

iNET Legislative Review

No. 03-003

February 7, 2003

SB 7 (Senator Mongiardo)

AN ACT relating to an electronic health network and declaring an emergency.

KEYWORDS: TELEMEDICINE, HEALTH INFORMATION, HEALTHCARE, ELECTRONIC INFRASTRUCTURE

Available at: <http://www.lrc.state.ky.us/record/03rs/SB7.htm>

Purpose of the bill:

The bill expands and reorganizes the Telehealth Board in the Governor's Office for Technology.

Summary of provisions:

The bill adds new sections to KRS Chapter 11 to establish the Kentucky e-Health Network (Ke_HN) and amends KRS 11.550 concerning the Telehealth Board. The newly expanded Kentucky e-Health and Telehealth Board would, through its committees and subcommittees, make recommendations to it on specific aspects of the Ke-HN. This would include telehealth, evidence-based clinical decision support, security of protected information, electronic data interchange, and clinical practice software packages.

The bill also amend various sections of the Kentucky Innovation Act, KRS 164.6011 et seq. Organizations created under that act would have the added purpose of "promoting cooperation of private and public entities to advance and fund health information technology." In addition, the bill would amend KRS 154.12-278 to expand the Office of the Commissioner for the New Economy's duties to include promoting research and development of information technology in Kentucky.

Effects of current law bill would alter:

Under KRS §11.550, a Telehealth Board was created to implement a network that would bring telemedicine to rural areas of Kentucky. Telemedicine refers to the use of electronic communication and information technologies to deliver health care at a

distance. See *Telemedicine Liability*, 20 Rev. Litig. 681. The “telehealth network” was to consist of electronic links between Kentucky medical schools, teaching hospitals and rural sites accessed by local health care providers. The instant bill would allow the Ke-HN and Telehealth Board to expand the planned telehealth network transactions to include those largely centered on health care payment coordination between health care providers and insurance companies. Specifically, Medicaid transactions would be conducted via the Ky-HN.

Justification:

Residents of rural areas lack access to adequate healthcare. To ameliorate the problem, the federal government has proposed the use of telemedicine. See *Health Care Reform in Kentucky*, 27 N. Ky. L. Rev. 319. Health care reform has been a government priority since the Clinton administration as the costs of delivering health care have outpaced the ability of many to pay for needed services. The current bill is proposed to address these issues through the creation of the Ke-HN. The Ke-HN would be “an all-encompassing [electronic] network that would exchange financial, administrative, clinical and research [information] amongst providers, insurance companies and everybody that touches healthcare.” This statewide network intends to reduce inefficiencies inherent in the current system. Amednews.com reports that by processing health insurance claims via such a network instead of on paper, the associated cost could be reduced from \$7 to 25 cents per claim. Health care plans, including state Medicaid programs, would realize savings from the increased efficiency in health care administration.

Technological impact:

Passage of the current bill will create a need for information technology in the Commonwealth. To effectuate the Ky-HN, the minimum requirements include new software, a medical lexicon, and a central server. Once the network is in place, it must be maintained and modernized in accordance with the standards of the federal Health Insurance Portability and Accountability Act of 1996. Local tech companies will benefit from the increased demand for technological support, and new companies may be recruited to the area. Additional incentives for tech businesses to participate in the network will include tax credits and low-interest loans under KRS Chapter 154 as well as the opportunity to patent, license and sell, the newly developed technologies. Finally, all Kentucky businesses will benefit by gaining access to the electronic communications infrastructure created by the Ky-HN in order to engage in electronic commerce.

iNET Legislative Review is a joint project of the Institute for New Economy Technology and Salmon P. Chase College of Law at Northern Kentucky University.