

MAR 3 2006
Place On Calendar

HOUSE FILE **2637**
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO HF 2312)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to electronic health records.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2637

HOUSE FILE 2637

H-8247

1 Amend House File 2637 as follows:
2 1. Page 2, by inserting after line 9, the
3 following:
4 "() A doctoral level psychologist licensed
5 pursuant to chapter 154B."
6 2. By renumbering as necessary.
By CARROLL of Poweshiek

H-8247 FILED MARCH 14, 2006

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1 Section 1. NEW SECTION. 135N.1 DEFINITIONS.

2 1. "Council" means the electronic health records system
3 council created in section 135N.3.

4 2. "Electronic health record" or "EHR" means a secure,
5 interoperable, electronic collection of a person's episodic
6 and longitudinal health information based upon interactions
7 across multiple health care delivery organizations, that is
8 web-based, allows for real-time transaction processing, and is
9 accessed via a portal with appropriate authorization and in a
10 manner that complies with all state and federal health record
11 requirements.

12 3. "Interoperability" means the ability of disparate
13 information systems to operate in conjunction with each other
14 through shared or translated protocols and standards.

15 Sec. 2. NEW SECTION. 135N.2 PURPOSE.

16 The purpose of this chapter is to provide for the
17 utilization of electronic health records to improve health
18 care quality and advance the delivery of coordinated,
19 appropriate, patient-centered medical care; to reduce health
20 care costs by ensuring the timely availability of relevant
21 health information to assist medical decision making at the
22 location of health care delivery; and to provide an effective
23 electronic health information infrastructure that ensures the
24 confidentiality, security, and privacy of the authorized
25 exchange of patients' health care information.

26 Sec. 3. NEW SECTION. 135N.3 ELECTRONIC HEALTH RECORDS
27 SYSTEM COUNCIL.

28 1. An electronic health records system council is created
29 to oversee the development, implementation, and administration
30 of an electronic health records system.

31 2. The council shall consist of all of the following
32 voting members:

33 a. The following public members, appointed by the governor
34 as follows:

35 (1) An administrator of a large hospital or health system

- 1 with experience in the implementation of electronic health
2 records.
- 3 (2) An administrator of a small hospital or health system
4 with experience in the implementation of electronic health
5 records.
- 6 (3) A representative of multiphysician practices or
7 clinics.
- 8 (4) A representative of single or small physician
9 practices.
- 10 (5) A representative of long-term care facilities.
- 11 (6) A representative of community health providers.
- 12 (7) A representative of pharmacies.
- 13 (8) A representative of health care provider
14 organizations.
- 15 (9) A representative of health care consumers.
- 16 (10) A representative of employers.
- 17 (11) A representative of state government health care
18 purchasers.
- 19 (12) A representative of group health plans or other
20 health insurers.
- 21 (13) A representative of entities with expertise in health
22 care quality and patient safety, including those with
23 experience in utilizing health information technology to
24 improve health care quality and patient safety.
- 25 (14) A representative of a health research or academic
26 institution.
- 27 (15) A representative of health care technology interests.
- 28 (16) A representative of vendors of health care
29 information technology.
- 30 (17) A representative of a telecommunications carrier.
- 31 (18) A representative of entities with experience in
32 developing health information technology standards and new
33 health information technology.
- 34 (19) A representative of entities with expertise in health
35 information security.

1 (20) A representative of entities with expertise in health
2 information privacy.

3 b. The following representatives of state agencies or
4 institutions:

5 (1) The commissioner of insurance.

6 (2) The dean of the college of public health of the
7 university of Iowa.

8 (3) The director of the department of administrative
9 services.

10 (4) The director of public health.

11 (5) The director of human services.

12 (6) The director of the department of corrections.

13 3. One member of the senate from each of the two major
14 political parties, one appointed by the president of the
15 senate after consultation with the majority leader of the
16 senate, and one appointed by the minority leader of the
17 senate, and two members of the house of representatives from
18 their respective parties, one appointed by the speaker of the
19 house of representatives and one appointed by the minority
20 leader of the house of representatives. The legislative
21 members shall serve as ex officio, nonvoting members of the
22 council.

23 4. Nonlegislative members shall serve staggered terms of
24 three years and appointments shall comply with sections 69.16
25 and 69.16A. Legislative members shall serve two-year terms
26 coinciding with the legislative biennium. A member shall not
27 have a conflict of interest with the entity selected to
28 create, implement, and administer the electronic health
29 records system. Vacancies shall be filled by the original
30 appointing authority and in the manner of the original
31 appointments. Nonlegislative members shall receive actual
32 expenses incurred while serving in their official capacity and
33 may also be eligible to receive compensation as provided in
34 section 7E.6. Legislative members shall receive compensation
35 pursuant to section 2.12.

1 5. The commissioner of insurance shall act as the
2 chairperson of the council. A majority of the voting members
3 of the council shall constitute a quorum. The insurance
4 division of the department of commerce shall provide staff
5 support to the council.

6 6. The council shall do all of the following:

7 a. Be informed by research into and identification of the
8 best practices in electronic health records systems, including
9 system design, implementation, operation, and evaluation.

10 b. Identify obstacles to the implementation of an
11 electronic health records system and provide policy
12 recommendations to remove or minimize these obstacles.

13 c. Serve as the advisory body to the general assembly and
14 governor in the development, implementation, and oversight of
15 the electronic health records system.

16 d. Ensure the adoption and implementation of system design
17 components including uniform data standards for the exchange
18 of patient information and images, certification of
19 applications and interfaces, interoperability, user
20 identification, and privacy and confidentiality.

21 e. Ensure that the electronic health records system is
22 consistent with emerging national standards, coordinates with
23 other public and private efforts, and promotes
24 interoperability.

25 f. Develop criteria to be included in a request for
26 proposals for the selection of any electronic health records
27 system contractor.

28 g. Approve the contract with an entity selected to create,
29 implement, and administer an electronic health records system
30 among the populations specified and in accordance with the
31 time frames prescribed in section 135N.4.

32 h. Receive and accept grants, loans, or advances of funds
33 from any person and receive and accept from any source
34 contributions of money, property, labor, or any other thing of
35 value, to be held, used, and applied for the purposes of this

1 chapter.

2 Sec. 4. NEW SECTION. 135N.4 ELECTRONIC HEALTH RECORDS --
3 IMPLEMENTATION SCHEDULE.

4 1. The department of administrative services with the
5 approval of the electronic health records council shall
6 contract with an entity selected through a request for
7 proposals process to create, implement, and administer an
8 electronic health records system for the health care providers
9 in this state, as prescribed in subsection 2. The entity
10 selected shall, at a minimum, be dedicated to health care
11 quality improvement, health care data management and research,
12 and information technology systems development.

13 2. Health care providers that provide services to the
14 following shall utilize the electronic health records system
15 created, implemented, and administered under this chapter by
16 the dates specified as follows:

17 a. For the expansion population as defined in section
18 249J.3, by December 31, 2007.

19 b. For residents, patients, or inmates of state
20 institutions, by June 30, 2008.

21 c. For state employees as described in chapter 70A, and
22 including an employee covered under a collective bargaining
23 agreement, unless the agreement provides otherwise, but not
24 including an employee of the state board of regents or an
25 elected official, by December 31, 2008.

26 d. For medical assistance program recipients pursuant to
27 chapter 249A, by June 30, 2009.

28 e. For hawk-i program recipients pursuant to chapter 514I,
29 by December 31, 2009.

30 Sec. 5. NEW SECTION. 135N.5 STANDARDS AND LIMITATIONS.

31 All of the following shall apply to the electronic health
32 records system created, implemented, and administered under
33 this chapter:

34 1. The identity of the subject of an electronic health
35 record and anyone accessing the record shall be strictly

1 confirmed to prevent unauthorized access or any cases of
2 mistaken identity.

3 2. Information contained in an electronic health record
4 shall only be available to those authorized by the subject of
5 the record to have access.

6 3. Information provided to a third-party payor shall be
7 limited to only the selected records and information necessary
8 for claims review and the subject of the electronic health
9 record shall not be subject to financial penalties or to
10 denial of eligibility for coverage based upon restricted
11 access or information disclosed in an unauthorized manner.

12 4. The complete electronic health record shall be
13 accessible to the subject of the record through a web-based,
14 secure account.

15 5. The system shall be compatible with electronic health
16 record software approved by the centers for Medicare and
17 Medicaid services of the United States department of health
18 and human services for use by Medicare providers, and to the
19 greatest extent possible with available information
20 technology.

21 6. The subject of the electronic health record is the
22 owner of the record.

23 EXPLANATION

24 This bill provides for the incremental implementation of an
25 electronic health records system by various populations in the
26 state. The bill defines "electronic health record" as a
27 secure, interoperable, electronic collection of a person's
28 episodic and longitudinal health information based upon
29 interactions across multiple health care delivery
30 organizations, that is web-based, allows for real-time
31 transaction processing, and is accessed via a portal with
32 appropriate authorization and in a manner that complies with
33 all state and federal health record requirements.

34 The bill provides the purposes of the chapter, establishes
35 an electronic health records system council consisting of

1 public members, representatives of state agencies and
2 institutions, and members of the general assembly and
3 specifies the duties of the council.

4 The bill establishes a schedule for implementing the use of
5 electronic health records as follows: for IowaCare expansion
6 population members, by December 31, 2007; for residents,
7 patients, or inmates of state institutions, by June 30, 2008;
8 for state employees, by December 31, 2008; for medical
9 assistance program recipients, by June 30, 2009; and for hawk-
10 i program recipients, by December 31, 2009.

11 The bill also prescribes standards and limitations
12 applicable to any electronic health records system created,
13 implemented, or administered under the new Code chapter.

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HOUSE FILE 2637

H-8308

1 Amend House File 2637 as follows:

2 1. Page 1, by inserting after line 1, the
3 following:

4 "____. "Common patient identifier system" means a
5 system that utilizes a unique number to identify an
6 individual that belongs solely to that individual."

7 2. Page 1, line 16, by striking the words
8 "provide for" and inserting the following:
9 "investigate and facilitate".

10 3. Page 1, by striking line 29, and inserting the
11 following: "to oversee the investigation and
12 facilitation".

13 4. Page 1, lines 33 and 34, by striking the words
14 "governor as follows:" and inserting the following:
15 "governor:".

16 5. Page 1, line 35, by striking the words "or
17 health system".

18 6. Page 2, by inserting after line 2, the
19 following:

20 "(____) An administrator of an integrated
21 healthcare system containing multiple hospitals and
22 physicians with experience in the implementation of
23 electronic health records.

24 "(____) An administrator of an academic hospital
25 with experience in the implementation of electronic
26 health records."

27 7. By striking page 2, line 27, through page 3,
28 line 2.

29 8. Page 4, by striking lines 1 through 5, and
30 inserting the following:

31 "____. The director of human services shall act as
32 the chairperson of the council. A majority of the
33 voting members of the council shall constitute a
34 quorum. The department of human services shall
35 provide staff support to the council."

36 9. Page 4, by striking lines 14 and 15, and
37 inserting the following: "governor on issues
38 concerning the development of an electronic health
39 records system."

40 10. Page 4, by striking lines 16 through 31, and
41 inserting the following:

42 "____. Create a process for the development and
43 implementation of a common patient identifier system
44 for all of the following populations:

45 (1) The expansion population as defined in section
46 249J.3.

47 (2) Residents, patients, or inmates of state
48 institutions.

49 (3) State employees as described in chapter 70A,
50 and including employees covered under a collective

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Page 2

1 bargaining agreement, unless the agreement provides
2 otherwise, but not including employees of the state
3 board of regents or elected officials.

4 (4) Medical assistance program recipients pursuant
5 to chapter 249A.

6 (5) Hawk-i program recipients pursuant to chapter
7 514I.

8 _____. Submit an annual progress report to the
9 general assembly and the governor."

10 11. By striking page 5, line 2, through page 6,
11 line 22.

12 12. By renumbering as necessary.

By CARROLL of Poweshiek

H-8308 FILED MARCH 16, 2006

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 2637 - Electronic Health Records (LSB 5174 HV)
Analyst: Kerri Johannsen (Phone: [515] 281-4611) (kerri.johannsen@legis.state.ia.us)
Fiscal Note Version - New

Description

House File 2637 requires the creation of electronic health records and establishes a schedule for their application to the following populations: IowaCare enrollees, residents of State institutions, State employees, Medicaid participants, and *hawk-i* enrollees. The Bill also establishes an Electronic Health Records System Council.

Background

The creation of an electronic health records system was one of the reform proposals established in HF 841 (IowaCare and Medicaid Reform Act), passed during the 2005 Legislative Session. For FY 2006, \$100,000 was appropriated from the Health Care Transformation Account for this purpose. The system is intended to enhance the quality of care received and reduce avoidable medical errors.

Assumptions

1. The Department of Administrative Services, with the approval of the Electronic Health Records System Council, will utilize the Request for Proposals (RFP) process to hire a contractor to create, implement, and administer the electronic health records system.
2. The Department of Human Services (DHS) requested, and HF 2734 (FY 2007 Health and Human Services Appropriations Bill) as passed by the House, contains an appropriation of \$2.0 million for electronic health records for FY 2007. This can be considered the DHS's estimated cost to establish electronic health records for the IowaCare population, although the exact cost will not be known until a contractor is hired.
3. There are likely to be up-front costs for developing electronic health records for the IowaCare population that will not apply as new populations are included. The estimates assume that one-third (\$667,000) of the cost of covering IowaCare enrollees is one-time start-up costs.

Fiscal Impact

The fiscal impact for FY 2007 will be an estimated \$2.0 million, the DHS estimate to develop electronic health records for the IowaCare population. Although the Bill specifies that the electronic health records system for this population is not required to be fully operational until December 31, 2007, the DHS is requesting the funds to begin in FY 2007.

If it is assumed that each population added will cost two-thirds as much as the IowaCare population, the fiscal impact for FY 2008 will be an estimated \$3.3 million: \$2.0 million to continue to cover the IowaCare population and \$1.3 million to develop records for residents, patients and inmates of State institutions.

The fiscal impact for FY 2009 will be an estimated \$5.9 million as State employees and Medical Assistance recipients are added to the electronic health records system.

The fiscal impact for FY 2010 will be an estimated \$7.2 million when the last group – *hawk-i* enrollees are added to the system.

The total cost of this Bill over the next five years is an estimated \$25.6 million. The anticipated savings from an electronic health records system in terms of enhanced quality of care and a reduction in avoidable medical errors, cannot be determined.

Source

Department of Human Services

/s/ Holly M. Lyons

March 22, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
