

# SENATE BILL 896

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By: **Senator Guzzone**

Introduced and read first time: February 5, 2018

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Public Health – Health Record and Payment Clearinghouse – Pilot Program**

3 FOR the purpose of requiring the Maryland Health Care Commission, subject to certain  
4 limitations, to establish and implement a certain health record and payment  
5 clearinghouse pilot program on or before a certain date; requiring the Commission,  
6 on or before a certain date, to develop certain standards and determine certain  
7 information; authorizing the Commission to contract with an outside entity to  
8 establish and maintain the health record and payment clearinghouse; specifying the  
9 capabilities the health record and payment clearinghouse must have; requiring the  
10 Commission to solicit feedback from certain users of the health record and payment  
11 clearinghouse; requiring the Commission to report on the status and implementation  
12 of the pilot program to the Senate Education, Health, and Environmental Affairs  
13 Committee and the House Health and Government Operations Committee on or  
14 before a certain date each year; requiring the Commission, on or before a certain  
15 date, to research and evaluate existing public and private health record and payment  
16 clearinghouses; requiring the Commission, on or before a certain date, to make  
17 certain recommendations for financing the establishment and maintenance of a  
18 health record and payment clearinghouse pilot program; requiring the Commission  
19 to report to the Governor and the General Assembly on or before a certain date;  
20 defining a certain term; providing for the termination of this Act; and generally  
21 relating to the health record and payment clearinghouse.

22 BY adding to

23 Article – Health – General

24 Section 19–150 and 19–151 to be under the new part “Part VI. Health Record and  
25 Payment Clearinghouse”

26 Annotated Code of Maryland

27 (2015 Replacement Volume and 2017 Supplement)

28 Preamble

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, Maryland has been a leader in health care financing, research, and  
2 treatment; and

3 WHEREAS, The cost of health care continues to rise, resulting in many individuals  
4 not being able to afford health care; and

5 WHEREAS, The cost of health care in the United States is among the highest in the  
6 world, yet the measures of the effectiveness of our health care system are well below those  
7 of other advanced countries; and

8 WHEREAS, The high administrative cost of our current health care system is  
9 approximately 31% of health care expenditures; and

10 WHEREAS, Health care billing, reimbursement, and record-sharing methods are  
11 still largely old-fashioned, despite advances in computer technology; and

12 WHEREAS, Technologies are available and are already in place in other countries  
13 to make a significant impact on health care and the economics of delivering health care  
14 services if standards are implemented to allow interoperability and compatibility of  
15 systems for immediate online record keeping, billing, payment, and reporting; and

16 WHEREAS, A card with a credit card-like magnetic strip and password protections  
17 can provide secure access to a patient's health insurance and health history information by  
18 accessing secure servers over the Internet; and

19 WHEREAS, The implementation of such a system in the State, and ultimately in the  
20 entire United States, could reduce the cost of health care by up to 15% or more, with an  
21 estimated yearly savings for Maryland exceeding \$6,200,000,000 and for the United States  
22 exceeding \$350,000,000,000 per year; and

23 WHEREAS, Health care is approximately 18% of the cost of most products and  
24 services purchased; and

25 WHEREAS, A savings of 10% in the cost of health care could reduce the cost of many  
26 products by up to 1.8%, providing benefits well beyond the field of health care; and

27 WHEREAS, The introduction of rapid and secure electronic access to patient records  
28 can improve the timeliness of the provision of health care and reduce the cost of health care  
29 while improving the quality of and access to health care; and

30 WHEREAS, Patients can decide individually if they wish to allow their electronic  
31 health records, without any personal identifying information, to be used for health care  
32 research to help others; and

33 WHEREAS, Reporting matters of public health interest can be accomplished rapidly  
34 and accurately with electronic systems, leading to improvements in public health; and

1 WHEREAS, The many benefits of modern electronic payment and health care  
2 records systems will improve the quality of life for Maryland residents; and

3 WHEREAS, State government will benefit from an estimated \$70,000,000 reduction  
4 in the cost of health care for its employees once implemented as well as from reduced cost  
5 of goods produced in Maryland; and

6 WHEREAS, Maryland can serve as a test state for all of the United States and can  
7 seek federal grants to assist with the project; and

8 WHEREAS, Government must set the standards for an electronic payment and  
9 health care records system and lead the way for participation by private industry; and

10 WHEREAS, Initial participation by health care providers and payers shall be  
11 voluntary; and

12 WHEREAS, The Maryland State Medical Society (MedChi) and the Maryland  
13 Psychiatric Society have already passed resolutions endorsing the concept of an electronic  
14 payment and health care records system; and

15 WHEREAS, It is in the public interest that the State government provide grants and  
16 incentives to set up an electronic system for providing health care to State employees and  
17 for the benefit of all Marylanders; now, therefore,

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
19 That the Laws of Maryland read as follows:

20 **Article – Health – General**

21 **PART VI. HEALTH RECORD AND PAYMENT CLEARINGHOUSE.**

22 **19–150.**

23 **IN THIS PART, “HEALTH RECORD AND PAYMENT CLEARINGHOUSE” MEANS A**  
24 **HEALTH RECORD AND PAYMENT CLEARINGHOUSE THAT:**

25 **(1) BUILDS ON THE WORK OF THE CHESAPEAKE REGIONAL**  
26 **INFORMATION SYSTEM FOR OUR PATIENTS;**

27 **(2) ALLOWS AUTHORIZED USERS TO ACCESS PATIENT MEDICAL**  
28 **RECORDS REMOTELY;**

29 **(3) ALLOWS THE EXCHANGE OF DATA BETWEEN SYSTEMS USED BY**  
30 **PROVIDERS AND CARRIERS FOR THE PAYMENT OF HEALTH CARE CLAIMS;**

31 **(4) INTERACTS WITH THE PRESCRIPTION DRUG MONITORING**

1 **PROGRAM SO THAT PRESCRIPTION DRUG DATA CAN BE RETRIEVED THROUGH THE**  
2 **HEALTH RECORD AND PAYMENT CLEARINGHOUSE;**

3 **(5) MEETS FEDERAL AND STATE REQUIREMENTS REGARDING THE**  
4 **CONFIDENTIALITY OF MEDICAL RECORDS; AND**

5 **(6) IS AVAILABLE SECURELY ONLINE.**

6 **19-151.**

7 **(A) SUBJECT TO THE LIMITATIONS OF THE STATE BUDGET AND ANY OTHER**  
8 **DESIGNATED FUNDING, ON OR BEFORE JULY 1, 2020, THE COMMISSION SHALL**  
9 **ESTABLISH AND IMPLEMENT FOR USE IN A PILOT PROGRAM FOR VOLUNTEER**  
10 **COMPANIES, MUNICIPALITIES, COUNTY EMPLOYEE ORGANIZATIONS, AND**  
11 **EDUCATION EMPLOYEE ORGANIZATIONS AND FOR HEALTH BENEFITS AND SERVICES**  
12 **FOR STATE GOVERNMENT EMPLOYEES A HEALTH RECORD AND PAYMENT**  
13 **CLEARINGHOUSE.**

14 **(B) ON OR BEFORE JULY 1, 2019, THE COMMISSION SHALL:**

15 **(1) DEVELOP STANDARDS THAT HEALTH CARE RECORDS AND**  
16 **REQUESTS FOR HEALTH CARE PAYMENTS MUST MEET TO BE ACCESSED OR FILED**  
17 **AND MADE THROUGH THE HEALTH CARE RECORD AND PAYMENT CLEARINGHOUSE;**

18 **(2) DETERMINE WHETHER THE HEALTH RECORD AND PAYMENT**  
19 **CLEARINGHOUSE SHOULD MAINTAIN DATA ABOUT EACH PATIENT, INCLUDING**  
20 **INFORMATION ON THE PATIENT'S:**

21 **(I) DEMOGRAPHICS;**

22 **(II) INSURANCE COVERAGE;**

23 **(III) DIAGNOSES;**

24 **(IV) MEDICATIONS;**

25 **(V) ALLERGIES;**

26 **(VI) ADVERSE REACTIONS;**

27 **(VII) HOSPITALIZATIONS;**

28 **(VIII) TREATMENTS;**

- 1                   **(IX) HEALTH CARE PROVIDERS;**  
2                   **(X) VACCINATIONS;**  
3                   **(XI) LABORATORY TESTS AND RESULTS;**  
4                   **(XII) ELECTROCARDIOGRAPHY TESTS AND RESULTS; AND**  
5                   **(XIII) RADIOLOGY STUDIES AND REPORTS.**

6           **(C) THE COMMISSION MAY CONTRACT WITH AN OUTSIDE ENTITY, OR**  
7 **CHESAPEAKE REGIONAL INFORMATION SYSTEM FOR OUR PATIENTS, TO**  
8 **ESTABLISH AND MAINTAIN THE HEALTH RECORD AND PAYMENT CLEARINGHOUSE**  
9 **FOR THE PILOT PROGRAM.**

10           **(D) THE HEALTH RECORD AND PAYMENT CLEARINGHOUSE SHALL:**

11                   **(1) CREATE AND MAINTAIN ACCESS SECURITY LOGS;**

12                   **(2) INCLUDE SECURITY AND BACKUP SAFEGUARDS;**

13                   **(3) INDICATE WHEN A PORTION OF A HEALTH RECORD MAINTAINED**  
14 **ELSEWHERE IS OFFLINE AND PROVIDE MINIMAL DATA, AS DETERMINED BY THE**  
15 **COMMISSION, REGARDING THE RECORD;**

16                   **(4) INCLUDE A FREE AND SECURE WEB-BASED PORTAL THAT**  
17 **PROVIDERS CAN USE WITHOUT REGARD TO THE METHOD OF PAYMENT BEING USED**  
18 **FOR A HEALTH CARE SERVICE TO:**

19                           **(I) CREATE, MAINTAIN, AND PROVIDE ACCESS BY AUTHORIZED**  
20 **INDIVIDUALS TO HEALTH RECORDS; AND**

21                           **(II) FILE FOR PAYMENT FOR HEALTH CARE SERVICES**  
22 **PROVIDED;**

23                   **(5) PROVIDE FOR THE DETERMINATION AND COLLECTION OF ALL**  
24 **BENEFITS, COPAYS, AND DEDUCTIBLES AT THE POINT OF SERVICE WITH CLAIM**  
25 **ADJUDICATION WITHIN 24 HOURS;**

26                   **(6) PROVIDE FOR THE IMMEDIATE ANSWERING OF QUESTIONS**  
27 **REGARDING COVERED SERVICES AND BENEFITS AT THE POINT OF SERVICE;**

1           **(7) PROVIDE FOR THE SUBMISSION OF AN ELECTRONIC RECORD OF**  
2 **HEALTH CARE SERVICES, SUPPLIES, AND MEDICATIONS PROVIDED OR PRESCRIBED**  
3 **IN ORDER FOR PAYMENT TO BE RECEIVED;**

4           **(8) PROVIDE FOR THE FORMAT AND CONTENT OF THE MINIMUM**  
5 **MEDICAL RECORD DATA SET REQUIRED FOR PAYMENT THROUGH THE HEALTH**  
6 **RECORD AND PAYMENT CLEARINGHOUSE;**

7           **(9) INCLUDE THE ABILITY TO PROVIDE REQUIRED DATA SECURELY**  
8 **OVER THE INTERNET WITHOUT REQUIRING PROVIDERS OR SUPPLIERS TO PAY FOR**  
9 **PROPRIETARY SOFTWARE, OTHER THAN PAYING ANY USER FEE TO COVER THE COST**  
10 **OF STARTUP AND OPERATIONS OF THE HEALTH RECORD AND PAYMENT**  
11 **CLEARINGHOUSE;**

12           **(10) ALLOW THE USE OF PROPRIETARY SOFTWARE THAT CAN OFFER**  
13 **EXPANDED FUNCTIONALITY FOR PROVIDERS TO INTERACT WITH THE HEALTH**  
14 **RECORD AND PAYMENT CLEARINGHOUSE TO PROVIDE AND OBTAIN ALL**  
15 **INFORMATION AND PAYMENTS NEEDED FOR HEALTH CARE SERVICES;**

16           **(11) ENSURE THAT EACH PATIENT HAS A UNIQUE IDENTIFIER**  
17 **ASSIGNED AND MAINTAINED CENTRALLY BY THE DEPARTMENT;**

18           **(12) DIRECT DATA REQUESTS TO THE CORRECT SERVER OR RECORD**  
19 **HOLDER AND ALLOW FOR MULTIPLE SERVERS OR RECORD HOLDERS TO HOUSE**  
20 **SOME OR ALL OF THE INFORMATION FOR EACH PATIENT;**

21           **(13) ALLOW EACH PATIENT TO INDICATE WHETHER OR NOT THE**  
22 **PATIENT WANTS TO ALLOW RESEARCHERS TO ANONYMOUSLY ACCESS THE**  
23 **PATIENT'S HEALTH CARE RECORDS AND TO WITHDRAW PERMISSION ONCE GIVEN;**

24           **(14) ALLOW FOR SECURE ACCESS THROUGH SPECIFIC TERMINALS BY**  
25 **EMERGENCY ROOM PERSONNEL WHEN A PATIENT IS UNABLE TO PROVIDE**  
26 **INFORMATION THAT WOULD BE REQUIRED TO ACCESS THE PATIENT'S INFORMATION**  
27 **THROUGH THE HEALTH RECORD AND PAYMENT CLEARINGHOUSE;**

28           **(15) INCLUDE THE OPTION AFTER THE FIRST YEAR OF THE PILOT**  
29 **PROGRAM TO USE HEALTH CARDS THAT:**

30                   **(i) INCLUDE A COMBINATION OF CREDIT CARDS, DEBIT CARDS,**  
31 **AND HEALTH SAVINGS CARDS; AND**

32                   **(ii) PROVIDE INFORMATION, LINKAGES, AND PAYMENTS SO**  
33 **THAT ONLY ONE CARD IS REQUIRED TO COMPLETE ALL ASPECTS OF A HEALTH CARE**

1 PAYMENT;

2 (16) ALLOW FOR ONLINE AND OFFLINE APPEAL OF DENIED SERVICES,  
3 BENEFITS, OR PAYMENTS;

4 (17) SUPPORT A HIGH VOLUME OF SIMULTANEOUS USERS, BASED ON  
5 THE TOTAL NUMBER OF PROVIDERS IN THE STATE;

6 (18) BE COMPATIBLE WITH BOTH THE WINDOWS AND THE MACINTOSH  
7 OPERATING SYSTEMS; AND

8 (19) MEET ANY OTHER STANDARDS DEVELOPED AND REQUIRED BY  
9 THE COMMISSION.

10 (E) THE COMMISSION SHALL SOLICIT FEEDBACK ON THE HEALTH RECORD  
11 AND PAYMENT CLEARINGHOUSE FROM THE USERS WHO PARTICIPATE IN THE PILOT  
12 PROGRAM, INCLUDING:

13 (1) HEALTH INSURERS AND CARRIERS;

14 (2) NONPROFIT HEALTH SERVICE PLANS;

15 (3) HEALTH MAINTENANCE ORGANIZATIONS;

16 (4) DENTAL PLAN ORGANIZATIONS;

17 (5) MANAGED CARE ORGANIZATIONS AS DEFINED IN § 15-101 OF  
18 THIS ARTICLE;

19 (6) INDIVIDUALS LICENSED, CERTIFIED, OR REGISTERED UNDER THE  
20 HEALTH OCCUPATIONS ARTICLE TO PROVIDE HEALTH CARE;

21 (7) FACILITIES THAT PROVIDE HEALTH CARE TO INDIVIDUALS; AND

22 (8) PERSONS THAT PROVIDE HEALTH CARE SUPPLIES OR  
23 MEDICATIONS.

24 (F) ON OR BEFORE DECEMBER 21, 2022, AND DECEMBER 21 EACH YEAR  
25 THEREAFTER, THE COMMISSION SHALL SUBMIT A STATUS REPORT ON THE  
26 IMPLEMENTATION OF THE PILOT PROGRAM TO THE SENATE EDUCATION, HEALTH,  
27 AND ENVIRONMENTAL AFFAIRS COMMITTEE AND THE HOUSE HEALTH AND  
28 GOVERNMENT OPERATIONS COMMITTEE IN ACCORDANCE WITH § 2-1246 OF THE  
29 STATE GOVERNMENT ARTICLE.

1 SECTION 2. AND BE IT FURTHER ENACTED, That:

2 (a) On or before December 31, 2018, the Maryland Health Care Commission shall  
3 research and evaluate existing public and private health record and payment  
4 clearinghouses.

5 (b) (1) On or before March 15, 2019, the Commission shall make  
6 recommendations for financing the establishment and maintenance of a health record and  
7 payment clearinghouse pilot program beginning with fiscal year 2020.

8 (2) The recommendations:

9 (i) may include provisions, if federal grants may not be available in  
10 time to pay for startup costs, for:

- 11 1. nonprofit user fees; and  
12 2. a state bond to be repaid by nonprofit user fees over the  
13 course of up to 20 years;

14 (ii) shall include adjustments to the ceiling for user fees to  
15 accommodate the health record and payment clearinghouse and any required bonds or  
16 other funding; and

17 (iii) 1. may include up to \$10,000,000 in grants for up to five  
18 health insurance carriers or health insurance providers; and

19 2. if the recommendations specify that grants should be  
20 provided under item 1 of this item, shall specify that the recipient shall agree to provide  
21 health plans with the same benefits as in the immediately preceding year with at least a  
22 5% discount in the cost.

23 (3) On or before March 15, 2019, the Commission shall report to the  
24 Governor and, in accordance with § 2-1246 of the State Government Article, the General  
25 Assembly on its recommendations regarding and funding requests for a health record and  
26 payment clearinghouse pilot program.

27 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
28 1, 2018. Section 1 of this Act shall remain effective for a period of 6 years and, at the end of  
29 June 30, 2024, Section 1 of this Act, with no further action required by the General  
30 Assembly, shall be abrogated and of no further force and effect. Section 2 of this Act shall  
31 remain effective for a period of 1 year and 1 month and, at the end of July 31, 2019, Section  
32 2 of this Act, with no further action required by the General Assembly, shall be abrogated  
33 and of no further force and effect.