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# A BILL FOR AN ACT

RELATING TO HEALTH INFORMATION EXCHANGE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. In recent years, the establishment and  
2 development of health information exchanges within the United  
3 States has become increasingly significant, reflecting the  
4 changing role that technology plays in the way we operate  
5 government and business.

6           Public health experts, federal and state governments,  
7 recognize the potential economic and health benefits of health  
8 information exchanges and similar e-health initiatives and are  
9 searching for ways to further their growth. Health information  
10 technology has been set as a key component of the federal 2009  
11 economic stimulus plan and the President has previously pledged  
12 \$10,000,000,000 toward the development and implementation of  
13 health information technology.

14           As a way to encourage states to adopt health information  
15 exchanges, the Centers for Medicare and Medicaid Services and  
16 the United States Department of Health and Human Services,  
17 Office of the Inspector General, have provided new exceptions to  
18 the Stark Law -- an "anti-kickback" statute relating to health



1 information technology and a physician referring a patient to a  
2 medical facility in which the physician has a financial  
3 interest. Even the National Conference of State Legislatures  
4 has reported that "states are moving at an unprecedented rate to  
5 get their health care systems wired and connected."

6 Creating an office of state coordinator of health  
7 information exchange within the department of health is the  
8 first of many steps that need to be taken to help Hawaii realize  
9 its potential savings in health care, while increasing quality  
10 of care and access, increasing medical services to underserved  
11 and rural areas of the state, and even accessing new sources of  
12 federal funding.

13 The purpose of this Act is to establish an office of state  
14 coordinator of health information exchange within the department  
15 of health to coordinate local efforts, identify funding sources,  
16 integrate state health programs, and eventually participate in  
17 the national health information technology network.

18 SECTION 2. Chapter 321, Hawaii Revised Statutes, is  
19 amended by adding a new part to be appropriately designated and  
20 to read as follows:

21 **"PART . HEALTH INFORMATION EXCHANGE**



1           **§321-A Definitions.** Whenever used in this part, unless  
2 the context otherwise requires:

3           "Council" shall mean the e-health council established  
4 pursuant to section 321-D.

5           "Department" means the department of health.

6           "Director" means the director of health.

7           "Health care facility" has the same meaning as defined in  
8 section 323D-2.

9           "Health care provider":

10          (1) Means a physician or surgeon or osteopathic physician  
11             or surgeon licensed under chapter 453, a dentist  
12             licensed under chapter 448, a podiatrist licensed  
13             under chapter 463E, a health care facility as defined  
14             under section 323D-2, and any of their employees.

15          (2) Shall not mean any nursing institution or nursing  
16             service conducted by and for those who rely upon  
17             treatment by spiritual means through prayer alone, or  
18             employees of these institutions or services.

19          "Fund" means the health information exchange special fund  
20 established under this part.

21          "Network" means the health information exchange network  
22 established under this part.



1 "Office" means the office of state coordinator of health  
2 information exchange established under this part.

3 "Rural or underserved areas" means any community or island  
4 having a population under five hundred thousand that lacks  
5 adequate access to basic health care.

6 **§321-B Office of state coordinator of health information**  
7 **exchange; establishment.** There is established within the  
8 department of health the office of state coordinator of health  
9 information exchange. The office shall:

10 (1) Coordinate local efforts to establish a health  
11 information exchange, identify funding sources and  
12 integrate efforts with state health programs,  
13 including but not limited to medicaid, workers'  
14 compensation, temporary assistance to needy families,  
15 and the state children's health insurance program; and  
16 with federal health programs, including but not  
17 limited to the national health information technology  
18 network;

19 (2) Provide governance and guidance for health information  
20 exchange;

21 (3) Collaborate with the Hawaii medical board to develop  
22 criteria for physicians that require the use of



- 1 information technologies that facilitate improved care  
2 and reduced medical errors;
- 3 (4) Develop risk management policies and procedures and  
4 liability limits for physicians and hospitals that  
5 contribute data to the health information exchange;
- 6 (5) Implement a statewide strategic plan for health  
7 information exchange; and
- 8 (6) Convene annual council meetings composed of  
9 representatives including but not limited to the  
10 medical, insurance, and legal fields, and county,  
11 state, and federal governments; and
- 12 (7) Administer the statewide health information exchange  
13 system or contract with a health information exchange  
14 agency experienced in health information exchange  
15 systems and the complexities and dynamic issues  
16 associated with the development and implementation of  
17 such systems.
- 18 The office of state coordinator of health information exchange  
19 shall also administer a health information exchange network  
20 established under section 321-C that will allow physicians to  
21 access medicaid patients' electronic health records, including



1 but not limited to pharmacy information, laboratory results, and  
2 any other information on record that will improve patient care.

3 **§321-C Health information exchange network; establishment.**

4 (a) The office of state coordinator of health information  
5 exchange shall develop and implement a health information  
6 exchange network for medicaid recipients and other low-income  
7 uninsured residents of the state. The health information  
8 exchange network shall include:

9 (1) An electronic system that allows physicians and other  
10 health care providers statewide to access electronic  
11 health records and other patient information that will  
12 improve patient care, including but not limited to  
13 pharmacy information, laboratory results, and medical  
14 histories;

15 (2) A mechanism to evaluate, promote, and improve the  
16 quality of health and health care delivered to but not  
17 limited to the Medicaid and low-income uninsured  
18 populations through the use of quality performance  
19 measures, evidence-based standards of care, and other  
20 measurements that facilitate quality improvement; and



1 (3) An enhanced Medicaid reimbursement methodology to  
2 compensate network participants at a level that  
3 ensures provider participation and success.

4 (b) The department shall make use of any public or private  
5 funding available for the purpose described under subsection  
6 (a), including but not limited to the Centers for Medicare and  
7 Medicaid Services transformation grant.

8 (c) All network participants in the health information  
9 exchange network shall be required to adopt an interoperable  
10 electronic system that ensures secure handling of confidential  
11 data. Reimbursements for expenses incurred in adopting or  
12 acquiring new electronic systems, or both, may be allowed to  
13 participants serving rural or underserved areas.

14 (d) No later than June 30, 2012, the department of health  
15 shall expand the health information exchange network to include  
16 all state employees in addition to all medicaid and low-income  
17 uninsured residents.

18 **§321-D Council; establishment.** (a) The office of state  
19 coordinator of health information exchange shall annually  
20 convene an e-health council to be composed of at least the  
21 following:

22 (1) A representative from the medical industry;



- 1 (2) A representative from the legal profession;
- 2 (3) The state insurance commissioner or the commissioner's  
3 designee;
- 4 (4) A representative from the technology industry;
- 5 (5) One member of the house of representatives appointed  
6 by the speaker of the house of representatives;
- 7 (5) One member of the senate appointed by the senate  
8 president;
- 9 (6) The director of health or the director's designee;
- 10 (7) The director of human services or the director's  
11 designee;
- 12 (8) The director of business, economic development, and  
13 tourism or the director's designee;
- 14 (9) A representative of Hawaii's federally qualified  
15 health centers; and
- 16 (10) Any other stakeholders who wish to participate.
- 17 The council chairperson shall be selected by the members of the  
18 council and shall serve for a term of one year. Council members  
19 shall serve without compensation but shall be reimbursed for  
20 expenses, including travel expenses, necessary for the  
21 performance of their duties.





1 (b) The council shall develop a ten-year strategic plan  
2 for the office of state coordinator of health information  
3 exchange and the health information exchange network that shall  
4 include but not be limited to:

- 5 (1) An education and awareness campaign;
- 6 (2) The identification of additional structural or  
7 financial resources that can be utilized to enhance  
8 the health information exchange network; and
- 9 (3) Specific goals and guidelines to be used to measure  
10 quality and standards of health and health care.

11 (c) The council shall meet no less than once a year. All  
12 council meetings shall be subject to chapters 91 and 92.

13 **§321-E Health information exchange special fund;**

14 **establishment.** (a) There is established within the state  
15 treasury, to be administered by the department of health, the  
16 health information exchange special fund into which shall be  
17 deposited:

- 18 (1) Legislative appropriations;
- 19 (2) Federal funds designated for a health information  
20 exchange;
- 21 (3) Grant moneys secured for a health information  
22 exchange; and



- 1 (4) Any other revenues designated for the fund.
- 2 (b) Moneys in the health information exchange special fund  
3 shall be expended for the following purposes:
- 4 (1) The cost of administering the office of state  
5 coordinator of health information exchange, including  
6 salary and benefits of employees, computer costs,  
7 including software and infrastructure, and any  
8 contracted services related to administering the  
9 office;
- 10 (2) The cost of administering annual council meetings;
- 11 (3) Reimbursement for expenses incurred by health  
12 information exchange network participants for adopting  
13 or acquiring new electronic systems, or both; provided  
14 that those participants serve rural or underserved  
15 areas of the state; and
- 16 (4) Any other purpose deemed necessary by the department  
17 for the purpose of operating and administering this  
18 part.

19 All interest on fund balances shall accrue to the fund. Upon  
20 dissolution of the fund, any unencumbered moneys in the fund  
21 shall lapse into the general fund."

22 SECTION 3. (a) The department of health shall assess:



1 (1) The effectiveness of the office of state coordinator  
2 of health information exchange, the health information  
3 exchange network, and the e-health council established  
4 under this Act in:

5 (A) Providing physicians and health care providers  
6 with secure electronic access to patient  
7 information;

8 (B) Increasing health care access and quality;

9 (C) Decreasing health care costs; and

10 (D) Securing outside funding for the program;

11 (2) The impact of the health information exchange program  
12 on increasing access and quality of health care in the  
13 state and decreasing health care costs; and

14 (3) The impact of the health information exchange on  
15 reducing medical errors and the cost of medical  
16 malpractice insurance rates in the state.

17 (b) The department of health shall submit an assessment to  
18 the legislature no later than twenty days prior to the convening  
19 of the regular session of 2010, and each year for nine years  
20 thereafter until the regular session of 2019; provided that the  
21 department of health shall submit biennial assessments to the



1 legislature beginning with the regular session of 2020, and  
2 thereafter.

3 SECTION 4. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$1 or so much thereof  
5 as may be necessary for fiscal year 2011-2012 and the same sum  
6 or so much thereof as may be necessary for fiscal year 2012-2013  
7 for deposit into the health information exchange special fund.

8 SECTION 5. There is appropriated out of the health  
9 information exchange special fund the sum of \$1 or so much  
10 thereof as may be necessary for fiscal year 2011-2012 for the  
11 purposes of the fund.

12 The sums appropriated shall be expended by the department  
13 of health.

14 SECTION 6. This Act shall take effect on July 1, 2020;  
15 provided that sections 4 and 5 take effect on July 1, 2020.



**Report Title:**

Health Information Exchange

**Description:**

Creates an office of state coordinator of health information exchange within the department of health and creates a health information exchange program. Makes appropriations. Effective Date of July 1, 2020. (HB1782 HD1)

