

**Department of Legislative Services**  
Maryland General Assembly  
2005 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 251

(Senator Hollinger)

Education, Health, and Environmental Affairs

Health and Government Operations

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**Task Force to Study Electronic Health Records**

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This bill creates a task force to study electronic health records and the current and potential expansion of electronic health record utilization in Maryland, including: electronic transfer, electronic prescribing, computerized physician order entry, and the cost of implementing these functions. The task force also must study the impact of the current and potential expansion on school health records and patient safety. The task force, staffed by the Department of Health and Mental Hygiene, must report its findings to the Governor and the General Assembly by December 31, 2007.

The bill takes effect July 1, 2005 and terminates December 31, 2007.

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**Fiscal Summary**

**State Effect:** The bill's requirements could be absorbed within existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Statute does not address electronic health records (EHRs). The Board of Examiners of Psychologists' regulations require a psychologist to maintain the confidentiality of a patient's written and electronic records when storing and disposing of those records.

## *Federal Electronic Health Care Initiatives*

The federal Health Insurance Portability and Accountability Act (HIPAA) requires the Department of Health and Human Services to establish national standards for electronic health care transactions and addresses health information security and privacy issues. A federal regulation implementing the HIPAA privacy and security requirements established the “Privacy Rule” which guarantees patients access to their medical records, gives them more control over how their protected health information is used and disclosed, and provides an avenue of recourse if their medical privacy is compromised. Protected health information is any health information that identifies an individual and is maintained or exchanged electronically or in hard copy.

Health care organizations covered by the Privacy Rule are: all health care providers who electronically transmit certain administrative and financial health information; all health plans; and all health care clearinghouses.

The federal Medicare Prescription Drug Improvement and Modernization Act of 2003 requires the Centers for Medicare and Medicaid Services to develop standards for electronic prescribing.

In April 2004, President George W. Bush issued an Executive Order calling for widespread adoption of interoperable EHRs within 10 years and established the National Coordinator for Health Information Technology.

**Background:** The President’s Information Technology Advisory Committee made various recommendations in its 2004 report on EHRs. Those recommendations include:

- increasing federal support of demonstration studies measuring the costs of public and private National Health Information Infrastructure and EHR investments and practices;
- diverse regional or statewide demonstrations of exchanging health information involving multiple private or federal caregivers;
- convening a federal task force under the National Health Information Technology Coordinator to identify real and perceived legal impediments to clinicians, hospitals, laboratories, and pharmacies from sharing EHRs;
- develop a single set of EHR standards that can be implemented across all federally implemented EHRs and shared with the private sector;
- provide federal incentives to incorporate the Systemized Nomenclature of Medicine, Clinical Terms (which is available for free through the Department of Health and Human Services) into EHRs;

- develop a single set of data standards for the most common forms of clinical information; and
- conduct research and development in human machine interfaces for use in the health care sector.

Health care providers need financial incentives to adopt information technology that allows for exchanging health care information, according to a 2004 report by Connecting for Health. Connecting for Health is a public-private collaborative focusing on establishing an interconnected health information infrastructure. The report advises that small- and medium-sized practices will need financial incentives to recover most of their EHR costs, ranging from \$12,000 to \$24,000 per full-time physician per year. This translates to approximately \$3 to \$6 per patient visit.

The Institute for Safe Medication Practices urges physicians to use electronic prescribing systems to prevent medication errors. According to the institute, physicians in this country handwrite nearly every prescription. As a result of poor handwriting, pharmacists make more than 150 million calls to physicians annually to clarify what the doctor prescribed. The institute called for the elimination of handwritten prescriptions by 2003.

A 1999 Institute of Medicine report showed prescription medication errors kill up to 7,000 people in the United States annually. Drug-related morbidity and mortality costs almost \$77 billion each year.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene; *Revolutionizing Health Care Through Information Technology*, President's Information Technology Advisory Committee, June 2004; *Financial, Legal and Organizational Approaches to Achieving Electronic Connectivity in Healthcare*, Connecting for Health, October 2004; Department of Health and Human Services; *A Call to Action: Eliminate Handwritten Prescriptions Within 3 Years*, Institute for Safe Medication Practices; Department of Legislative Services

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Analysis by: Lisa A. Daigle

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510