

# 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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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 26, 2018

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 ~~Public Health~~ **Maryland Health Care Commission – Health Record and Payment**  
3 ~~Clearinghouse Pilot~~ **Integration Program Advisory Committee**

4 FOR the purpose of requiring the Maryland Health Care Commission, ~~subject to certain~~  
5 ~~limitations,~~ to establish and implement a certain health record and payment  
6 ~~clearinghouse pilot program on or before a certain date; requiring the Commission,~~  
7 ~~on or before a certain date, to develop certain standards and determine certain~~  
8 ~~information; authorizing the Commission to contract with an outside entity to~~  
9 ~~establish and maintain the health record and payment clearinghouse; specifying the~~  
10 ~~capabilities the health record and payment clearinghouse must have; requiring the~~  
11 ~~Commission to solicit feedback from certain users of the health record and payment~~  
12 ~~clearinghouse; requiring the Commission to report on the status and implementation~~  
13 ~~of the pilot program to the Senate Education, Health, and Environmental Affairs~~  
14 ~~Committee and the House Health and Government Operations Committee on or~~  
15 ~~before a certain date each year; requiring the Commission, on or before a certain~~  
16 ~~date, to research and evaluate existing public and private health record and payment~~  
17 ~~clearinghouses; requiring the Commission, on or before a certain date, to make~~  
18 ~~certain recommendations for financing the establishment and maintenance of a~~  
19 ~~health record and payment clearinghouse pilot program; a Maryland Health Record~~  
20 ~~and Payment Integration Program Advisory Committee; requiring the Commission~~  
21 ~~to select members of the Advisory Committee from certain persons; requiring the~~  
22 ~~Advisory Committee to study the feasibility of creating a health record and payment~~  
23 ~~integration program, certain approaches, and certain other issues; authorizing the~~  
24 ~~Advisory Committee, to the extent allowed by law, to use certain information in~~  
25 ~~carrying out its duties; requiring the Commission to submit a certain report to the~~

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Governor and the General Assembly on or before a certain date; ~~defining a certain~~  
 2 ~~term~~; providing for the termination of this Act; and generally relating to the ~~health~~  
 3 ~~record and payment clearinghouse~~ Health Record and Payment Integration Program  
 4 Advisory Committee.

5 ~~BY adding to~~

6 ~~Article — Health — General~~

7 ~~Section 19-150 and 19-151 to be under the new part “Part VI. Health Record and~~  
 8 ~~Payment Clearinghouse”~~

9 ~~Annotated Code of Maryland~~

10 ~~(2015 Replacement Volume and 2017 Supplement)~~

11 Preamble

12 WHEREAS, Maryland has been a leader in health care financing, research, and  
 13 treatment; and

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

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

19 WHEREAS, The high administrative cost of our current health care system is  
 20 ~~approximately~~ between 3.1% and 31% of every dollar spent on health care expenditures;  
 21 and

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

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

28 ~~WHEREAS, A card with a credit card-like magnetic strip and password protections~~  
 29 ~~can provide secure access to a patient’s health insurance and health history information by~~  
 30 ~~accessing secure servers over the Internet; and~~

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

35 WHEREAS, Health care is approximately 16% to 18% of the cost of most products  
 36 ~~and services~~ purchased; and

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

3 WHEREAS, The benefits of streamlining the administration of health care extend  
4 well beyond the field of health care; and

5 WHEREAS, The introduction of rapid and secure electronic access to patient records  
6 can improve the timeliness of the provision of health care and reduce the cost of health care  
7 while improving the quality of ~~and access to~~ health care; and

8 WHEREAS, Reductions in the cost of health care will improve access to health care;  
9 and

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

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

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

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

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

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

24 WHEREAS, Initial participation by health care providers ~~and payers shall~~ can be  
25 voluntary; and

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

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

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

1           (a)   The Maryland Health Care Commission shall establish a Health Record and  
2 Payment Integration Program Advisory Committee.

3           (b)   The Commission shall select the members of the Health Record and Payment  
4 Integration Program Advisory Committee from:

5                   (1)   managed care organizations, as defined in § 15–101 of the Health –  
6 General Article;

7                   (2)   individuals licensed, certified, or registered under the Health  
8 Occupations Article to provide health care;

9                   (3)   facilities that provide health care to individuals; and

10                  (4)   persons that provide health care supplies or medications.

11           (c)   The Health Record and Payment Integration Program Advisory Committee  
12 shall study:

13                   (1)   the feasibility of creating a health record and payment integration  
14 program, including:

15                           (i)   the feasibility of incorporating administrative health care claim  
16 transactions into the State–designated health information exchange established under §  
17 19–143 of the Health – General Article for the purpose of improving health care  
18 coordination and encounter notification;

19                           (ii)   the feasibility of establishing a free and secure web–based portal  
20 that providers can use, regardless of the method of payment being used for health care  
21 services, to:

22                                   1.   create and maintain health records; and

23                                   2.   file for payment for health care services provided; and

24                           (iii)   the feasibility of incorporating prescription drug monitoring  
25 program data into the State–designated health information exchange so that prescription  
26 drug data can be entered and retrieved;

27                   (2)   approaches for accelerating the adjudication of clean claims; and

28                   (3)   any other issue that the Commission considers appropriate to study to  
29 further health and payment record integration.

30           (d)   The Health Record and Payment Integration Program Advisory Committee,  
31 to the extent allowed under law, may use the information collected by the State–designated

1 health information exchange established under § 19-143(b) of the Health – General Article  
2 in carrying out its duties under subsection (c) of this section.

3 (e) (1) On or before November 1, 2019, the Commission shall submit the  
4 findings and recommendations of the Health Record and Payment Integration Program  
5 Advisory Committee to report to the Governor and, in accordance with § 2-1246 of the State  
6 Government Article, the General Assembly.

7 (2) If the Health Record and Payment Integration Program Advisory  
8 Committee recommends the creation of a health record and payment integration program,  
9 the report submitted under paragraph (1) of this subsection shall include:

10 (i) recommendations regarding statutory language to establish and  
11 maintain the health record and payment integration program; and

12 (ii) an estimate of the funding required to support the health record  
13 and payment integration program.

14 ~~Article – Health – General~~

15 ~~PART VI. HEALTH RECORD AND PAYMENT CLEARINGHOUSE.~~

16 ~~19-150.~~

17 ~~IN THIS PART, “HEALTH RECORD AND PAYMENT CLEARINGHOUSE” MEANS A~~  
18 ~~HEALTH RECORD AND PAYMENT CLEARINGHOUSE THAT:~~

19 ~~(1) BUILDS ON THE WORK OF THE CHESAPEAKE REGIONAL~~  
20 ~~INFORMATION SYSTEM FOR OUR PATIENTS;~~

21 ~~(2) ALLOWS AUTHORIZED USERS TO ACCESS PATIENT MEDICAL~~  
22 ~~RECORDS REMOTELY;~~

23 ~~(3) ALLOWS THE EXCHANGE OF DATA BETWEEN SYSTEMS USED BY~~  
24 ~~PROVIDERS AND CARRIERS FOR THE PAYMENT OF HEALTH CARE CLAIMS;~~

25 ~~(4) INTERACTS WITH THE PRESCRIPTION DRUG MONITORING~~  
26 ~~PROGRAM SO THAT PRESCRIPTION DRUG DATA CAN BE RETRIEVED THROUGH THE~~  
27 ~~HEALTH RECORD AND PAYMENT CLEARINGHOUSE;~~

28 ~~(5) MEETS FEDERAL AND STATE REQUIREMENTS REGARDING THE~~  
29 ~~CONFIDENTIALITY OF MEDICAL RECORDS; AND~~

30 ~~(6) IS AVAILABLE SECURELY ONLINE.~~

31 ~~19-151.~~

1       ~~(A) SUBJECT TO THE LIMITATIONS OF THE STATE BUDGET AND ANY OTHER~~  
2 ~~DESIGNATED FUNDING, ON OR BEFORE JULY 1, 2020, THE COMMISSION SHALL~~  
3 ~~ESTABLISH AND IMPLEMENT FOR USE IN A PILOT PROGRAM FOR VOLUNTEER~~  
4 ~~COMPANIES, MUNICIPALITIES, COUNTY EMPLOYEE ORGANIZATIONS, AND~~  
5 ~~EDUCATION EMPLOYEE ORGANIZATIONS AND FOR HEALTH BENEFITS AND SERVICES~~  
6 ~~FOR STATE GOVERNMENT EMPLOYEES A HEALTH RECORD AND PAYMENT~~  
7 ~~CLEARINGHOUSE.~~

8       ~~(B) ON OR BEFORE JULY 1, 2019, THE COMMISSION SHALL:~~

9           ~~(1) DEVELOP STANDARDS THAT HEALTH CARE RECORDS AND~~  
10 ~~REQUESTS FOR HEALTH CARE PAYMENTS MUST MEET TO BE ACCESSED OR FILED~~  
11 ~~AND MADE THROUGH THE HEALTH CARE RECORD AND PAYMENT CLEARINGHOUSE;~~

12           ~~(2) DETERMINE WHETHER THE HEALTH RECORD AND PAYMENT~~  
13 ~~CLEARINGHOUSE SHOULD MAINTAIN DATA ABOUT EACH PATIENT, INCLUDING~~  
14 ~~INFORMATION ON THE PATIENT'S:~~

15                   ~~(I) DEMOGRAPHICS;~~

16                   ~~(II) INSURANCE COVERAGE;~~

17                   ~~(III) DIAGNOSES;~~

18                   ~~(IV) MEDICATIONS;~~

19                   ~~(V) ALLERGIES;~~

20                   ~~(VI) ADVERSE REACTIONS;~~

21                   ~~(VII) HOSPITALIZATIONS;~~

22                   ~~(VIII) TREATMENTS;~~

23                   ~~(IX) HEALTH CARE PROVIDERS;~~

24                   ~~(X) VACCINATIONS;~~

25                   ~~(XI) LABORATORY TESTS AND RESULTS;~~

26                   ~~(XII) ELECTROCARDIOGRAPHY TESTS AND RESULTS; AND~~

27                   ~~(XIII) RADIOLOGY STUDIES AND REPORTS.~~

1       ~~(C) THE COMMISSION MAY CONTRACT WITH AN OUTSIDE ENTITY, OR~~  
2 ~~CHESAPEAKE REGIONAL INFORMATION SYSTEM FOR OUR PATIENTS, TO~~  
3 ~~ESTABLISH AND MAINTAIN THE HEALTH RECORD AND PAYMENT CLEARINGHOUSE~~  
4 ~~FOR THE PILOT PROGRAM.~~

5       ~~(D) THE HEALTH RECORD AND PAYMENT CLEARINGHOUSE SHALL:~~

6           ~~(1) CREATE AND MAINTAIN ACCESS SECURITY LOGS;~~

7           ~~(2) INCLUDE SECURITY AND BACKUP SAFEGUARDS;~~

8           ~~(3) INDICATE WHEN A PORTION OF A HEALTH RECORD MAINTAINED~~  
9 ~~ELSEWHERE IS OFFLINE AND PROVIDE MINIMAL DATA, AS DETERMINED BY THE~~  
10 ~~COMMISSION, REGARDING THE RECORD;~~

11           ~~(4) INCLUDE A FREE AND SECURE WEB-BASED PORTAL THAT~~  
12 ~~PROVIDERS CAN USE WITHOUT REGARD TO THE METHOD OF PAYMENT BEING USED~~  
13 ~~FOR A HEALTH CARE SERVICE TO:~~

14           ~~(I) CREATE, MAINTAIN, AND PROVIDE ACCESS BY AUTHORIZED~~  
15 ~~INDIVIDUALS TO HEALTH RECORDS; AND~~

16           ~~(H) FILE FOR PAYMENT FOR HEALTH CARE SERVICES~~  
17 ~~PROVIDED;~~

18           ~~(5) PROVIDE FOR THE DETERMINATION AND COLLECTION OF ALL~~  
19 ~~BENEFITS, COPAYS, AND DEDUCTIBLES AT THE POINT OF SERVICE WITH CLAIM~~  
20 ~~ADJUDICATION WITHIN 24 HOURS;~~

21           ~~(6) PROVIDE FOR THE IMMEDIATE ANSWERING OF QUESTIONS~~  
22 ~~REGARDING COVERED SERVICES AND BENEFITS AT THE POINT OF SERVICE;~~

23           ~~(7) PROVIDE FOR THE SUBMISSION OF AN ELECTRONIC RECORD OF~~  
24 ~~HEALTH CARE SERVICES, SUPPLIES, AND MEDICATIONS PROVIDED OR PRESCRIBED~~  
25 ~~IN ORDER FOR PAYMENT TO BE RECEIVED;~~

26           ~~(8) PROVIDE FOR THE FORMAT AND CONTENT OF THE MINIMUM~~  
27 ~~MEDICAL RECORD DATA SET REQUIRED FOR PAYMENT THROUGH THE HEALTH~~  
28 ~~RECORD AND PAYMENT CLEARINGHOUSE;~~

29           ~~(9) INCLUDE THE ABILITY TO PROVIDE REQUIRED DATA SECURELY~~  
30 ~~OVER THE INTERNET WITHOUT REQUIRING PROVIDERS OR SUPPLIERS TO PAY FOR~~  
31 ~~PROPRIETARY SOFTWARE, OTHER THAN PAYING ANY USER FEE TO COVER THE COST~~

1 ~~OF STARTUP AND OPERATIONS OF THE HEALTH RECORD AND PAYMENT~~  
2 ~~CLEARINGHOUSE;~~

3 ~~(10) ALLOW THE USE OF PROPRIETARY SOFTWARE THAT CAN OFFER~~  
4 ~~EXPANDED FUNCTIONALITY FOR PROVIDERS TO INTERACT WITH THE HEALTH~~  
5 ~~RECORD AND PAYMENT CLEARINGHOUSE TO PROVIDE AND OBTAIN ALL~~  
6 ~~INFORMATION AND PAYMENTS NEEDED FOR HEALTH CARE SERVICES;~~

7 ~~(11) ENSURE THAT EACH PATIENT HAS A UNIQUE IDENTIFIER~~  
8 ~~ASSIGNED AND MAINTAINED CENTRALLY BY THE DEPARTMENT;~~

9 ~~(12) DIRECT DATA REQUESTS TO THE CORRECT SERVER OR RECORD~~  
10 ~~HOLDER AND ALLOW FOR MULTIPLE SERVERS OR RECORD HOLDERS TO HOUSE~~  
11 ~~SOME OR ALL OF THE INFORMATION FOR EACH PATIENT;~~

12 ~~(13) ALLOW EACH PATIENT TO INDICATE WHETHER OR NOT THE~~  
13 ~~PATIENT WANTS TO ALLOW RESEARCHERS TO ANONYMOUSLY ACCESS THE~~  
14 ~~PATIENT'S HEALTH CARE RECORDS AND TO WITHDRAW PERMISSION ONCE GIVEN;~~

15 ~~(14) ALLOW FOR SECURE ACCESS THROUGH SPECIFIC TERMINALS BY~~  
16 ~~EMERGENCY ROOM PERSONNEL WHEN A PATIENT IS UNABLE TO PROVIDE~~  
17 ~~INFORMATION THAT WOULD BE REQUIRED TO ACCESS THE PATIENT'S INFORMATION~~  
18 ~~THROUGH THE HEALTH RECORD AND PAYMENT CLEARINGHOUSE;~~

19 ~~(15) INCLUDE THE OPTION AFTER THE FIRST YEAR OF THE PILOT~~  
20 ~~PROGRAM TO USE HEALTH CARDS THAT:~~

21 ~~(i) INCLUDE A COMBINATION OF CREDIT CARDS, DEBIT CARDS,~~  
22 ~~AND HEALTH SAVINGS CARDS; AND~~

23 ~~(ii) PROVIDE INFORMATION, LINKAGES, AND PAYMENTS SO~~  
24 ~~THAT ONLY ONE CARD IS REQUIRED TO COMPLETE ALL ASPECTS OF A HEALTH CARE~~  
25 ~~PAYMENT;~~

26 ~~(16) ALLOW FOR ONLINE AND OFFLINE APPEAL OF DENIED SERVICES,~~  
27 ~~BENEFITS, OR PAYMENTS;~~

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

30 ~~(18) BE COMPATIBLE WITH BOTH THE WINDOWS AND THE MACINTOSH~~  
31 ~~OPERATING SYSTEMS; AND~~



1 ~~(19) MEET ANY OTHER STANDARDS DEVELOPED AND REQUIRED BY~~  
2 ~~THE COMMISSION.~~

3 ~~(E) THE COMMISSION SHALL SOLICIT FEEDBACK ON THE HEALTH RECORD~~  
4 ~~AND PAYMENT CLEARINGHOUSE FROM THE USERS WHO PARTICIPATE IN THE PILOT~~  
5 ~~PROGRAM, INCLUDING:~~

6 ~~(1) HEALTH INSURERS AND CARRIERS;~~

7 ~~(2) NONPROFIT HEALTH SERVICE PLANS;~~

8 ~~(3) HEALTH MAINTENANCE ORGANIZATIONS;~~

9 ~~(4) DENTAL PLAN ORGANIZATIONS;~~

10 ~~(5) MANAGED CARE ORGANIZATIONS AS DEFINED IN § 15-101 OF~~  
11 ~~THIS ARTICLE;~~

12 ~~(6) INDIVIDUALS LICENSED, CERTIFIED, OR REGISTERED UNDER THE~~  
13 ~~HEALTH OCCUPATIONS ARTICLE TO PROVIDE HEALTH CARE;~~

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

15 ~~(8) PERSONS THAT PROVIDE HEALTH CARE SUPPLIES OR~~  
16 ~~MEDICATIONS.~~

17 ~~(F) ON OR BEFORE DECEMBER 21, 2022, AND DECEMBER 21 EACH YEAR~~  
18 ~~THEREAFTER, THE COMMISSION SHALL SUBMIT A STATUS REPORT ON THE~~  
19 ~~IMPLEMENTATION OF THE PILOT PROGRAM TO THE SENATE EDUCATION, HEALTH,~~  
20 ~~AND ENVIRONMENTAL AFFAIRS COMMITTEE AND THE HOUSE HEALTH AND~~  
21 ~~GOVERNMENT OPERATIONS COMMITTEE IN ACCORDANCE WITH § 2-1246 OF THE~~  
22 ~~STATE GOVERNMENT ARTICLE.~~

23 ~~SECTION 2. AND BE IT FURTHER ENACTED, That:~~

24 ~~(a) On or before December 31, 2018, the Maryland Health Care Commission shall~~  
25 ~~research and evaluate existing public and private health record and payment~~  
26 ~~clearinghouses.~~

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

30 ~~(2) The recommendations:~~

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

3                   ~~1. nonprofit user fees; and~~

4                   ~~2. a state bond to be repaid by nonprofit user fees over the~~  
5 ~~course of up to 20 years;~~

6                   (ii) ~~shall include adjustments to the ceiling for user fees to~~  
7 ~~accommodate the health record and payment clearinghouse and any required bonds or~~  
8 ~~other funding; and~~

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

11                   ~~2. if the recommendations specify that grants should be~~  
12 ~~provided under item 1 of this item, shall specify that the recipient shall agree to provide~~  
13 ~~health plans with the same benefits as in the immediately preceding year with at least a~~  
14 ~~5% discount in the cost.~~

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

19                   SECTION ~~3~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
20 July 1, 2018. ~~Section 1 of this~~ This Act shall remain effective for a period of ~~6~~ 2 years and,  
21 at the end of June 30, ~~2024~~ 2020, ~~Section 1 of this Act, with no further action required by~~  
22 the General Assembly, shall be abrogated and of no further force and effect. ~~Section 2 of~~  
23 ~~this Act shall remain effective for a period of 1 year and 1 month and, at the end of July 31,~~  
24 ~~2019, Section 2 of this Act, with no further action required by the General Assembly, shall~~  
25 ~~be abrogated and of no further force and effect.~~

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.