

**Health and Senior Services Commissioner
Heather Howard
Testimony on Health Information Technology
Senate Legislative Oversight Committee
Thursday, September 10, 2009
10 am**

Good Morning Chairwoman Weinberg and distinguished members of the Senate Legislative Oversight Committee.

Chairwoman Weinberg, I want to thank you for holding this hearing today and for sponsoring the legislation in the Senate that created the New Jersey Health Information Technology Act.

And Assemblyman Conaway, as a physician who uses electronic medical records, you understand what an advancement it will be in patient care to implement a state Health Information Technology plan. Thank you for leadership in sponsoring the Health Information Technology Act in the Assembly.

I am pleased to be here this morning to discuss what Governor Jon Corzine, the Department of Health and Senior Services, the Department of Banking and Insurance and the Department of Human Services are doing to develop a state plan for Health Information Technology, commonly known as HIT. It will have a tremendous impact on our health care system and on our economy for decades to come.

Accompanying me today is Eliot Fishman, the Director of Policy for the Department, who is well-versed in the subject of HIT.

Too much information in our health care system is still on paper. Information falls through the cracks—between doctors and hospitals, between hospitals and rehabilitation facilities, between one specialist or another, and between day and night shifts.

According to the Institute of Medicine, HIT is a critical part of a national strategy to reduce medical errors and to improve the quality and safety of care.

Converting medical information into an electronic system makes health care more efficient, improves the quality of care and reduces medical errors, saving lives. It reduces duplicative medical procedures and ensures that life-saving patient information is there when patients are brought into the Emergency Department or are treated by specialists for the first time.

A state plan for HIT will ensure that critical patient information such as recent surgeries, medication allergies and chronic illnesses like diabetes—are available to physicians in real time. The widespread availability and appropriate use of HIT is an integral part of health care reform across the country, and in New Jersey.

The fact that nationally information technology in health care has lagged IT in other parts of our economy presents New Jersey with a significant economic opportunity. Development of a state IT plan will spur innovation and systems-development as both as an economic strategy and as health policy.

Governor Corzine and the Legislature had the foresight to see the opportunity that HIT presents when they created a HIT Commission in January 2008. The Commission brings together a broad base of stakeholders from across the health-care industry.

The same legislation also created the Office of e-HIT in the Department of Banking and Insurance. Health insurance policy plays a key role in the development of HIT. The Commission and the Office of e-HIT are working closely to develop a state plan for electronic health records and health-information exchanges, as we will hear from Commissioner Jasey.

New Jersey's HIT Commission has diverse representation among clinical professionals, health care executives, health information technology experts, and several departments of state government. It has been actively engaged in identifying short-term priorities and long-term goals since the end of 2008.

And, New Jersey's efforts are in synch with President's Obama administration's vision of computerized medical health records for all U.S. residents. The American Recovery and Reinvestment Act (ARRA) passed last February included more than \$30 billion nationally in grants, loans and technical assistance programs that will invest in HIT.

Most of the funding will take the form of grants to Medicaid and Medicare providers to buy electronic medical record systems. Hospitals and physicians would receive funding through an add-on to their regular Medicare and/or Medicaid rates.

The Medicaid add-ons will be targeted at safety net providers and will take into account that these providers need more support to be able to afford electronic medical records. My colleague John Guhl, New Jersey's Medicaid Director, will be going into more detail on how Medicaid HIT funding will work.

The ARRA funding also includes \$564 million for HIT planning and implementation activities conducted by the states. The federal government recently announced how it is distributing these funds, through the "State Health Information Exchange Cooperative Agreement Program." Each state will receive between \$4 million and \$40 million based on a formula.

Our deadline for submission of a HIT under this program is October 16th, and we are working intensively on completing the plan.

I would like to take just a minute to outline how the funding stream will work. Medicare and Medicaid are responsible for helping physicians and hospitals convert from paper to electronic records. States are responsible for linking those records into a network. The federal government will help to pay for the linkage.

Madam Chairwoman, this hearing is very timely. New Jersey is responding aggressively to the federal funding announcement. The Department of Human Services is working closely with our federal partners to implement Medicaid funding for electronic medical records. We are finalizing plans for a statewide health information network through the HIT Commission and the Office of e-HIT. And we are supporting local and regional coalitions of medical providers in the formation of Health Information Exchanges through federal grants to be administered by the Department of Health and Senior Services.

A statewide network will focus on matching medical records. Over time, the State will integrate available health-care data in a secure, statewide health-information exchange so that key clinical information “follows the patient.” Only authorized physicians will be able to view patient data in this network and it will comply with all state and federal privacy laws.

Another important component of our state plan is in-depth exchange of health information at the regional level. At the end of August, the state released a Request for Applications seeking regional health-information exchange projects. The RFA solicits innovative, community-level health data exchange projects that the state will submit to the federal government for potential grant funding. Applications are due to the state on Sept. 25, and, as I noted earlier, the State’s application to the federal government is due on Oct. 16.

The inclusion of regional health information exchanges will strengthen New Jersey’s application. Once these exchanges are established, the State will integrate them into the secure, statewide health-information exchange.

The emphasis on regional exchanges will help to maximize opportunities for start-up software companies and start-up HIT consulting firms to leverage stimulus dollars. We anticipate that several regional projects will have a greater economic and jobs impact than a single statewide procurement.

In summary, the state’s activities to develop and support HIT over the next few months can have a tremendous impact on our state’s health care system and our economy for years to come.

I want to again assure you and the members of this committee that Governor Corzine and this administration are committed to maximizing every available federal dollar and ensuring that it is spent efficiently and appropriately to produce a state HIT plan.

Thank you again for this opportunity to testify.

I would be happy to answer your questions.