(P.168) 1/31/94 Human Resources
(P.196) 2/2/94 Amend/Do Pass w/S 5008
(P.235) 2/11/94 House - Human Res.
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SENATE FILE 2069

BY SZYMONIAK and KRAMER
(P.529) 3-9-94 House Amend/Do Pass w/H 5234

(COMPANION TO LSB 3683HH BY PLASIER)

Passed Senate, Date (P.261) 2/10/94 Passed House, Date (P.653) 3-16-94
Vote: Ayes 47 Nays 0 Vote: Ayes 98 Nays 0
Approved 4/4/94

A BILL FOR

1 An Act relating to the development and implementation of a
2 community health management information system, providing a
3 civil penalty, and extending the repeal of the health data
4 commission.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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SF 2069

TLSB 3683SS 75
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S.F. 2069 H.F. ________

1 Section 1. NEW SECTION. 144C.1 SHORT TITLE.
2 This chapter shall be cited as the "Community Health
3 Management Information System Act".
4 Sec. 2. NEW SECTION. 144C.2 LEGISLATIVE FINDINGS.
5 The general assembly finds that the development of a
6 community health management information system will result in
7 a more efficient and cost-effective health care transaction
8 process; provide an efficient mechanism for the exchange of
9 medical and transactional information among providers and
10 other interested entities; provide communities with
11 information on cost, appropriateness, and effectiveness of
12 health care providers; and provide information to employers
13 and researchers which will allow for benefit plan analysis,
14 severity of illness and outcomes analysis, and related
15 studies. The general assembly finds that the exchange of such
16 medical and transactional information, while vital in the
17 effort to control health care administrative costs and in
18 analyzing benefit plans and medical outcomes, must be
19 accomplished in a manner which protects and assures patient
20 confidentiality; that authorized users of the system must keep
21 such information confidential; and that the privacy rights of
22 individuals must not be violated as a result of the exchange
23 of such information. The general assembly also finds that the
24 implementation of such a system will result in a reduction of
25 the number of paper transaction forms that need to be
26 completed, a reduction in the error rate on transaction
27 submissions, an improvement in the overall data communication
28 among affected parties, and a reduction in health care
29 administrative costs. The general assembly also finds that
30 there shall be only a single community health management
31 information system in this state.
32 Sec. 3. NEW SECTION. 144C.3 DEFINITIONS.
33 As used in this chapter, unless the context otherwise
34 requires:
35 1. "Board" means the community health management

1 information system governing board established in section
2 144C.5.
3 2. "Commissioner" means the commissioner of insurance.
4 3. "Community health management information system" or
5 "system" means an integrated electronic health management
6 information system for transmittal and selected storage of
7 data related to transactions and other health care-related
8 information.
9 4. "Consumer" means an employer, labor union, an
10 individual representing an employer or labor union, a
11 representative of state government, or a member of the general
12 public. "Consumer" does not include a provider, payor, an
13 employee of a provider or payor, or other person with a
14 fiduciary interest in the provision of or payment for health
15 care.
16 5. "Data repository" means the community health management
17 information system data repository for the storage and
18 transmittal of data related to transactions and other health
19 care-related information.
20 6. "Division" means the insurance division.
21 7. "Interface" means the ability to communicate
22 electronically according to standards and communication
23 formats established by the board.
24 8. "Outcomes measurement" means a method established by
25 the board for determining the quality of health care provided
26 to consumers based upon the data received and transmitted on a
27 transaction network.
28 9. "Payor" means a person who provides for the payment of
29 health care benefits including a third party administrator
30 subject to chapter 513A; an insurer issuing a group accident
31 or sickness insurance policy on an expense incurred basis; a
32 person issuing a group hospital or medical service contract
33 pursuant to chapter 509, 514, or 514A; a group health
34 maintenance organization operating pursuant to chapter 514B;
35 or a self-insured plan.

1 10. "Provider" means a hospital licensed pursuant to
2 chapter 135B; a health care facility licensed pursuant to
3 chapter 135C, 135G, 135H; a hospice program licensed under
4 chapter 135J; a health related professional licensed under
5 chapters 147 through 154, and chapters 154B and 155A.
6 11. "Self-insured plan" means a plan which retains the
7 risk of loss or payment of claims related to the payment of
8 accident and health benefits or medical, surgical, or hospital
9 benefits as determined by the person establishing such plan.
10 12. "Severity of illness" means the clinical measurement
11 of the relative medical condition of a patient.
12 13. "Severity of illness risk adjustment" means a
13 reporting methodology used to adjust various statistics based
14 upon severity of illness which is approved by the board.
15 14. "Transaction" means an electronic claim or encounter
16 as defined by the board pursuant to section 144C.5.
17 15. "Transaction network" means an electronic network
18 which the board has certified and with which the board has
19 entered into an agreement for receiving and transmitting data
20 as provided in this chapter between health care providers,
21 payors, the data repository, and any other persons the board
22 deems necessary.
23 Sec. 4. NEW SECTION. 144C.4 COMMUNITY HEALTH MANAGEMENT
24 INFORMATION SYSTEM ESTABLISHED -- DATA REPOSITORY.
25 1. A community health management information system is
26 established and shall be organized as a nonprofit corporation
27 pursuant to chapter 504A. The system shall operate subject to
28 the control and direction of the community health management
29 information system governing board.
30 2. A data repository is established which is subject to
31 the control and direction of the board. The data repository
32 shall collect health care data and provide patients,
33 physicians, hospitals, purchasers, payors, government
34 agencies, and researchers with information on which to base
35 decisions on the quality, effectiveness, and appropriateness

1 of care.
2 Sec. 5. NEW SECTION. 144C.5 COMMUNITY HEALTH MANAGEMENT
3 INFORMATION SYSTEM GOVERNING BOARD ESTABLISHED -- DUTIES.
4 1. A community health management information system
5 governing board is established and shall consist of twelve
6 members, including the following:
7 a. Four individuals representing providers including two
8 individuals representing hospitals as defined in chapter 135B,
9 and two individuals representing physicians as defined in
10 chapters 148 and 150A.
11 b. Six individuals representing consumers of which at
12 least two individuals shall be employment-based purchasers
13 representing nongovernmental entities purchasing group health
14 plans on behalf of other individuals.
15 c. Two individuals representing payors other than a self-
16 insured plan.
17 2. The members of the board shall be appointed by the
18 governor, subject to senate confirmation. Members shall serve
19 three-year staggered terms beginning and ending as provided in
20 section 69.19. Appointments to the board are subject to
21 sections 69.16 and 69.16A. Removal of a member of the board
22 and the filling of a vacancy on the board are governed by
23 chapter 69. The members of the board shall be reimbursed from
24 funds collected by the system for actual and necessary travel
25 and related expenses incurred in the discharge of official
26 duties. A member of the board shall be considered an official
27 for purposes of chapter 68B, relating to conflicts of interest
28 of public officers and employees.
29 3. The commissioner shall cooperate with the board in the
30 implementation of this chapter and shall review the procedures
31 and operation of the system as provided in section 144C.6.
32 4. The board shall develop all public policy positions and
33 operational policies and procedures related to the system.
34 The board shall adopt written policies and procedures
35 necessary to implement and administer this chapter. Policies

1 and procedures adopted by the board are subject to the review
2 of the insurance division.
3 5. The board shall do all of the following:
4 a. Define a reporting methodology for the types of
5 information, including severity of illness and outcomes,
6 gathered by the community health management information
7 system, applicable to all Iowa hospitals and hospital
8 discharges, and outpatient and ambulatory care. For purposes
9 of this chapter, data related to severity of illness shall
10 include a severity of illness risk adjustment, patient average
11 length of stay, patient mortality, and average total patient
12 charges. Upon implementation of the severity of illness and
13 outcomes reporting methodology as authorized in this section,
14 the board, through its data advisory committee, may continue
15 to review alternative severity of illness and outcomes
16 measures which may be recommended to the board for use in the
17 data plan.
18 b. Establish and implement functions as appropriate for
19 the operation of the system consistent with the implementation
20 of the system as provided in section 144C.9.
21 c. Appoint appropriate advisory committees as necessary
22 including, but not limited to, an ethics and confidentiality
23 review committee, a data advisory committee, a technical
24 advisory committee, and a communications and education
25 committee to provide technical assistance regarding the
26 operation of the system, policies and contractual agreements,
27 and other functions within the authority of the system.
28 d. Establish a certification process for transaction
29 networks. The board shall only contract with certified
30 transaction networks for purposes of this chapter.
31 e. Establish an appropriate network certification fee and
32 any other fees as necessary to maintain the efficient
33 administration of the system and for the repayment of any
34 indebtedness incurred by the board pursuant to this chapter.
35 f. Establish standards for the electronic transaction

1 submission format, transaction networks, supplemental
2 information requirement transaction forms, computer software,
3 and any other information or procedures necessary to effect
4 the purposes of this chapter.
5 6. The board may do any of the following:
6 a. Enter into contracts as necessary to administer the
7 provisions of this chapter.
8 b. Borrow money to effect the purposes of the system,
9 except that the board shall not have the authority to directly
10 issue any notes or bonds for indebtedness and shall not have
11 the authority to pledge the credit or taxing power of this
12 state.
13 c. Employ legal counsel and other staff as necessary to
14 effect the purposes of this chapter.
15 d. Assist health care providers and payors, as needed in
16 obtaining necessary equipment and skills to access the system
17 and in implementing the necessary procedures to effect the
18 purposes of this chapter.
19 e. Enter into agreements consistent with and furthering
20 the intent and purposes of this chapter with similar entities
21 created in other states.
22 7. The board shall file a written report with the general
23 assembly on or before January 15 of each year concerning the
24 operation of the system. In addition to any other information
25 contained in the report, the board shall include any
26 legislative recommendations which the board believes are
27 necessary and which further the purposes of this chapter.
28 Sec. 6. NEW SECTION. 144C.6 INSURANCE DIVISION
29 RESPONSIBILITIES.
30 1. The division shall enforce this chapter. All policies
31 and procedures adopted by the board are subject to review and
32 approval by the division. The division shall review such
33 policies and procedures adopted by the board and determine
34 whether such policies and procedures comply with the
35 provisions and purposes of this chapter. Written notice of a

1 policy or procedure which is not approved by the division
2 shall be provided to the board stating the reason such policy
3 or procedure is not approved. The board may amend and
4 resubmit for review and approval any policy or procedure which
5 is not approved by the division. The board shall not
6 implement a policy or procedure prior to the approval of the
7 division.
8 2. The division may impose a civil penalty against a
9 payor, provider, transaction network, the data repository, or
10 the board for failure to comply with this chapter or rules
11 adopted pursuant to this chapter. The civil penalty imposed
12 shall not exceed five hundred dollars for each offense. Each
13 day of noncompliance constitutes a separate offense. However,
14 the division shall not impose a civil penalty for a technical,
15 nonsubstantive violation or if the payor or provider required
16 to provide information makes a good faith effort to comply
17 with the requirements of this chapter.
18 The division shall notify the noncomplying party of the
19 division's intent to impose a civil penalty. The notice shall
20 be sent by certified mail to the party's last known address
21 and shall state the nature of the party's actions leading to
22 the charge of noncompliance, the specific statute or rule
23 involved, and the amount of the proposed penalty. The notice
24 shall advise the party that upon failure to pay the civil
25 penalty, the penalty may be collected by civil action. The
26 party shall be given the opportunity to respond to the
27 imposition of the penalty in writing, within a reasonable time
28 as established by rule of the division.
29 The division may reduce or void a civil penalty imposed
30 under this section, as appropriate. A party upon whom a civil
31 penalty is imposed may appeal the action of the division
32 pursuant to chapter 17A. Moneys collected from the civil
33 penalties shall be deposited in the general fund of the state.
34 3. The division shall adopt rules pursuant to chapter 17A
35 necessary to carry out the division's role related to the

1 system and to assure that the system operates consistent with
2 this chapter. In addition to any other rules adopted, the
3 division shall specifically develop rules under which the
4 board shall develop policies and procedures for the
5 certification of transaction networks for operation in the
6 system.
7 The rules shall establish procedures to sanction agreements
8 between payors, providers, transaction networks, the data
9 repository, and the board, upon a finding by the commissioner
10 that the agreement will assist in the implementation of this
11 chapter, but which agreement might be a violation of antitrust
12 laws if undertaken without government direction and approval.
13 The rules shall assure that the purposes of this chapter
14 are implemented and that patient confidentiality is protected.
15 Sec. 7. NEW SECTION. 144C.7 CONFIDENTIALITY OF
16 INFORMATION.
17 1. The transactions data and other data collected and
18 transmitted through the system shall be kept confidential.
19 The confidentiality of patient information shall be protected
20 and the laws of this state which relate to patient
21 confidentiality apply.
22 2. The board shall establish policies and procedures
23 consistent with this chapter and rules adopted by the division
24 which ensure the confidentiality of information in the system,
25 provide access to qualified individuals or organizations
26 requesting access, establish a review process for denials of
27 access to information in the system, and establish penalties
28 for violations of these policies and procedures. Policies and
29 procedures adopted by the board pursuant to this section are
30 subject to the review and approval of the division.
31 3. The board shall establish an ethics and confidentiality
32 review committee to administer this section.
33 Sec. 8. NEW SECTION. 144C.8 TRANSACTION PROCEDURE --
34 NETWORK -- INFORMATION TO BE SUBMITTED.
35 1. A provider submitting a health claim in this state

1 shall file the claim electronically and use a standardized
2 electronic transaction submission format as provided in this
3 section. The electronic transaction submission format shall
4 use the American national standards institute form for data
5 submission and reporting to the data repository. A payor
6 offering health care coverage in the state shall accept
7 transaction data submissions, provide remittance, and transmit
8 eligibility electronically as provided by the board. A
9 transaction network shall have the ability to accept all
10 transactions processed electronically through the system and
11 transmit such transaction data to the appropriate network or
12 payor, interface with other networks or payors, provide
13 electronic eligibility for all payors, and provide for
14 electronic remittance for claims and concurrently transmit
15 data to the data repository.
16 2. The board shall review annually all transaction
17 networks and their effectiveness, and provide for additional
18 electronic filing requirements as necessary and feasible.
19 3. The system shall use identification numbers as follows:
20 a. A patient identification number shall be the
21 individual's social security number, or, upon request of the
22 patient, a random identification number.
23 b. A provider identification number system shall be
24 established by the board including the unique physician
25 identification number, the medicare provider number, and other
26 identifying numbers as provided by the board for providers who
27 do not have a unique physician identification number or
28 medicare provider number.
29 c. Such other identification numbers as determined by the
30 board to be necessary to assure efficient and accurate
31 transmittal and receipt of data through the system.
32 4. The system shall contain a data repository consistent
33 with section 144C.4 which shall maintain claims information
34 and other information as determined by the board.
35 5. A person shall not engage in any transaction between

1 health care providers, payors, and the data repository unless
2 certified by the board.
3 Sec. 9. NEW SECTION. 144C.9 SYSTEM IMPLEMENTATION.
4 The board shall implement the system as follows:
5 1. Phase I of the system shall be operational no later
6 than July 1, 1996. For purposes of this chapter, "phase I"
7 means the collection and submission of data including a
8 patient identifier; a provider identification number; data
9 elements included in the uniform billing-1992 form for
10 hospitals; data elements included in the federal health care
11 financing administration's 1500 form for physicians; an
12 outpatient pharmacy code as determined by the board; data on
13 all currently required discharges provided to the health data
14 commission; and severity of illness and outcomes measurement,
15 a measure of consumer health behavior, health status, and
16 satisfaction with services provided as determined by the
17 board.
18 2. Phase II of the system shall be operational no later
19 than July 1, 1999. For purposes of this chapter, "phase II"
20 means the collection and submission of data including clinical
21 data sets; laboratory tests, X-ray results, and inpatient
22 pharmacy codes; measures of functional outcomes; and provider
23 activity records for both organized delivery systems and
24 providers not participating in an organized delivery system.
25 The board shall develop more complete definitions of these
26 items and submit these definitions to the general assembly for
27 enactment as a part of this chapter no later than January 1,
28 1999.
29 3. Phase III of the system shall be implemented only after
30 implementation of phase I and phase II, and upon approval of
31 the general assembly. For purposes of this chapter, "phase
32 III" means the development of a totally automated patient
33 records system including all data elements included in phase I
34 and phase II, and other data elements as determined by the
35 board.

1 4. The board shall submit a status report regarding the
2 development of an electronic system for the transmission of
3 payments related to claims submitted to the system to the
4 general assembly no later than January 1, 1995.
5 Sec. 10. INITIAL APPOINTMENTS TO THE BOARD. Initial
6 appointments to the board established in 144C.5 shall be as
7 follows:
8 1. One provider, one payor, and two consumers shall be
9 appointed for a term of one year.
10 2. Two providers and two consumers shall be appointed for
11 a term of two years.
12 3. One provider, one payor, and two consumers shall be
13 appointed for a term of three years.
14 Sec. 11. Section 145.1A, Code Supplement 1993, is amended
15 to read as follows:
16 145.1A REPEAL.
17 This chapter is repealed effective July 1, ~~1994~~ <u>1996</u>.
18 EXPLANATION
19 This bill creates a new chapter relating to the development
20 and implementation of a community health management
21 information system.
22 Section 144C.1 provides the title of the chapter.
23 Section 144C.2 sets forth the legislative findings relating
24 to the development of a community health management
25 information system.
26 Section 144C.3 sets forth the definitions of terms used in
27 the chapter.
28 Section 144C.4 establishes the community health management
29 information system and a data repository. The system is
30 established as a nonprofit corporation under chapter 504A.
31 The data repository is established for the collection of
32 health care data and to provide patients, physicians,
33 hospitals, purchasers, payors, government agencies, and
34 researchers with information on which to base decisions on the
35 quality, effectiveness, and appropriateness of care.

1 Section 144C.5 establishes a community health management
2 information system governing board and sets forth the board's
3 duties. The board consists of 12 members appointed by the
4 governor, subject to senate confirmation. The board is to
5 develop all public policy positions and operational policies
6 and procedures related to the system. The board is to file a
7 written report with the general assembly on or before January
8 15 of each year concerning the operation of the system. In
9 addition to any other information contained in the report, the
10 board is to include any legislative recommendations which the
11 board believes are necessary and which further the purposes of
12 this chapter.
13 Section 144C.6 establishes the responsibilities of the
14 insurance division. The division is directed to enforce the
15 provisions of this chapter and all policies and procedures
16 adopted by the board are subject to the review and approval of
17 the division. The division is granted authority to impose a
18 civil penalty of up to $500 against a payor, provider,
19 transaction network, the data repository, or the board for
20 failure to comply with the provisions of the chapter or rules
21 adopted pursuant to the chapter.
22 Section 144C.7 provides that transactions data and other
23 data collected and transmitted through the system is to be
24 kept confidential.
25 Section 144C.8 establishes the transaction procedure and
26 identifies the information to be submitted.
27 Section 144C.9 provides for the implementation of the
28 system in 3 phases. Phase I is to be implemented no later
29 than July 1, 1996. Phase II is to be implemented no later
30 than July 1, 1999. Phase III is to be implemented upon
31 approval of the general assembly after the implementation of
32 Phases I and II.
33 Section 10 provides for the initial appointments to the
34 board.
35 Section 11 extends the repeal of chapter 145, which

S.F. 2069 H.F. ________

1 establishes the health data commission, from July 1, 1994, to
2 July 1, 1996.
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SENATE FILE 2069

S-5008

Amend Senate File 2069 as follows:
1. Page 2, line 14, by striking the word "fiduciary" and inserting the following: "financial".
2. Page 2, by striking lines 26 and 27, and inserting the following: "to consumers."
6 3. Page 3, line 15, by striking the words "or
7 encounter" and inserting the following: ", encounter,
8 or other electronic message".
9 4. Page 4, line 12, by striking the word "be" and
10 inserting the following: "represent".
11 5. Page 4, line 14, by inserting after the word
12 "individuals." the following: "Additionally, at least
13 one of the individuals representing employment-based
14 purchasers shall represent self-insured plans."
15 6. Page 5, line 1, by inserting after the word
16 "review" the following: "and approval".
17 7. Page 7, lines 15 and 16, by striking the words
18 "payor or provider required to provide information"
19 and inserting the following: "noncomplying party".
20 8. Page 9, line 7, by striking the words
21 "transaction data" and inserting the following:
22 "electronic transaction".
23 9. Page 9, line 8, by inserting after the word
24 "board." the following: "A self-insured plan
25 providing health care coverage in this state shall, on
26 its own or through a third-party administrator or
27 other third-party, accept electronic transaction
submissions, provide remittance, and transmit
eligibility electronically as provided by the board."

A- adopted 2/10/94
B- Withdrawn 2/10/94

By COMMITTEE ON HUMAN RESOURCES
ELAINE SZYMONIAK, Chairperson

S-5008 FILED FEBRUARY 2, 1994

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SENATE FILE 2069
BY SZYMONIAK and KRAMER

(COMPANION TO LSB 3683HH BY PLASIER)

(AS AMENDED AND PASSED BY THE SENATE FEBRUARY 10, 1994)

——— - New Language by the Senate

Passed Senate, (P. 261) Date 2/10/94 Passed House, (P. 653) Date 3-16-94
Vote: Ayes 47 Nays 0 Vote: Ayes 98 Nays 0
Approved April 4, 1994

A BILL FOR

1 An Act relating to the development and implementation of a
2 community health management information system, providing a
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5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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S.F. 2069

S.F. 2064 H.F. _______

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11 information on cost, appropriateness, and effectiveness of
12 health care providers; and provide information to employers
13 and researchers which will allow for benefit plan analysis,
14 severity of illness and outcomes analysis, and related
15 studies. The general assembly finds that the exchange of such
16 medical and transactional information, while vital in the
17 effort to control health care administrative costs and in
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20 confidentiality; that authorized users of the system must keep
21 such information confidential; and that the privacy rights of
22 individuals must not be violated as a result of the exchange
23 of such information. The general assembly also finds that the
24 implementation of such a system will result in a reduction of
25 the number of paper transaction forms that need to be
26 completed, a reduction in the error rate on transaction
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10 individual representing an employer or labor union, a
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12 public. "Consumer" does not include a provider, payor, an
13 employee of a provider or payor, or other person with a
14 financial interest in the provision of or payment for health
15 care.
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20 6. "Division" means the insurance division.
21 7. "Interface" means the ability to communicate
22 electronically according to standards and communication
23 formats established by the board.
24 8. "Outcomes measurement" means a method established by
25 the board for determining the quality of health care provided
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27 9. "Payor" means a person who provides for the payment of
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30 or sickness insurance policy on an expense incurred basis; a
31 person issuing a group hospital or medical service contract
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33 maintenance organization operating pursuant to chapter 514B;
34 or a self-insured plan.
35 10. "Provider" means a hospital licensed pursuant to

1 chapter 135B; a health care facility licensed pursuant to
2 chapter 135C, 135G, 135H; a hospice program licensed under
3 chapter 135J; a health related professional licensed under
4 chapters 147 through 154, and chapters 154B and 155A.
5 11. "Self-insured plan" means a plan which retains the
6 risk of loss or payment of claims related to the payment of
7 accident and health benefits or medical, surgical, or hospital
8 benefits as determined by the person establishing such plan.
9 12. "Severity of illness" means the clinical measurement
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11 13. "Severity of illness risk adjustment" means a
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18 which the board has certified and with which the board has
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21 payors, the data repository, and any other persons the board
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30 2. A data repository is established which is subject to
31 the control and direction of the board. The data repository
32 shall collect health care data and provide patients,
33 physicians, hospitals, purchasers, payors, government
34 agencies, and researchers with information on which to base
35 decisions on the quality, effectiveness, and appropriateness

1 of care.
2 Sec. 5. NEW SECTION. 144C.5 COMMUNITY HEALTH MANAGEMENT
3 INFORMATION SYSTEM GOVERNING BOARD ESTABLISHED -- DUTIES.
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8 individuals representing hospitals as defined in chapter 135B,
9 and two individuals representing physicians as defined in
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11 b. Six individuals representing consumers of which at
12 least two individuals shall represent employment-based
13 purchasers representing nongovernmental entities purchasing
14 group health plans on behalf of other individuals.
15 Additionally, at least one of the individuals representing
16 employment-based purchasers shall represent self-insured
17 plans.
18 c. Two individuals representing payors other than a self-
19 insured plan.
20 2. The members of the board shall be appointed by the
21 governor, subject to senate confirmation. Members shall serve
22 three-year staggered terms beginning and ending as provided in
23 section 69.19. Appointments to the board are subject to
24 sections 69.16 and 69.16A. Removal of a member of the board
25 and the filling of a vacancy on the board are governed by
26 chapter 69. The members of the board shall be reimbursed from
27 funds collected by the system for actual and necessary travel
28 and related expenses incurred in the discharge of official
29 duties. A member of the board shall be considered an official
30 for purposes of chapter 68B, relating to conflicts of interest
31 of public officers and employees.
32 3. The commissioner shall cooperate with the board in the
33 implementation of this chapter and shall review the procedures
34 and operation of the system as provided in section 144C.6.
35 4. The board shall develop all public policy positions and

1 operational policies and procedures related to the system.
2 The board shall adopt written policies and procedures
3 necessary to implement and administer this chapter. Policies
4 and procedures adopted by the board are subject to the review
5 and approval of the insurance division.
6 5. The board shall do all of the following:
7 a. Define a reporting methodology for the types of
8 information, including severity of illness and outcomes,
9 gathered by the community health management information
10 system, applicable to all Iowa hospitals and hospital
11 discharges, and outpatient and ambulatory care. For purposes
12 of this chapter, data related to severity of illness shall
13 include a severity of illness risk adjustment, patient average
14 length of stay, patient mortality, and average total patient
15 charges. Upon implementation of the severity of illness and
16 outcomes reporting methodology as authorized in this section,
17 the board, through its data advisory committee, may continue
18 to review alternative severity of illness and outcomes
19 measures which may be recommended to the board for use in the
20 data plan.
21 b. Establish and implement functions as appropriate for
22 the operation of the system consistent with the implementation
23 of the system as provided in section 144C.9.
24 c. Appoint appropriate advisory committees as necessary
25 including, but not limited to, an ethics and confidentiality
26 review committee, a data advisory committee, a technical
27 advisory committee, and a communications and education
28 committee to provide technical assistance regarding the
29 operation of the system, policies and contractual agreements,
30 and other functions within the authority of the system.
31 d. Establish a certification process for transaction
32 networks. The board shall only contract with certified
33 transaction networks for purposes of this chapter.
34 e. Establish an appropriate network certification fee and
35 any other fees as necessary to maintain the efficient

1 administration of the system and for the repayment of any
2 indebtedness incurred by the board pursuant to this chapter.
3 f. Establish standards for the electronic transaction
4 submission format, transaction networks, supplemental
5 information requirement transaction forms, computer software,
6 and any other information or procedures necessary to effect
7 the purposes of this chapter.
8 6. The board may do any of the following:
9 a. Enter into contracts as necessary to administer the
10 provisions of this chapter.
11 b. Borrow money to effect the purposes of the system,
12 except that the board shall not have the authority to directly
13 issue any notes or bonds for indebtedness and shall not have
14 the authority to pledge the credit or taxing power of this
15 state.
16 c. Employ legal counsel and other staff as necessary to
17 effect the purposes of this chapter.
18 d. Assist health care providers and payors, as needed in
19 obtaining necessary equipment and skills to access the system
20 and in implementing the necessary procedures to effect the
21 purposes of this chapter.
22 e. Enter into agreements consistent with and furthering
23 the intent and purposes of this chapter with similar entities
24 created in other states.
25 7. The board shall file a written report with the general
26 assembly on or before January 15 of each year concerning the
27 operation of the system. In addition to any other information
28 contained in the report, the board shall include any
29 legislative recommendations which the board believes are
30 necessary and which further the purposes of this chapter.
31 Sec. 6. NEW SECTION. 144C.6 INSURANCE DIVISION
32 RESPONSIBILITIES.
33 1. The division shall enforce this chapter. All policies
34 and procedures adopted by the board are subject to review and
35 approval by the division. The division shall review such

1 policies and procedures adopted by the board and determine
2 whether such policies and procedures comply with the
3 provisions and purposes of this chapter. Written notice of a
4 policy or procedure which is not approved by the division
5 shall be provided to the board stating the reason such policy
6 or procedure is not approved. The board may amend and
7 resubmit for review and approval any policy or procedure which
8 is not approved by the division. The board shall not
9 implement a policy or procedure prior to the approval of the
10 division.
11 2. The division may impose a civil penalty against a
12 payor, provider, transaction network, the data repository, or
13 the board for failure to comply with this chapter or rules
14 adopted pursuant to this chapter. The civil penalty imposed
15 shall not exceed five hundred dollars for each offense. Each
16 day of noncompliance constitutes a separate offense. However,
17 the division shall not impose a civil penalty for a technical,
18 nonsubstantive violation or if the noncomplying party makes a
19 good faith effort to comply with the requirements of this
20 chapter.
21 The division shall notify the noncomplying party of the
22 division's intent to impose a civil penalty. The notice shall
23 be sent by certified mail to the party's last known address
24 and shall state the nature of the party's actions leading to
25 the charge of noncompliance, the specific statute or rule
26 involved, and the amount of the proposed penalty. The notice
27 shall advise the party that upon failure to pay the civil
28 penalty, the penalty may be collected by civil action. The
29 party shall be given the opportunity to respond to the
30 imposition of the penalty in writing, within a reasonable time
31 as established by rule of the division.
32 The division may reduce or void a civil penalty imposed
33 under this section, as appropriate. A party upon whom a civil
34 penalty is imposed may appeal the action of the division
35 pursuant to chapter 17A. Moneys collected from the civil

1 penalties shall be deposited in the general fund of the state.
2 3. The division shall adopt rules pursuant to chapter 17A
3 necessary to carry out the division's role related to the
4 system and to assure that the system operates consistent with
5 this chapter. In addition to any other rules adopted, the
6 division shall specifically develop rules under which the
7 board shall develop policies and procedures for the
8 certification of transaction networks for operation in the
9 system.
10 The rules shall establish procedures to sanction agreements
11 between payors, providers, transaction networks, the data
12 repository, and the board, upon a finding by the commissioner
13 that the agreement will assist in the implementation of this
14 chapter, but which agreement might be a violation of antitrust
15 laws if undertaken without government direction and approval.
16 The rules shall assure that the purposes of this chapter
17 are implemented and that patient confidentiality is protected.
18 Sec. 7. NEW SECTION. 144C.7 CONFIDENTIALITY OF
19 INFORMATION.
20 1. The transactions data and other data collected and
21 transmitted through the system shall be kept confidential.
22 The confidentiality of patient information shall be protected
23 and the laws of this state which relate to patient
24 confidentiality apply.
25 2. The board shall establish policies and procedures
26 consistent with this chapter and rules adopted by the division
27 which ensure the confidentiality of information in the system,
28 provide access to qualified individuals or organizations
29 requesting access, establish a review process for denials of
30 access to information in the system, and establish penalties
31 for violations of these policies and procedures. Policies and
32 procedures adopted by the board pursuant to this section are
33 subject to the review and approval of the division.
34 3. The board shall establish an ethics and confidentiality
35 review committee to administer this section.

S.F. 2069 H.F. ________

1 Sec. 8. NEW SECTION. 144C.8 TRANSACTION PROCEDURE --
2 NETWORK -- INFORMATION TO BE SUBMITTED.
3 1. A provider submitting a health claim in this state
4 shall file the claim electronically and use a standardized
5 electronic transaction submission format as provided in this
6 section. The electronic transaction submission format shall
7 use the American national standards institute form for data
8 submission and reporting to the data repository. A payor
9 offering health care coverage in the state shall accept
10 electronic transaction submissions, provide remittance, and
11 transmit eligibility electronically as provided by the board.
12 A transaction network shall have the ability to accept all
13 transactions processed electronically through the system and
14 transmit such transaction data to the appropriate network or
15 payor, interface with other networks or payors, provide
16 electronic eligibility for all payors, and provide for
17 electronic remittance for claims and concurrently transmit
18 data to the data repository.
19 2. The board shall review annually all transaction
20 networks and their effectiveness, and provide for additional
21 electronic filing requirements as necessary and feasible.
22 3. The system shall use identification numbers as follows:
23 a. A patient identification number shall be the
24 individual's social security number, or, upon request of the
25 patient, a random identification number.
26 b. A provider identification number system shall be
27 established by the board including the unique physician
28 identification number, the medicare provider number, and other
29 identifying numbers as provided by the board for providers who
30 do not have a unique physician identification number or
31 medicare provider number.
32 c. Such other identification numbers as determined by the
33 board to be necessary to assure efficient and accurate
34 transmittal and receipt of data through the system.
35 4. The system shall contain a data repository consistent

1 with section 144C.4 which shall maintain claims information
2 and other information as determined by the board.
3 5. A person shall not engage in any transaction between
4 health care providers, payors, and the data repository unless
5 certified by the board.
6 Sec. 9. NEW SECTION. 144C.9 SYSTEM IMPLEMENTATION.
7 The board shall implement the system as follows:
8 1. Phase I of the system shall be operational no later
9 than July 1, 1996. For purposes of this chapter, "phase I"
10 means the collection and submission of data including a
11 patient identifier; a provider identification number; data
12 elements included in the uniform billing-1992 form for
13 hospitals; data elements included in the federal health care
14 financing administration's 1500 form for physicians; an
15 outpatient pharmacy code as determined by the board; data on
16 all currently required discharges provided to the health data
17 commission; and severity of illness and outcomes measurement,
18 a measure of consumer health behavior, health status, and
19 satisfaction with services provided as determined by the
20 board.
21 2. Phase II of the system shall be operational no later
22 than July 1, 1999. For purposes of this chapter, "phase II"
23 means the collection and submission of data including clinical
24 data sets; laboratory tests, X-ray results, and inpatient
25 pharmacy codes; measures of functional outcomes; and provider
26 activity records for both organized delivery systems and
27 providers not participating in an organized delivery system.
28 The board shall develop more complete definitions of these
29 items and submit these definitions to the general assembly for
30 enactment as a part of this chapter no later than January 1,
31 1999.
32 3. Phase III of the system shall be implemented only after
33 implementation of phase I and phase II, and upon approval of
34 the general assembly. For purposes of this chapter, "phase
35 III" means the development of a totally automated patient

records system including all data elements included in phase I and phase II, and other data elements as determined by the board.

4. The board shall submit a status report regarding the development of an electronic system for the transmission of payments related to claims submitted to the system to the general assembly no later than January 1, 1995.

Sec. 10. INITIAL APPOINTMENTS TO THE BOARD. Initial appointments to the board established in 144C.5 shall be as follows:

1. One provider, one payor, and two consumers shall be appointed for a term of one year.

2. Two providers and two consumers shall be appointed for a term of two years.

3. One provider, one payor, and two consumers shall be appointed for a term of three years.

Sec. 11. Section 145.1A, Code Supplement 1993, is amended to read as follows:

145.1A REPEAL.

This chapter is repealed effective July 1, ~~1994~~ 1996.

SENATE FILE 2069

H-5234

1 Amend Senate File 2069, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 1, line 4, by striking the words and
4 figure "NEW SECTION. 144C.2".
5 2. Page 3, line 2, by inserting after the figure
6 "135H;" the following: "a hospice program certified
7 under Title XVIII or XIX of the federal Social
8 Security Act or".
9 3. Page 3, line 3, by striking the words "health
10 related" and inserting the following: "health-
11 related".
12 4. Page 3, line 4, by inserting after the figure
13 "155A" the following: "; and a home care aide
14 services program certified under Title XVIII or XIX of
15 the federal Social Security Act or a home care aide
16 services program under contract with the department of
17 public health".
18 5. Page 4, by striking lines 29 through 31 and
19 inserting the following: "duties."
20 6. Page 6, line 28, by inserting after the word
21 "include" the following: "the system's annual
22 operating budget for the coming year and".
23 7. Page 8, line 15, by striking the word
24 "government" and inserting the following:
25 "governmental".
26 8. Page 9, line 11, by inserting after the word
27 "board." the following: "This section requires, to
28 the extent permitted under federal law, that a self-
29 insured plan providing health care coverage in this
30 state shall, on its own or through a third-party
31 administrator or other third party, accept electronic
32 transaction submissions, provide remittance, and
33 transmit eligibility electronically as provided by the
34 board."
35 9. By renumbering and correcting internal
36 references as necessary.

By COMMITTEE ON HUMAN RESOURCES
PLASIER of Sioux, Chairperson

H-5234 FILED MARCH 9, 1994

adopted 3-16-94
(P. 652)

SENATE FILE 2069

H-5076

1 Amend Senate File 2069, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 3, by striking lines 3 and 4 and
4 inserting the following: "chapter 135J; or a health-
5 related professional licensed under chapter 148 or
6 150A."

By BLODGETT of Cerro Gordo

H-5076 FILED FEBRUARY 16, 1994

WITHDRAWN

3-16-94

SENATE FILE 2069

H-5307

1 Amend Senate File 2069, as amended, passed, and
2 reprinted by the Senate as follows:
3 1. Page 6, line 2, by inserting after the word
4 "chapter." the following: "Fees other than minimum
5 fees established pursuant to this paragraph shall be
6 assessed, to the extent possible, on a proportional
7 basis relative to the utilization of the network by
8 the payors and providers."

By BLODGETT of Cerro Gordo

H-5307 FILED MARCH 14, 1994

Lost 3-16-94 (P 653)

SENATE FILE 2069

H-5311

1 Amend Senate File 2069, as amended, passed, and
2 reprinted by the Senate as follows:
3 1. Page 11, by inserting after line 3 the
4 following:
5 "___. Notwithstanding contrary provisions of this
6 chapter, a provider, as defined in section 144C.2,
7 subsection 10, not required to provide information and
8 data to the health data commission under chapter 145
9 shall not be required to submit a health claim or
10 provide other information, or to engage in a
11 transaction pursuant to a transaction network, as
12 provided in this chapter, until such time as the
13 network is operational for the electronic processing
14 of claims and payment of claims."
15 2. By renumbering as necessary.

By BLODGETT of Cerro Gordo

H-5311 FILED MARCH 14, 1994

Lost 3-16-94 (P. 653)

HOUSE AMENDMENT TO
SENATE FILE 2069

S-5259

1 Amend Senate File 2069, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 1, line 4, by striking the words and
4 figure "NEW SECTION. 144C.2".
5 2. Page 3, line 2, by inserting after the figure
6 "135H;" the following: "a hospice program certified
7 under Title XVIII or XIX of the federal Social
8 Security Act or".
9 3. Page 3, line 3, by striking the words "health
10 related" and inserting the following: "health-
11 related".
12 4. Page 3, line 4, by inserting after the figure
13 "155A" the following: "; and a home care aide
14 services program certified under Title XVIII or XIX of
15 the federal Social Security Act or a home care aide
16 services program under contract with the department of
17 public health".
18 5. Page 4, by striking lines 29 through 31 and
19 inserting the following: "duties."
20 6. Page 6, line 28, by inserting after the word
21 "include" the following: "the system's annual
22 operating budget for the coming year and".
23 7. Page 8, line 15, by striking the word
24 "government" and inserting the following:
25 "governmental".
26 8. Page 9, line 11, by inserting after the word
27 "board." the following: "This section requires, to
28 the extent permitted under federal law, that a self-
29 insured plan providing health care coverage in this
30 state shall, on its own or through a third-party
31 administrator or other third party, accept electronic
32 transaction submissions, provide remittance, and
33 transmit eligibility electronically as provided by the
34 board."
35 9. By renumbering and correcting internal
36 references as necessary.

RECEIVED FROM THE HOUSE

S-5259 FILED MARCH 21, 1994

Senate Concurred
3/22/94
(p. 882)

SENATE FILE 2069
FISCAL NOTE

A fiscal note for **Senate File 2069** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2069 creates a new chapter relating to the development and implementation of a Community Health Management Information System (CHMIS). The bill establishes the CHMIS governing board and defines the responsibilities of the Insurance Division. It also establishes the transaction procedure and identifies the information to be submitted. The bill provides for the implementation of the system in 3 phases and extends the repeal of the Health Data Commission (HDC) from July 1, 1994 to July 1, 1996.

Assumptions:

1. The HDC will maintain its current level of funding.

2. The Insurance Division will be able to absorb the ongoing costs of the CHMIS regulation.

3. The federal government will match 50% of the costs incurred by the Department of Human Services (DHS) to convert its Title XIX processing systems to comply with the CHMIS provisions. If an enhanced match rate becomes available, costs to the General Fund could be lessened substantially.

4. The DHS will have to change its method of numbering claims. Claims are currently tracked by a unique Medicaid number. The CHMIS claim submission standards would require the use of social security numbers for claim identification. Sub-systems within the DHS would also be required to switch numbering systems to allow for continued interface with Title XIX records.

5. As the exclusive user of UNISYS for a fiscal agent, the State would be responsible for the costs of technical changes required by the CHMIS.

6. This estimate does not consider savings which the DHS is likely to experience beginning in FY 1997 due to electronic claim submission.

7. This estimate does not consider any potential savings to the Department of Personnel resulting from its insurance providers submitting claims electronically. Until the claims submission process is developed and implemented, the amount of any savings cannot be determined.

Fiscal Impact:

The estimated fiscal impact on the General Fund in FY 1995 is $290,250 for the extension of the HDC.

SENATE FILE 2069

AN ACT

RELATING TO THE DEVELOPMENT AND IMPLEMENTATION OF A COMMUNITY HEALTH MANAGEMENT INFORMATION SYSTEM, PROVIDING A CIVIL PENALTY, AND EXTENDING THE REPEAL OF THE HEALTH DATA COMMISSION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 144C.1 SHORT TITLE.

This chapter shall be cited as the "Community Health Management Information System Act".

Sec. 2. LEGISLATIVE FINDINGS.

The general assembly finds that the development of a community health management information system will result in a more efficient and cost-effective health care transaction process; provide an efficient mechanism for the exchange of medical and transactional information among providers and other interested entities; provide communities with information on cost, appropriateness, and effectiveness of health care providers; and provide information to employers and researchers which will allow for benefit plan analysis, severity of illness and outcomes analysis, and related studies. The general assembly finds that the exchange of such medical and transactional information, while vital in the effort to control health care administrative costs and in analyzing benefit plans and medical outcomes, must be accomplished in a manner which protects and assures patient confidentiality; that authorized users of the system must keep such information confidential; and that the privacy rights of individuals must not be violated as a result of the exchange of such information. The general assembly also finds that the implementation of such a system will result in a reduction of the number of paper transaction forms that need to be

completed, a reduction in the error rate on transaction submissions, an improvement in the overall data communication among affected parties, and a reduction in health care administrative costs. The general assembly also finds that there shall be only a single community health management information system in this state.

Sec. 3. NEW SECTION. 144C.2 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Board" means the community health management information system governing board established in section 144C.5.

2. "Commissioner" means the commissioner of insurance.

3. "Community health management information system" or "system" means an integrated electronic health management information system for transmittal and selected storage of data related to transactions and other health care-related information.

4. "Consumer" means an employer, labor union, an individual representing an employer or labor union, a representative of state government, or a member of the general public. "Consumer" does not include a provider, payor, an employee of a provider or payor, or other person with a financial interest in the provision of or payment for health care.

5. "Data repository" means the community health management information system data repository for the storage and transmittal of data related to transactions and other health care-related information.

6. "Division" means the insurance division.

7. "Interface" means the ability to communicate electronically according to standards and communication formats established by the board.

8. "Outcomes measurement" means a method established by the board for determining the quality of health care provided to consumers.

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9. "Payor" means a person who provides for the payment of health care benefits including a third party administrator subject to chapter 513A; an insurer issuing a group accident or sickness insurance policy on an expense incurred basis; a person issuing a group hospital or medical service contract pursuant to chapter 509, 514, or 514A; a group health maintenance organization operating pursuant to chapter 514B; or a self-insured plan.

10. "Provider" means a hospital licensed pursuant to chapter 135B; a health care facility licensed pursuant to chapter 135C, 135G, 135H; a hospice program certified under Title XVIII or XIX of the federal Social Security Act or a hospice program licensed under chapter 135J; a health-related professional licensed under chapters 147 through 154, and chapters 154B and 155A; and a home care aide services program certified under Title XVIII or XIX of the federal Social Security Act or a home care aide services program under contract with the department of public health.

11. "Self-insured plan" means a plan which retains the risk of loss or payment of claims related to the payment of accident and health benefits or medical, surgical, or hospital benefits as determined by the person establishing such plan.

12. "Severity of illness" means the clinical measurement of the relative medical condition of a patient.

13. "Severity of illness risk adjustment" means a reporting methodology used to adjust various statistics based upon severity of illness which is approved by the board.

14. "Transaction" means an electronic claim, encounter, or other electronic message as defined by the board pursuant to section 144C.4.

15. "Transaction network" means an electronic network which the board has certified and with which the board has entered into an agreement for receiving and transmitting data as provided in this chapter between health care providers, payors, the data repository, and any other persons the board deems necessary.

Sec. 4. NEW SECTION. 144C.3 COMMUNITY HEALTH MANAGEMENT INFORMATION SYSTEM ESTABLISHED -- DATA REPOSITORY.

1. A community health management information system is established and shall be organized as a nonprofit corporation pursuant to chapter 504A. The system shall operate subject to the control and direction of the community health management information system governing board.

2. A data repository is established which is subject to the control and direction of the board. The data repository shall collect health care data and provide patients, physicians, hospitals, purchasers, payors, government agencies, and researchers with information on which to base decisions on the quality, effectiveness, and appropriateness of care.

Sec. 5. NEW SECTION. 144C.4 COMMUNITY HEALTH MANAGEMENT INFORMATION SYSTEM GOVERNING BOARD ESTABLISHED -- DUTIES.

1. A community health management information system governing board is established and shall consist of twelve members, including the following:

a. Four individuals representing providers including two individuals representing hospitals as defined in chapter 135B, and two individuals representing physicians as defined in chapters 148 and 150A.

b. Six individuals representing consumers of which at least two individuals shall represent employment-based purchasers representing nongovernmental entities purchasing group health plans on behalf of other individuals. Additionally, at least one of the individuals representing employment-based purchasers shall represent self-insured plans.

c. Two individuals representing payors other than a self-insured plan.

2. The members of the board shall be appointed by the governor, subject to senate confirmation. Members shall serve three-year staggered terms beginning and ending as provided in

section 69.19. Appointments to the board are subject to sections 69.16 and 69.16A. Removal of a member of the board and the filling of a vacancy on the board are governed by chapter 69. The members of the board shall be reimbursed from funds collected by the system for actual and necessary travel and related expenses incurred in the discharge of official duties.

3. The commissioner shall cooperate with the board in the implementation of this chapter and shall review the procedures and operation of the system as provided in section 144C.5.

4. The board shall develop all public policy positions and operational policies and procedures related to the system. The board shall adopt written policies and procedures necessary to implement and administer this chapter. Policies and procedures adopted by the board are subject to the review and approval of the insurance division.

5. The board shall do all of the following:

a. Define a reporting methodology for the types of information, including severity of illness and outcomes, gathered by the community health management information system, applicable to all Iowa hospitals and hospital discharges, and outpatient and ambulatory care. For purposes of this chapter, data related to severity of illness shall include a severity of illness risk adjustment, patient average length of stay, patient mortality, and average total patient charges. Upon implementation of the severity of illness and outcomes reporting methodology as authorized in this section, the board, through its data advisory committee, may continue to review alternative severity of illness and outcomes measures which may be recommended to the board for use in the data plan.

b. Establish and implement functions as appropriate for the operation of the system consistent with the implementation of the system as provided in section 144C.8.

c. Appoint appropriate advisory committees as necessary including, but not limited to, an ethics and confidentiality review committee, a data advisory committee, a technical advisory committee, and a communications and education committee to provide technical assistance regarding the operation of the system, policies and contractual agreements, and other functions within the authority of the system.

d. Establish a certification process for transaction networks. The board shall only contract with certified transaction networks for purposes of this chapter.

e. Establish an appropriate network certification fee and any other fees as necessary to maintain the efficient administration of the system and for the repayment of any indebtedness incurred by the board pursuant to this chapter.

f. Establish standards for the electronic transaction submission format, transaction networks, supplemental information requirement transaction forms, computer software, and any other information or procedures necessary to effect the purposes of this chapter.

6. The board may do any of the following:

a. Enter into contracts as necessary to administer the provisions of this chapter.

b. Borrow money to effect the purposes of the system, except that the board shall not have the authority to directly issue any notes or bonds for indebtedness and shall not have the authority to pledge the credit or taxing power of this state.

c. Employ legal counsel and other staff as necessary to effect the purposes of this chapter.

d. Assist health care providers and payors, as needed in obtaining necessary equipment and skills to access the system and in implementing the necessary procedures to effect the purposes of this chapter.

e. Enter into agreements consistent with and furthering the intent and purposes of this chapter with similar entities created in other states.

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7. The board shall file a written report with the general assembly on or before January 15 of each year concerning the operation of the system. In addition to any other information contained in the report, the board shall include the system's annual operating budget for the coming year and any legislative recommendations which the board believes are necessary and which further the purposes of this chapter.

Sec. 6. NEW SECTION. 144C.5 INSURANCE DIVISION RESPONSIBILITIES.

1. The division shall enforce this chapter. All policies and procedures adopted by the board are subject to review and approval by the division. The division shall review such policies and procedures adopted by the board and determine whether such policies and procedures comply with the provisions and purposes of this chapter. Written notice of a policy or procedure which is not approved by the division shall be provided to the board stating the reason such policy or procedure is not approved. The board may amend and resubmit for review and approval any policy or procedure which is not approved by the division. The board shall not implement a policy or procedure prior to the approval of the division.

2. The division may impose a civil penalty against a payor, provider, transaction network, the data repository, or the board for failure to comply with this chapter or rules adopted pursuant to this chapter. The civil penalty imposed shall not exceed five hundred dollars for each offense. Each day of noncompliance constitutes a separate offense. However, the division shall not impose a civil penalty for a technical, nonsubstantive violation or if the noncomplying party makes a good faith effort to comply with the requirements of this chapter.

The division shall notify the noncomplying party of the division's intent to impose a civil penalty. The notice shall be sent by certified mail to the party's last known address

and shall state the nature of the party's actions leading to the charge of noncompliance, the specific statute or rule involved, and the amount of the proposed penalty. The notice shall advise the party that upon failure to pay the civil penalty, the penalty may be collected by civil action. The party shall be given the opportunity to respond to the imposition of the penalty in writing, within a reasonable time as established by rule of the division.

The division may reduce or void a civil penalty imposed under this section, as appropriate. A party upon whom a civil penalty is imposed may appeal the action of the division pursuant to chapter 17A. Moneys collected from the civil penalties shall be deposited in the general fund of the state.

3. The division shall adopt rules pursuant to chapter 17A necessary to carry out the division's role related to the system and to assure that the system operates consistent with this chapter. In addition to any other rules adopted, the division shall specifically develop rules under which the board shall develop policies and procedures for the certification of transaction networks for operation in the system.

The rules shall establish procedures to sanction agreements between payors, providers, transaction networks, the data repository, and the board, upon a finding by the commissioner that the agreement will assist in the implementation of this chapter, but which agreement might be a violation of antitrust laws if undertaken without governmental direction and approval.

The rules shall assure that the purposes of this chapter are implemented and that patient confidentiality is protected.

Sec. 7. NEW SECTION. 144C.6 CONFIDENTIALITY OF INFORMATION.

1. The transactions data and other data collected and transmitted through the system shall be kept confidential. The confidentiality of patient information shall be protected

and the laws of this state which relate to patient confidentiality apply.

2. The board shall establish policies and procedures consistent with this chapter and rules adopted by the division which ensure the confidentiality of information in the system, provide access to qualified individuals or organizations requesting access, establish a review process for denials of access to information in the system, and establish penalties for violations of these policies and procedures. Policies and procedures adopted by the board pursuant to this section are subject to the review and approval of the division.

3. The board shall establish an ethics and confidentiality review committee to administer this section.

Sec. 8. NEW SECTION. 144C.7 TRANSACTION PROCEDURE -- NETWORK -- INFORMATION TO BE SUBMITTED.

1. A provider submitting a health claim in this state shall file the claim electronically and use a standardized electronic transaction submission format as provided in this section. The electronic transaction submission format shall use the American national standards institute form for data submission and reporting to the data repository. A payor offering health care coverage in the state shall accept electronic transaction submissions, provide remittance, and transmit eligibility electronically as provided by the board. This section requires, to the extent permitted under federal law, that a self-insured plan providing health care coverage in this state shall, on its own or through a third-party administrator or other third party, accept electronic transaction submissions, provide remittance, and transmit eligibility electronically as provided by the board. A transaction network shall have the ability to accept all transactions processed electronically through the system and transmit such transaction data to the appropriate network or payor, interface with other networks or payors, provide electronic eligibility for all payors, and provide for

electronic remittance for claims and concurrently transmit data to the data repository.

2. The board shall review annually all transaction networks and their effectiveness, and provide for additional electronic filing requirements as necessary and feasible.

3. The system shall use identification numbers as follows:

a. A patient identification number shall be the individual's social security number, or, upon request of the patient, a random identification number.

b. A provider identification number system shall be established by the board including the unique physician identification number, the medicare provider number, and other identifying numbers as provided by the board for providers who do not have a unique physician identification number or medicare provider number.

c. Such other identification numbers as determined by the board to be necessary to assure efficient and accurate transmittal and receipt of data through the system.

4. The system shall contain a data repository consistent with section 144C.3 which shall maintain claims information and other information as determined by the board.

5. A person shall not engage in any transaction between health care providers, payors, and the data repository unless certified by the board.

Sec. 9. NEW SECTION. 144C.8 SYSTEM IMPLEMENTATION.

The board shall implement the system as follows:

1. Phase I of the system shall be operational no later than July 1, 1996. For purposes of this chapter, "phase I" means the collection and submission of data including a patient identifier; a provider identification number; data elements included in the uniform billing-1992 form for hospitals; data elements included in the federal health care financing administration's 1500 form for physicians; an outpatient pharmacy code as determined by the board; data on all currently required discharges provided to the health data

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commission; and severity of illness and outcomes measurement, a measure of consumer health behavior, health status, and satisfaction with services provided as determined by the board.

2. Phase II of the system shall be operational no later than July 1, 1999. For purposes of this chapter, "phase II" means the collection and submission of data including clinical data sets; laboratory tests, X-ray results, and inpatient pharmacy codes; measures of functional outcomes; and provider activity records for both organized delivery systems and providers not participating in an organized delivery system. The board shall develop more complete definitions of these items and submit these definitions to the general assembly for enactment as a part of this chapter no later than January 1, 1999.

3. Phase III of the system shall be implemented only after implementation of phase I and phase II, and upon approval of the general assembly. For purposes of this chapter, "phase III" means the development of a totally automated patient records system including all data elements included in phase I and phase II, and other data elements as determined by the board.

4. The board shall submit a status report regarding the development of an electronic system for the transmission of payments related to claims submitted to the system to the general assembly no later than January 1, 1995.

Sec. 10. INITIAL APPOINTMENTS TO THE BOARD. Initial appointments to the board established in 144C.4 shall be as follows:

1. One provider, one payor, and two consumers shall be appointed for a term of one year.

2. Two providers and two consumers shall be appointed for a term of two years.

3. One provider, one payor, and two consumers shall be appointed for a term of three years.

Sec. 11. Section 145.1A, Code Supplement 1993, is amended to read as follows:

145.1A REPEAL.

This chapter is repealed effective July 1, ~~1994~~ 1996.

LEONARD L. BOSWELL
President of the Senate

HAROLD VAN MAANEN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2069, Seventy-fifth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved April 4, 1994

TERRY E. BRANSTAD
Governor