



INCREASE THE USE OF ELECTRONIC HEALTH RECORDS TO INCREASE QUALITY AND REDUCE UNNECESSARY COSTS

DESCRIPTION

The use of electronic health records is one of the keys to ensuring quality and affordable care to residents of the State, while reducing the costs of doing business. A more efficient method of keeping records will dramatically reduce the incidence of medical errors and duplicative procedures, which in turn reduces costs and increases the quality of care. Medical mistakes not only harm patients, but they also increase medical costs due to legal and insurance ramifications.

BACKGROUND

The use of electronic medical records, or health information technology as it is sometimes called, is an essential issue for every person, not just in New Jersey, but across the country. Greater use of electronic medical records would improve the quality of care, prevent medical errors, increase access to affordable care, and improve the administration of care by increasing efficiency and reducing paperwork.

At first glance, this issue does not appear to be of high importance to the business community, but the rising cost of healthcare has businesses and employees alike concerned with all aspects of the healthcare delivery system.

NJBIA's 2007 Annual Health Benefits Survey found that healthcare costs increased 11 percent in 2006 and 80 percent over the last five years. The increase in cost has made care more expensive for employees due to higher co-pays and deductibles, while also making it more difficult for employers to provide health plans for their workforces.

Studies have shown that almost one-third of the \$1.6 trillion Americans spend on healthcare is used to pay for duplicative procedures and administrative functions. A Santa Barbara study found that one out of every five lab tests or x-rays was conducted only because previous test results were unavailable.

The cost of healthcare is high enough; errors and poor administration only exacerbate the problem. If rates and fees continue to skyrocket, more employers will not be able to provide their employees with any type of health plan at all, leaving a sizable percentage of the State's population without any coverage. There needs to be a fundamental change in how healthcare is administered in order to control the costs and provide affordable access to citizens.

NJBIA POSITION

Healthcare costs have been rising dramatically, while employers and businesses are struggling to afford coverage for their employees. Utilizing electronic health records will improve the quality of care and save billions of dollars.

ARGUMENTS IN SUPPORT OF ELECTRONIC HEALTH RECORDS

The US Department of Health and Human Services estimates that a national health information network could save \$140 billion annually through improved care and better administration. The money that is saved can be used to increase healthcare quality and ensure its affordability.

The State, along with the rest of the nation, should start to keep health and medical records electronically. While this shift may be expensive initially, in the long run everyone will win. Costs will go down for individuals and employers, the quality of care will increase, and more people will have access to affordable care.

COST

It is unclear how much it would cost the State of New Jersey to implement a broad health information technology system. The cost would largely depend on the approach taken.

LEGISLATIVE HISTORY

A-4044/S-2728, the "New Jersey Health Information Technology Promotion Act", was signed into law January 13, 2008. It establishes the New Jersey Health Information Technology Commission and provides for a Statewide health information technology plan.

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