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1992.10.19 : Nation-Wide Electronic Health Care Information Network

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HHS Secretary Louis W. Sullivan, M.D., today announced a series of new steps toward creating a nationwide electronic health care information network. He said major elements of the new system could be in place for Medicare and Medicaid within 15 months, producing significant savings in health costs.

In the new system, health care insurance and billing will be handled by computer networks, eliminating most paperwork. When fully implemented, Americans would carry a single "health card," similar to bank and credit cards, enabling access to their own insurance coverage information. Billing would be performed electronically, and consumers as well as health care providers would no longer have to complete extensive paper forms.

Ultimately, most patient records could also be maintained electronically and accessed with the patient's permission through the card and a PIN (personal identification number).

"My department is taking action today despite the failure of Congress to pass legislation which was submitted earlier this year to establish a nationwide electronic health information system," Dr. Sullivan said.

"It is our intention to act on our own and with the private sector in every area where we have authority to bring the new electronic network into being."

Dr. Sullivan said HHS can act on its own to initiate electronic systems for Medicare and Medicaid, especially in the area of provider billings. Broader Congressional action is needed to assure private sector participation and to address differences in state laws.

"We need to achieve the efficiencies and the savings of an electronic health information system as rapidly as possible," he said. "The technology already exists to relieve consumers and health providers from the paperwork burden of today. We owe it to ourselves to move now toward making use of this technology, and do whatever we can even without Congressional action."

Principal actions announced today by Secretary Sullivan include:

- o PILOT TEST A "HEALTH CARD." HHS' Health Care Financing Administration will seek joint participation of Medicare, a state Medicaid program and private insurers in a locality to test a standardized health card, containing health insurance information. The project will demonstrate the use and benefits of a health card for eventual use by the entire population in a nationwide electronic system.
- o CREATE STANDARD BILLING FORMS FOR ALL FEDERAL HEALTH CARE AND STATE MEDICAID PROGRAMS. In a Federal Register notice this week, HHS is proposing to join other federal agencies and state Medicaid programs to create a standardized form for physician services. Use of the standard form would be required by Jan. 1, 1995. About 30 percent of all physician claims in the nation would be covered.
- o FASTER PAYMENT FOR CLAIMS SUBMITTED ELECTRONICALLY. HCFA is announcing that Medicare providers who submit claims electronically will receive payments electronically. In addition, in FY 1993, HCFA will be paying electronic claims

two weeks faster than claims submitted by paper. These actions will establish a strong incentive for all health care providers to submit Medicare bills electronically.

- o CREATE AN HHS COUNCIL ON COMPUTERIZED PATIENT RECORDS. Secretary Sullivan announced the creation of the HHS Computerized Patient Record Council to guide the development and use of electronic clinical information. The council will be co-chaired by Assistant Secretary for Health James Mason, M.D., and acting HCFA Administrator William Toby Jr.

Other actions announced by Dr. Sullivan today included:

- o HCFA is seeking bids for a contract to design a fully automated Medicare claims processing system to speed progress toward a fully standardized system.
- o HHS' Task Force on the Privacy of Private Sector Health Records will make recommendations in the fall, 1993, to ensure that confidentiality is protected as health information is automated.
- o Medicare physicians and suppliers will be able to verify eligibility and benefits information for a patient through an on-line network, as hospitals can already do.
- o Rural providers with small Medicare patient loads will be able to submit claims via fax, which will then be translated electronically into the claims database.

Secretary Sullivan formally launched efforts toward an electronic health billing and information system at a forum of insurers and health providers last year. In June, the administration submitted to Congress the "Medical and Health Insurance Information Reform Act of *This is an archive page. The links are no longer being updated. 1992."

The legislation would require standardized billing and insurance information so that all health insurers and providers could communicate electronically. It would also require computerization of patient records, and provide for privacy and confidentiality protections.

New estimates show that the legislation would produce savings of \$114 billion between 1993 and the turn of the century. Coupled with private sector efforts, the actions announced today will save an estimated \$30 billion from 1994 through 2000.

"The formation of a national electronic network is an important part of health care reform," Secretary Sullivan said. "The potential benefits of a virtually paper-free system, in terms of savings as well as convenience, are very substantial. And the system can be put in place much faster than many people realize -- after all, we already have a prototype in the ATM system as well as other electronic networks that are operating today.

"It is unfortunate that Congress did not act in its 1992 session to pass this legislation, since there is substantial bipartisan agreement on these reforms. But we will proceed on our own to take all the steps we can," Dr. Sullivan said.

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NOTE: Additional background available from HCFA press office.