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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH
SESSION**

HOUSE FILE No. 3279

March 1, 2010

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The bill was read for the first time and referred to the Committee on Health Care and Human Services Policy and Oversight

March 8, 2010

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Civil Justice

March 11, 2010

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on State and Local Government Operations Reform, Technology and Elections

March 23, 2010

Committee Recommendation and Adoption of Report:

To Pass and re-referred to the Committee on Finance

1.1 A bill for an act
1.2 relating to health; amending provisions for electronic health record technology;
1.3 providing for administrative penalties; appropriating money; amending
1.4 Minnesota Statutes 2009 Supplement, section 62J.495, subdivisions 1a, 3;
1.5 proposing coding for new law in Minnesota Statutes, chapter 62J.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2009 Supplement, section 62J.495, subdivision 1a,
1.8 is amended to read:

1.9 Subd. 1a. **Definitions.** (a) "Certified electronic health record technology" means an
1.10 electronic health record that is certified pursuant to section 3001(c)(5) of the HITECH
1.11 Act to meet the standards and implementation specifications adopted under section 3004
1.12 as applicable.

1.13 (b) "Commissioner" means the commissioner of health.

1.14 (c) "Pharmaceutical electronic data intermediary" means any entity that provides
1.15 the infrastructure to connect computer systems or other electronic devices utilized
1.16 by prescribing practitioners with those used by pharmacies, health plans, third-party
1.17 administrators, and pharmacy benefit managers in order to facilitate the secure
1.18 transmission of electronic prescriptions, refill authorization requests, communications,
1.19 and other prescription-related information between such entities.

1.20 (d) "HITECH Act" means the Health Information Technology for Economic and
1.21 Clinical Health Act in division A, title XIII and division B, title IV of the American
1.22 Recovery and Reinvestment Act of 2009, including federal regulations adopted under
1.23 that act.

1.24 (e) "Interoperable electronic health record" means an electronic health record that
1.25 securely exchanges health information with another electronic health record system that

2.1 meets requirements specified in subdivision 3, and national requirements for certification
2.2 under the HITECH Act.

2.3 (f) "Qualified electronic health record" means an electronic record of health-related
2.4 information on an individual that includes patient demographic and clinical health
2.5 information and has the capacity to:

2.6 (1) provide clinical decision support;

2.7 (2) support physician order entry;

2.8 (3) capture and query information relevant to health care quality; and

2.9 (4) exchange electronic health information with, and integrate such information
2.10 from, other sources.

2.11 Sec. 2. Minnesota Statutes 2009 Supplement, section 62J.495, subdivision 3, is
2.12 amended to read:

2.13 Subd. 3. **Interoperable electronic health record requirements.** To meet the
2.14 requirements of subdivision 1, hospitals and health care providers must meet the following
2.15 criteria when implementing an interoperable electronic health records system within their
2.16 hospital system or clinical practice setting.

2.17 (a) The electronic health record must be a qualified electronic health record.

2.18 (b) The electronic health record must be certified by the Office of the National
2.19 Coordinator pursuant to the HITECH Act. This criterion only applies to hospitals and
2.20 health care providers ~~only~~ if a certified electronic health record product for the provider's
2.21 particular practice setting is available. This criterion shall be considered met if a hospital
2.22 or health care provider is using an electronic health records system that has been certified
2.23 within the last three years, even if a more current version of the system has been certified
2.24 within the three-year period.

2.25 (c) The electronic health record must meet the standards established according to
2.26 section 3004 of the HITECH Act as applicable.

2.27 (d) The electronic health record must have the ability to generate information on
2.28 clinical quality measures and other measures reported under sections 4101, 4102, and
2.29 4201 of the HITECH Act.

2.30 (e) The electronic health record system must be connected to a state-certified
2.31 health information organization either directly or through a connection facilitated by a
2.32 state-certified health data intermediary as defined in section 62J.498.

2.33 ~~(e)~~ (f) A health care provider who is a prescriber or dispenser of legend drugs must
2.34 have an electronic health record system that meets the requirements of section 62J.497.

3.1 Sec. 3. **[62J.498] HEALTH INFORMATION EXCHANGE.**

3.2 Subdivision 1. **Definitions.** The following definitions apply to sections 62J.498 to
3.3 62J.4982:

3.4 (a) "Clinical transaction" means any meaningful use transaction that is not covered
3.5 by section 62J.536.

3.6 (b) "Commissioner" means the commissioner of health.

3.7 (c) "Direct health information exchange" means the electronic transmission of
3.8 health-related information through a direct connection between the electronic health
3.9 record systems of health care providers without the use of a health data intermediary.

3.10 (d) "Health care provider" or "provider" means a health care provider or provider as
3.11 defined in section 62J.03, subdivision 8.

3.12 (e) "Health data intermediary" means an entity that provides the infrastructure to
3.13 connect computer systems or other electronic devices used by health care providers,
3.14 laboratories, pharmacies, health plans, third-party administrators, or pharmacy benefit
3.15 managers to facilitate the secure transmission of health information, including
3.16 pharmaceutical electronic data intermediaries as defined in section 62J.495. This does not
3.17 include health care providers engaged in direct health information exchange.

3.18 (f) "Health information exchange" means the electronic transmission of
3.19 health-related information between organizations according to nationally recognized
3.20 standards.

3.21 (g) "Health information exchange service provider" means a health data intermediary
3.22 or health information organization that has been issued a certificate of authority by the
3.23 commissioner under section 62J.4981.

3.24 (h) "Health information organization" means an organization that oversees, governs,
3.25 and facilitates the exchange of health-related information among organizations according
3.26 to nationally recognized standards.

3.27 (i) "HITECH Act" means the Health Information Technology for Economic and
3.28 Clinical Health Act as defined in section 62J.495.

3.29 (j) "Major participating entity" means:

3.30 (1) a participating entity that receives compensation for services that is greater
3.31 than 30 percent of the health information organization's gross annual revenues from the
3.32 health information exchange service provider;

3.33 (2) a participating entity providing administrative, financial, or management services
3.34 to the health information organization, if the total payment for all services provided by the
3.35 participating entity exceeds three percent of the gross revenue of the health information
3.36 organization; and

4.1 (3) a participating entity that nominates or appoints 30 percent or more of the board
4.2 of directors of the health information organization.

4.3 (k) "Meaningful use" means use of certified electronic health record technology that
4.4 includes e-prescribing, and is connected in a manner that provides for the electronic
4.5 exchange of health information and used for the submission of clinical quality measures
4.6 as established by the Center for Medicare and Medicaid Services and the Minnesota
4.7 Department of Human Services pursuant to sections 4101, 4102, and 4201 of the HITECH
4.8 Act.

4.9 (l) "Meaningful use transaction" means an electronic transaction that a health care
4.10 provider must exchange to receive Medicare or Medicaid incentives or avoid Medicare
4.11 penalties pursuant to sections 4101, 4102, and 4201 of the HITECH Act.

4.12 (m) "Participating entity" means any of the following persons, health care providers,
4.13 companies, or other organizations with which a health information organization or health
4.14 data intermediary has contracts or other agreements for the provision of health information
4.15 exchange service providers:

4.16 (1) a health care facility licensed under sections 144.50 to 144.56, a nursing home
4.17 licensed under sections 144A.02 to 144A.10, and any other health care facility otherwise
4.18 licensed under the laws of this state or registered with the commissioner;

4.19 (2) a health care provider, and any other health care professional otherwise licensed
4.20 under the laws of this state or registered with the commissioner;

4.21 (3) a group, professional corporation, or other organization that provides the
4.22 services of individuals or entities identified in clause (2), including but not limited to a
4.23 medical clinic, a medical group, a home health care agency, an urgent care center, and
4.24 an emergent care center;

4.25 (4) a health plan as defined in section 62A.011, subdivision 3; and

4.26 (5) a state agency as defined in section 13.02, subdivision 17.

4.27 (n) "Reciprocal agreement" means an arrangement in which two or more health
4.28 information exchange service providers agree to share in-kind services and resources to
4.29 allow for the pass-through of meaningful use transactions.

4.30 (o) "State-certified health data intermediary" means a health data intermediary that:

4.31 (1) provides a subset of the meaningful use transaction capabilities necessary for
4.32 hospitals and providers to achieve meaningful use of electronic health records;

4.33 (2) is not exclusively engaged in the exchange of meaningful use transactions
4.34 covered by section 62J.536; and

4.35 (3) has been issued a certificate of authority to operate in Minnesota.

5.1 (p) "State-certified health information organization" means a nonprofit health
5.2 information organization that provides transaction capabilities necessary to fully support
5.3 clinical transactions required for meaningful use of electronic health records that has been
5.4 issued a certificate of authority to operate in Minnesota.

5.5 Subd. 2. **Health information exchange oversight.** (a) The commissioner shall
5.6 establish a Health Information Exchange Oversight Board. The board shall be charged
5.7 with advising the commissioner on regulatory action necessary to protect the public
5.8 interest on matters pertaining to health information exchange. The board shall:

5.9 (1) review and recommend applications from health data intermediaries and health
5.10 information organizations for certificates of authority to operate in Minnesota;

5.11 (2) work in consultation with the commissioner to provide ongoing monitoring to
5.12 ensure compliance with criteria established under sections 62J.498 to 62J.4982;

5.13 (3) assist the commissioner's response to public complaints related to health
5.14 information exchange services;

5.15 (4) make recommendations to the commissioner on enforcement actions including
5.16 the imposition of fines, suspension, or revocation of certificates of authority as outlined
5.17 in section 62J.4982;

5.18 (5) provide a biannual report to the commissioner on the status of health information
5.19 exchange services that includes but is not limited to:

5.20 (i) recommendations on actions necessary to ensure that health information exchange
5.21 services are adequate to meet the needs of Minnesota citizens and providers statewide;

5.22 (ii) recommendations on enforcement actions to ensure that health information
5.23 exchange service providers act in the public interest without causing disruption in health
5.24 information exchange services;

5.25 (iii) recommendations on updates to criteria for obtaining certificates of authority
5.26 under this section; and

5.27 (iv) recommendations on standard operating procedures for health information
5.28 exchange, including but not limited to the management of consumer preferences;

5.29 (6) other duties as assigned by the commissioner.

5.30 (b) The Health Information Exchange Oversight Board shall consist of seven
5.31 members, including:

5.32 (1) two public members who do not have a material financial interest in health
5.33 information exchange services; and

5.34 (2) five health care stakeholders who:

5.35 (i) are broadly representative of the Minnesota health care community;

5.36 (ii) reflect the geography of the state; and

6.1 (iii) have at least three years of practical experience in the use of electronic health
6.2 records or health information exchange services immediately preceding appointment.

6.3 (c) Members of the Health Information Exchange Oversight Board shall not be
6.4 employed by the Department of Health, but the board shall be staffed by an employee
6.5 of the department who shall serve as an ex officio, nonvoting member of the board.
6.6 The board shall meet at least quarterly. The commissioner may require more frequent
6.7 board meetings as needed. The compensation, terms, removal of members, and filling of
6.8 vacancies on the board are governed by section 15.0575.

6.9 (d) The Health Information Exchange Oversight Board shall not be subject to
6.10 chapter 13D when the board is considering contracts as described in section 62J.4981,
6.11 subdivision 4, paragraph (a), clause (5).

6.12 (e)(1) When the Health Information Exchange Oversight Board is actively
6.13 considering a suspension or revocation of a certificate of authority as described in section
6.14 62J.4982, subdivision 3, all investigatory data that are collected, created, or maintained
6.15 related to the suspension or revocation are classified as confidential data on individuals
6.16 and as protected nonpublic data in the case of data not on individuals.

6.17 (2) The Health Information Exchange Oversight Board may disclose data classified
6.18 as protected nonpublic or confidential under this paragraph if the Health Information
6.19 Exchange Oversight Board and the commissioner jointly determine that disclosing the
6.20 data will protect the health or safety of patients.

6.21 (f) After the commissioner makes a final determination regarding a suspension or
6.22 revocation of a certificate of authority, all Health Information Exchange Oversight Board
6.23 minutes, orders for hearing, findings of fact, conclusions of law, and the specification of
6.24 the final disciplinary action, are classified as public data.

6.25 **Sec. 4. [62J.4981] CERTIFICATE OF AUTHORITY TO PROVIDE HEALTH**
6.26 **INFORMATION EXCHANGE SERVICES.**

6.27 **Subdivision 1. Authority to require organizations to apply.** The commissioner
6.28 shall require an entity providing health information exchange services to apply for a
6.29 certificate of authority under this section. An applicant may continue to operate until
6.30 the commissioner acts on the application. If the application is denied, the applicant is
6.31 considered a health information organization whose certificate of authority has been
6.32 revoked under section 62J.4982, subdivision 2, paragraph (d).

6.33 **Subd. 2. Certificate of authority for health data intermediaries.** (a) A health
6.34 data intermediary that provides health information exchange services for the transmission
6.35 of one or more clinical transactions necessary for hospitals, providers, or eligible

7.1 professionals to achieve meaningful use must be registered with the state and comply with
7.2 requirements established in this section.

7.3 (b) Notwithstanding any law to the contrary, any corporation organized to do so
7.4 may apply to the commissioner for a certificate of authority to establish and operate as
7.5 a health data intermediary in compliance with this section. No person shall establish or
7.6 operate a health data intermediary in this state, nor sell or offer to sell, or solicit offers
7.7 to purchase or receive advance or periodic consideration in conjunction with a health
7.8 data intermediary contract unless the organization has a certificate of authority or has an
7.9 application under active consideration under this section.

7.10 (c) In issuing the certificate of authority, the commissioner shall determine whether
7.11 the applicant for the certificate of authority has demonstrated that the applicant meets
7.12 the following minimum criteria:

7.13 (1) interoperate with at least one state-certified health information organization;

7.14 (2) provide an option for Minnesota entities to connect to their services through at
7.15 least one state-certified health information organization;

7.16 (3) have a record locator service as defined in section 144.291, subdivision 2,
7.17 paragraph (i), that is compliant with the requirements of section 144.293, subdivision 8,
7.18 when conducting meaningful use transactions; and

7.19 (4) hold reciprocal agreements with at least one state-certified health information
7.20 organization to enable access to record locator services to find patient data, and for the
7.21 transmission and receipt of meaningful use transactions consistent with the format and
7.22 content required by national standards established by Centers for Medicare and Medicaid
7.23 Services. Reciprocal agreements must meet the requirements established in subdivision 5.

7.24 **Subd. 3. Certificate of authority for health information organizations.**

7.25 (a) A health information organization that provides all electronic capabilities for the
7.26 transmission of clinical transactions necessary for meaningful use of electronic health
7.27 records must obtain a certificate of authority from the commissioner and demonstrate
7.28 compliance with the criteria in paragraph (c).

7.29 (b) Notwithstanding any law to the contrary, a nonprofit corporation organized to do
7.30 so may apply for a certificate of authority to establish and operate a health information
7.31 organization under this section. No person shall establish or operate a health information
7.32 organization in this state, nor sell or offer to sell, or solicit offers to purchase or receive
7.33 advance or periodic consideration in conjunction with a health information organization
7.34 or health information contract unless the organization has a certificate of authority under
7.35 this section.

8.1 (c) In issuing the certificate of authority, the commissioner shall determine whether
8.2 the applicant for the certificate of authority has demonstrated that the applicant meets
8.3 the following minimum criteria:

8.4 (1) the entity is a legally established, nonprofit organization;

8.5 (2) appropriate insurance, including liability insurance, for the operation of the
8.6 health information organization is in place and sufficient to protect the interest of the
8.7 public and participating entities;

8.8 (3) strategic and operational plans clearly address how the organization will expand
8.9 technical capacity of the health information organization to support providers in achieving
8.10 meaningful use of electronic health records over time;

8.11 (4) the entity addresses the parameters to be used with participating entities and
8.12 other health information organizations for meaningful use transactions, compliance with
8.13 Minnesota law, and interstate health information exchange in trust agreements;

8.14 (5) the entity's board of directors is comprised of members that broadly represent the
8.15 health information organization's participating entities and consumers;

8.16 (6) the entity maintains a professional staff responsible to the board of directors with
8.17 the capacity to ensure accountability to the organization's mission;

8.18 (7) the organization is compliant with criteria established under the Health
8.19 Information Exchange Accreditation Program of the Electronic Healthcare Network
8.20 Accreditation Commission (EHNAC) or equivalent criteria established by the
8.21 commissioner;

8.22 (8) the entity maintains a record locator service as defined in section 144.291,
8.23 subdivision 2, paragraph (i), that is compliant with the requirements of section 144.293,
8.24 subdivision 8, when conducting meaningful use transactions;

8.25 (9) the organization demonstrates interoperability with all other state-certified health
8.26 information organizations using nationally recognized standards;

8.27 (10) the organization demonstrates compliance with all privacy and security
8.28 requirements required by state and federal law; and

8.29 (11) the organization uses financial policies and procedures consistent with generally
8.30 accepted accounting principles and has an independent audit of the organization's
8.31 financials on an annual basis.

8.32 (d) Health information organizations that have obtained a certificate of authority
8.33 must:

8.34 (1) meet the requirements established for connecting to the Nationwide Health
8.35 Information Network (NHIN) within the federally mandated timeline or within a time
8.36 frame established by the commissioner and published in the State Register. If the state

9.1 timeline for implementation varies from the federal timeline, the State Register notice
9.2 shall include an explanation for the variation;

9.3 (2) annually submit strategic and operational plans for review by the Health
9.4 Information Exchange Oversight Board that address:

9.5 (i) increasing adoption rates to include a sufficient number of participating entities to
9.6 achieve financial sustainability; and

9.7 (ii) progress in achieving objectives included in previously submitted strategic
9.8 and operational plans across the following domains: business and technical operations,
9.9 technical infrastructure, legal and policy issues, finance, and organizational governance;

9.10 (3) develop and maintain a business plan that addresses:

9.11 (i) plans for ensuring the necessary capacity to support meaningful use transactions;

9.12 (ii) approach for attaining financial sustainability, including public and private
9.13 financing strategies, and rate structures;

9.14 (iii) rates of adoption, utilization, and transaction volume, and mechanisms to
9.15 support health information exchange; and

9.16 (iv) an explanation of methods employed to address the needs of community clinics,
9.17 critical access hospitals, and free clinics in accessing health information exchange services;

9.18 (4) annually submit a rate plan outlining fee structures for health information
9.19 exchange services for approval by the commissioner. The commissioner shall approve the
9.20 rate plan if it:

9.21 (i) distributes costs equitably among users of health information services;

9.22 (ii) provides predictable costs for participating entities;

9.23 (iii) covers all costs associated with conducting the full range of meaningful use
9.24 clinical transactions, including access to health information retrieved through other
9.25 state-certified health information exchange service providers; and

9.26 (iv) provides for a predictable revenue stream for the health information organization
9.27 and generates sufficient resources to maintain operating costs and develop technical
9.28 infrastructure necessary to serve the public interest;

9.29 (5) enter into reciprocal agreements with all other state-certified health information
9.30 organizations to enable access to record locator services to find patient data, and
9.31 transmission and receipt of meaningful use transactions consistent with the format and
9.32 content required by national standards established by Centers for Medicare and Medicaid
9.33 Services. Reciprocal agreements must meet the requirements in subdivision 5; and

9.34 (6) comply with additional requirements for the certification or recertification
9.35 of health information organizations that may be established by the commissioner, in
9.36 consultation with the Health Information Exchange Oversight Board.

10.1 Subd. 4. **Application for certificate of authority for health information exchange**
10.2 **service providers.** (a) Each application for a certificate of authority shall be in a form
10.3 prescribed by the commissioner and verified by an officer or authorized representative of
10.4 the applicant. Each application shall include the following:

10.5 (1) a copy of the basic organizational document, if any, of the applicant and of
10.6 each major participating entity, such as the articles of incorporation, or other applicable
10.7 documents, and all amendments to it;

10.8 (2) a list of the names, addresses, and official positions of the following:

10.9 (i) all members of the board of directors, and the principal officers and, if applicable,
10.10 shareholders of the applicant organization; and

10.11 (ii) all members of the board of directors, and the principal officers of each major
10.12 participating entity and, if applicable, each shareholder beneficially owning more than ten
10.13 percent of any voting stock of the major participating entity;

10.14 (3) the name and address of each participating entity and the agreed-upon duration
10.15 of each contract or agreement if applicable;

10.16 (4) a copy of each standard agreement or contract intended to bind the participating
10.17 entities and the health information organization. Contractual provisions shall be consistent
10.18 with the purposes of this section, in regard to the services to be performed under the
10.19 standard agreement or contract, the manner in which payment for services is determined,
10.20 the nature and extent of responsibilities to be retained by the health information
10.21 organization, and contractual termination provisions;

10.22 (5) a copy of each contract intended to bind major participating entities and the
10.23 health information organization. The Health Information Exchange Oversight Board
10.24 shall consider contract information provided under this section in a closed session as
10.25 provided for in section 62J.498, subdivision 2, paragraph (c). Contract information filed
10.26 with the commissioner under this section shall be nonpublic as defined in section 13.02,
10.27 subdivision 9;

10.28 (6) a statement generally describing the health information organization, its health
10.29 information exchange contracts, facilities, and personnel, including a statement describing
10.30 the manner in which the applicant proposes to provide participants with comprehensive
10.31 health information exchange services;

10.32 (7) financial statements showing the applicant's assets, liabilities, and sources
10.33 of financial support, including a copy of the applicant's most recent certified financial
10.34 statement;

10.35 (8) strategic and operational plans that specifically address how the organization
10.36 will expand technical capacity of the health information organization to support providers

11.1 in achieving meaningful use of electronic health records over time, a description of
11.2 the proposed method of marketing the services, a schedule of proposed charges, and a
11.3 financial plan that includes a three-year projection of the expenses and income and other
11.4 sources of future capital;

11.5 (9) a statement reasonably describing the geographic area or areas to be served and
11.6 the type or types of participants to be served;

11.7 (10) a description of the complaint procedures to be used as required under this
11.8 section;

11.9 (11) a description of the mechanism by which participating entities will have an
11.10 opportunity to participate in matters of policy and operation;

11.11 (12) a copy of any pertinent agreements between the health information organization
11.12 and insurers, including liability insurers, demonstrating coverage is in place;

11.13 (13) a copy of the conflict of interest policy that applies to all members of the board
11.14 of directors and the principal officers of the health information organization; and

11.15 (14) other information as the commissioner may reasonably require to be provided.

11.16 (b) Thirty days after the receipt of the application for a certificate of authority,
11.17 the commissioner shall determine whether or not the application submitted meets the
11.18 requirements for completion in paragraph (a), and notify the applicant of any further
11.19 information required for the application to be processed.

11.20 (c) Ninety days after the receipt of a complete application for a certificate of
11.21 authority, the commissioner shall issue a certificate of authority to the applicant if the
11.22 commissioner determines that the applicant meets the minimum criteria requirements
11.23 of subdivision 2 for health data intermediaries or subdivision 3 for health information
11.24 organizations. If the commissioner determines that the applicant is not qualified, the
11.25 commissioner shall notify the applicant and specify the reasons for disqualification.

11.26 (d) Upon being granted a certificate of authority to operate as a health information
11.27 organization, the organization must operate in compliance with the provisions of this
11.28 section. Noncompliance may result in the imposition of a fine or the suspension or
11.29 revocation of the certificate of authority according to section 62J.4982.

11.30 **Subd. 5. Reciprocal agreements between health information exchange entities.**

11.31 (a) Reciprocal agreements between two health information organizations or between a
11.32 health information organization and a health data intermediary must include a fair and
11.33 equitable model for charges between the entities that:

11.34 (1) does not impede the secure transmission of transactions necessary to achieve
11.35 meaningful use;

12.1 (2) does not charge a fee for the exchange of meaningful use transactions transmitted
12.2 according to nationally recognized standards where no additional value-added service
12.3 is rendered to the sending or receiving health information organization or health data
12.4 intermediary either directly or on behalf of the client;

12.5 (3) is consistent with fair market value and proportionately reflects the value-added
12.6 services accessed as a result of the agreement; and

12.7 (4) prevents health care stakeholders from being charged multiple times for the
12.8 same service.

12.9 (b) Reciprocal agreements are subject to review and approval by the Health
12.10 Information Exchange Oversight Board.

12.11 (c) Nothing in this section precludes a state-certified health information organization
12.12 or state-certified health data intermediary from entering into contractual agreements for
12.13 the provision of value-added services beyond meaningful use.

12.14 **Sec. 5. [62J.4982] ENFORCEMENT AUTHORITY; COMPLIANCE.**

12.15 **Subdivision 1. Penalties and enforcement.** (a) The commissioner may, for any
12.16 violation of statute or rule applicable to a health information exchange service provider,
12.17 levy an administrative penalty in an amount up to \$25,000 for each violation. In
12.18 determining the level of an administrative penalty, the commissioner shall consider the
12.19 following factors:

12.20 (1) the number of participating entities affected by the violation;

12.21 (2) the effect of the violation on participating entities' access to health information
12.22 exchange services;

12.23 (3) if only one participating entity is affected, the effect of the violation on the
12.24 patients of that entity;

12.25 (4) whether the violation is an isolated incident or part of a pattern of violations;

12.26 (5) the economic benefits derived by the health information organization or a health
12.27 data intermediary by virtue of the violation;

12.28 (6) whether the violation hindered or facilitated an individual's ability to obtain
12.29 health care;

12.30 (7) whether the violation was intentional;

12.31 (8) whether the violation was beyond the direct control of the health information
12.32 exchange service provider;

12.33 (9) any history of prior compliance with the provisions of this section, including
12.34 violations;

13.1 (10) whether and to what extent the health information exchange service provider
13.2 attempted to correct previous violations;

13.3 (11) how the health information exchange service provider responded to technical
13.4 assistance from the commissioner provided in the context of a compliance effort; and

13.5 (12) the financial condition of the health information exchange service provider
13.6 including, but not limited to, whether the health information exchange service provider
13.7 had financial difficulties that affected its ability to comply or whether the imposition of an
13.8 administrative monetary penalty would jeopardize the ability of the health information
13.9 exchange service provider to continue to deliver health information exchange services.

13.10 Reasonable notice in writing to the health information exchange service provider
13.11 shall be given of the intent to levy the penalty and the reasons for them. A health
13.12 information exchange service provider may have 15 days within which to contest whether
13.13 the finding of facts constitute a violation of sections 62J.4981 and 62J.4982, according to
13.14 the contested case and judicial review provisions of sections 14.57 to 14.69.

13.15 (b) If the commissioner has reason to believe that a violation of section 62J.4981 or
13.16 62J.4982 has occurred or is likely, the commissioner may confer with the persons involved
13.17 before commencing action under subdivision 2. The commissioner may notify the health
13.18 information exchange service provider and the representatives, or other persons who
13.19 appear to be involved in the suspected violation, to arrange a voluntary conference with
13.20 the alleged violators or their authorized representatives. The purpose of the conference is
13.21 to attempt to learn the facts about the suspected violation and, if it appears that a violation
13.22 has occurred or is threatened, to find a way to correct or prevent it. The conference is
13.23 not governed by any formal procedural requirements, and may be conducted as the
13.24 commissioner considers appropriate.

13.25 (c) The commissioner may issue an order directing a health information exchange
13.26 service provider or a representative of a health information exchange service provider to
13.27 cease and desist from engaging in any act or practice in violation of sections 62J.4981
13.28 and 62J.4982.

13.29 (d) Within 20 days after service of the order to cease and desist, a health information
13.30 exchange service provider may contest whether the finding of facts constitutes a violation
13.31 of sections 62J.4981 and 62J.4982 according to the contested case and judicial review
13.32 provisions of sections 14.57 to 14.69.

13.33 (e) In the event of noncompliance with a cease and desist order issued under this
13.34 subdivision, the commissioner may institute a proceeding to obtain injunctive relief or
13.35 other appropriate relief in Ramsey County District Court.

14.1 Subd. 2. Suspension or revocation of certificates of authority. (a) The
14.2 commissioner may suspend or revoke a certificate of authority issued to a health
14.3 data intermediary or health information organization under section 62J.4981 if the
14.4 commissioner finds that:

14.5 (1) the health information exchange service provider is operating significantly
14.6 in contravention of its basic organizational document, or in a manner contrary to that
14.7 described in and reasonably inferred from any other information submitted under section
14.8 62J.4981, unless amendments to the submissions have been filed with and approved by
14.9 the commissioner;

14.10 (2) the health information exchange service provider is unable to fulfill its
14.11 obligations to furnish comprehensive health information exchange services as required
14.12 under its health information exchange contract;

14.13 (3) the health information exchange service provider is no longer financially solvent
14.14 or may not reasonably be expected to meet its obligations to participating entities;

14.15 (4) the health information exchange service provider has failed to implement a
14.16 mechanism affording the participating entities an opportunity to participate in matters
14.17 of policy and operation;

14.18 (5) the health information exchange service provider has failed to implement the
14.19 complaint system in a manner designed to reasonably resolve valid complaints;

14.20 (6) the health information exchange service provider, or any person acting with its
14.21 sanction, has advertised or merchandised its services in an untrue, misleading, deceptive,
14.22 or unfair manner;

14.23 (7) the continued operation of the health information exchange service provider
14.24 would be hazardous to its participating entities or the patients served by the participating
14.25 entities; or

14.26 (8) the health information exchange service provider has otherwise failed to
14.27 substantially comply with section 62J.4981 or with any other statute or administrative
14.28 rule applicable to health information exchange service providers, or has submitted false
14.29 information in any report required under sections 62J.498 to 62J.4982.

14.30 (b) A certificate of authority shall be suspended or revoked only after meeting the
14.31 requirements of subdivision 3.

14.32 (c) If the certificate of authority of a health information exchange service provider is
14.33 suspended, the health information exchange service provider shall not, during the period
14.34 of suspension, enroll any additional participating entities, and shall not engage in any
14.35 advertising or solicitation.

15.1 (d) If the certificate of authority of a health information exchange service provider is
15.2 revoked, the organization shall proceed, immediately following the effective date of the
15.3 order of revocation, to wind up its affairs, and shall conduct no further business except as
15.4 necessary to the orderly conclusion of the affairs of the organization. The organization
15.5 shall engage in no further advertising or solicitation. The commissioner may, by written
15.6 order, permit further operation of the organization as the commissioner finds to be in the
15.7 best interest of participating entities, to the end that participating entities will be given the
15.8 greatest practical opportunity to access continuing health information exchange services.

15.9 **Subd. 3. Denial, suspension, and revocation; administrative procedures.** (a)
15.10 When the commissioner has cause to believe that grounds for the denial, suspension,
15.11 or revocation of a certificate of authority exists, the commissioner shall notify the
15.12 health information exchange service provider in writing stating the grounds for denial,
15.13 suspension, or revocation and setting a time within 20 days for a hearing on the matter.

15.14 (b) After a hearing before the Health Information Exchange Oversight Board, or
15.15 upon the failure of the health information exchange service provider to appear at the
15.16 hearing, the commissioner shall consider the recommendations of the Health Information
15.17 Exchange Oversight Board and take action as deemed necessary and shall issue written
15.18 findings that shall be mailed to the health information exchange service provider.

15.19 (c) If suspension or revocation is proposed according to this section, the
15.20 commissioner must deliver, or send by certified mail with return receipt requested, to the
15.21 health information exchange service provider written notice of the commissioner's intent
15.22 to impose a penalty. This notice of proposed determination must include:

15.23 (1) a reference to the statutory basis for the penalty;

15.24 (2) a description of the findings of fact regarding the violations with respect to
15.25 which the penalty is proposed;

15.26 (3) the amount of the proposed penalty;

15.27 (4) any circumstances described in subdivision 1, paragraph (a), that were considered
15.28 in determining the amount of the proposed penalty;

15.29 (5) instructions for responding to the notice, including a statement of the health
15.30 information exchange service provider's right to a contested case proceeding and a
15.31 statement that failure to request a contested case proceeding within 30 calendar days
15.32 permits the imposition of the proposed penalty; and

15.33 (6) the address to which the contested case proceeding request must be sent.

15.34 **Subd. 4. Coordination.** (a) The commissioner shall, to the extent possible, seek
15.35 the advice of the Minnesota e-Health Advisory Committee, in the review and update of

16.1 criteria for the certification and recertification of health information exchange service
16.2 providers when implementing sections 62J.498 to 62J.4982.

16.3 (b) By January 1, 2011, the commissioner shall report to the governor and the
16.4 legislature on the status of health information exchange in Minnesota, and provide
16.5 recommendations on further action necessary to facilitate the secure electronic movement
16.6 of health information among health providers that will enable Minnesota providers and
16.7 hospitals to meet meaningful use exchange requirements.

16.8 Subd. 5. **Expedited rulemaking.** The commissioner may use the expedited
16.9 rulemaking process under section 14.389 to carry out the duties of sections 62J.498 to
16.10 62J.4982. The commissioner shall be exempt from section 14.125 for purposes of this
16.11 section.

16.12 Subd. 6. **Fees and monetary penalties.** (a) Every health information exchange
16.13 service provider subject to sections 62J.4981 and 62J.4982 shall be assessed fees as
16.14 follows:

16.15 (1) filing an application for certificate of authority to operate as a health information
16.16 organization, \$15,000;

16.17 (2) filing an application for certificate of authority to operate as a health data
16.18 intermediary, \$10,000;

16.19 (3) annual health information organization certificate fee, \$20,000;

16.20 (4) annual health data intermediary certificate fee, \$10,000; and

16.21 (5) fees for other filings, as specified by rule.

16.22 (b) Administrative monetary penalties imposed under this subdivision shall be
16.23 deposited into a revolving fund and are appropriated to the commissioner for the purposes
16.24 of sections 62J.498 to 62J.4982.

16.25 Sec. 6. **APPROPRIATION; HEALTH INFORMATION EXCHANGE**
16.26 **OVERSIGHT.**

16.27 \$140,000 in fiscal year 2011 is appropriated from the state government special
16.28 revenue fund to the commissioner of health for administrative support of the Health
16.29 Information Exchange Oversight Board under Minnesota Statutes, section 62J.498,
16.30 subdivision 2. Base funding shall be \$135,000 in fiscal year 2012 and \$130,000 in fiscal
16.31 year 2013.