Health,
3 take such action as the Commissioner of Public Health deems
4 necessary to meet the qualification criteria established pursuant to
5 Section 4201 of the American Recovery and Reinvestment Act of 2009,
6 P.L. 111-5 to obtain (1) matching funds for the Department of Social
7 Services' administrative planning activities related to health
8 information technology; and (2) incentive payments for hospitals and
9 eligible professionals who are meaningful electronic health record
10 users. The Commissioner of Social Services shall disburse any federal
11 incentive funds for hospitals and eligible professionals that the
12 commissioner receives pursuant to this section to each hospital and
13 eligible professional not later than five business days after receipt of
14 such funds.

15 Sec. 2. Section 19a-25g of the 2010 supplement to the general statutes
 16 is repealed and the following is substituted in lieu thereof (*Effective*
 17 *from passage*):

18 (a) [On and after July 1, 2009, the] The Department of Public Health
 19 [shall be the lead health information exchange organization for the
 20 state. The department] shall seek private and federal funds [, including
 21 funds made available pursuant to the federal American Recovery and
 22 Reinvestment Act of 2009,] for the initial development of a state-wide
 23 health information exchange. Any private or federal funds received by
 24 the department may be used for the purpose of establishing health
 25 information technology pilot programs and the grant programs
 26 described in section 19a-25h.

27 (b) The department shall: (1) Facilitate the implementation and
 28 periodic revisions of the health information technology plan after the
 29 plan is initially submitted in accordance with the provisions of section
 30 74 of public act 09-232, including the implementation of an integrated
 31 state-wide electronic health information infrastructure for the sharing
 32 of electronic health information among health care facilities, health
 33 care professionals, public and private payors and patients, and (2)
 34 develop standards and protocols for privacy in the sharing of
 35 electronic health information. Such standards and protocols shall be no
 36 less stringent than the "Standards for Privacy of Individually
 37 Identifiable Health Information" established under the Health
 38 Insurance Portability and Accountability Act of 1996, P.L. 104-191, as
 39 amended from time to time, and contained in 45 CFR 160, 164. Such
 40 standards and protocols shall require that individually identifiable
 41 health information be secure and that access to such information be
 42 traceable by an electronic audit trail.

| | | |
|---|---------------------|-------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>from passage</i> | New section |
| Sec. 2 | <i>from passage</i> | 19a-25g |

HS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 11 \$ | FY 12 \$ |
|------------------------|-----------------------------|-----------------|-----------------|
| Social Services, Dept. | FF - Potential Revenue Gain | Potential | Potential |

Note: FF=Federal Funds

Municipal Impact: None

Explanation

The bill could result in a revenue gain to the extent that it secures certain federal American Recovery and Reinvestment Act matching funds, that the Department of Social Services otherwise would not have obtained.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**HB 5354*****AN ACT TO PROVIDE INCENTIVES FOR HOSPITALS TO ADOPT ELECTRONIC HEALTH RECORDS.*****SUMMARY:**

This bill removes the Public Health Department's statutory designation as the state's lead health information exchange (HIE) organization and its specific authority to seek federal funds available under the American Recovery and Reinvestment Act of 2009 (ARRA, the "stimulus act") for initial development of a statewide health information exchange. It is not clear how loss of this designation would affect DPH's administration of an ARRA grant it received in March. The bill does not change DPH's responsibility to (1) seek federal and private funds for this activity and (2) use any funds it receives to establish health information technology (HIT) pilot and grant programs.

The bill also requires the Department of Social Services (DSS) commissioner to take whatever action the DPH commissioner deems needed to meet federal criteria to qualify for Medicaid funds for (1) DSS health information technology planning activities and (2) incentive payments to hospitals and health professionals. It requires the DSS commissioner to disburse incentive payments within five business days of receiving them.

EFFECTIVE DATE: Upon passage

BACKGROUND***ARRA Health Information Provisions***

ARRA contained several provisions to encourage states and health care providers to adopt electronic technology to record and share medical and health information.

HIE Grants. The State HIE Cooperative Agreement Program funds states' efforts to build capacity for exchanging health information across the health care system both within and across states. In October 2009, the governor notified the grant agency (the Department of Health and Human Services' Office of National Coordinator (ONC) for Health Information Technology) that DPH was the official state agency responsible to apply for funds and designated a DPH official as the state's HIT coordinator.

In March 2010, ONC awarded DPH a four-year, \$7.3 million grant. DPH plans to use the funds, in concert with the Health Information Technology and Exchange Advisory Committee established by state statute, to revise its existing State Health Information Technology Plan and develop strategic and operational plans. It also plans to use grant funding to develop and implement statewide capacity for HIE and meaningful use of electronic health records.

Medicaid Incentive Grants. Under Title IV of ARRA, the federal government will pay 100% of the cost eligible health professionals and hospitals incur to purchase, implement, and operate (including support services and staff training) certified electronic health record (EHR) technology. And it will pay 90% of state administrative expenses related to implementing these incentives. State-designated entities that promote the adoption of EHR technology are also eligible to receive incentive payments through arrangements with eligible professionals under certain conditions.

The incentive grants are made through state Medicaid agencies (i.e., DSS) to certain health professionals and hospitals that provide services to specified minimum percentages of Medicaid beneficiaries and are "meaningful users" of EHR. Incentives can cover up to 85% of the net allowable costs of technology; they are available for up to six years. The maximum incentive grant is \$63,750.

The Centers for Medicaid and Medicare Services, which administers this program, recently proposed regulations defining "meaningful use." The Stage 1 criteria, which, if adopted take effect in 2011, focus

on electronically capturing health information in a coded format, using that information to track key clinical conditions, communicating that information for care coordination, and initiating reporting of clinical quality measures and public health information. The criteria contain 25 objectives and measures for professionals and 23 for hospitals. Additional reporting requirements would take effect in 2012.

Related Bill

sSB 403, reported by the Public Health Committee, establishes the Connecticut e-Health Institute as a nonprofit institute for health information technology and exchange and designates it as the state's lead health information exchange organization beginning January 1, 2011.

COMMITTEE ACTION

Human Services Committee

Joint Favorable

Yea 15 Nay 4 (03/23/2010)