Organizing to Respond to HIPAA and Realize the Benefits

Presented By:

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WEDi ™

Workgroup for
Electronic Data Interchange

- **Founded 1992**
- **Nonprofit Association**
- **To Foster Widespread Support for the Adoption of Electronic Commerce Within Health Care**
- **Consumers, Government, Mixed Payer/Providers, Payers, Providers, Standards Organizations, Vendors**
- **Named in 1996 HIPAA Legislation as an Advisor to the Secretary of DHHS**
- **Website: WWW.wedi.org**
- **Strategic National Implementation Process (SNIP)**
- **Steven Lazarus, WEDI Chair-Elect (2000)**

HIPAA REGULATIONS STATUS AS OF SEPTEMBER 12, 2000

HIPAA REGULATION	PROPOSED RULE PUBLICATION	FINAL RULE PUBLICATION	EXPECTED EFFECTIVE DATE
Standards For Electronic Transactions	May 7, 1998	August 17, 2000	October 16, 2002
National Standard Health Care Provider Identifier	May 7, 1998	Expected 2000	2003
National Standard Employer Identifier	June 16, 1998	Expected 2000	2002 - 2003
Security and Electronic Signature Standards	August 12, 1998	Expected 2000	2002-2003
Privacy and Patient Confidentiality	November 3, 1999	Expected 2000	2002
Standards for Electronic Claims Attachments	Expected 2000	Expected 2001	2003
National Standard Health Plan Identifier	Expected 2000-2001	Expected 2001	2003
Enforcement	Expected 2000?	Expected 2001	To be effective with each final rule

STANDARDS FOR ELECTRONIC TRANSACTIONS AND CODE SETS

- **Health Claims or equivalent encounter information**
- **Enrollment and Disenrollment in a Health Plan**
- **Eligibility for a Health Plan**
- **Health care payment and remittance advice**
- **Health Plan premium payments**
- **First Report of Injury**
- **Health Claim status**
- **Referral certification and authorization**
- **Health Claim attachments**
- **Coordination of Benefits**

THE MAJOR PROVIDER BENEFITS

- **Reduce staff in business office and registration**
- **Reduce IS support for interface engine and EDI communication**
- **Reduce staff that manage enrollment, referral, and eligibility by phone and paper**
- **Collect most accounts at time of service; health plan and sponsor payments within ten days.**
- **Reduce bad debt**
- **Protection of your information resources procedures**
- **Standard security/privacy policies and procedures**

QUICK AND DIRTY HIPAA ADMINISTRATIVE SIMPLIFICATION BENEFIT CALCULATION ESTIMATOR

Assumes Implementation of all Standard Transactions, Code Sets and Identifiers, Excluding Implementation and Operations Cost

	(1) Number of Staff	(2) 50% of 1	(3) Salaries, benefits & overhead for (2) per year

1. Business Office
    -- Staff posting paper insurance
        remittance
    -- Patient and insurance collections
        staff
    -- Error correction and insurance
        rebilling staff			

2. Managed Care Coordination
    -- Precertification/
        preauthorization staff
    -- Eligibility and benefit verification			

3. Cash to bottom line
    -- Patient bad debt in dollars x 25%
    -- Insurance denials for lack of
        preapproval or timely filing
    -- 50% of postage and fees for
        patient statements			

Total annual operation saving potential (excluding EDI setup and transaction fees)			

BIG ESTIMATED TRANSACTIONS AND CODE SETS BENEFITS FOR MEDICAL GROUPS

- **Sample Demographics**
  - **20 medical groups**
  - **19 groups of 8 or more physicians**
  - **1000 physicians**
- **Average Annual Savings (excluding cost)**
  - **$7.2 million for the 20 groups**
  - **$360,000 per medical group**
  - **$7,200 per provider**
  - **0.7% of revenue**

BIG ESTIMATED TRANSACTIONS AND CODE SETS BENEFITS FOR MEDICAL GROUPS (con't)

- **Business Operations Savings Areas**
  - **Business office**   **51%**
  - **Managed care**   **12%**
  - **Bad debt, postage, etc.** **37%**

THE MAJOR PAYER BENEFITS

- **Reduce staff that process employer/sponsor premiums**
- **Reduce staff that manage enrollment, referral, and eligibility by phone and paper**
- **Reduce rejected claims with eligibility, coding, and timely referrals**
- **Reduce subscriber inquiries**
- **Protection of your information resources**
- **Standard security/privacy policies and procedures**
- **Lower the cost for business operations collaboration opportunities with other payers**

ACHIEVE THE SAVINGS BY:

- **Take an enterprise approach**
- **Implement E-health (e-commerce)**
- **Change collections/adjudication policy and practice**
- **Change workflow**
- **Security standards**
  - **Administrative policy**
  - **Technical**
  - **Technical mechanisms**
  - **Physical**
  - **(Electronic signature)**

THE EIGHT STEPS TO HIPAA IMPLEMENTATION:
PROJECT SAMPLE TIME FRAME

1.	Think and Educate	1-3 months
2.	Gather Current State Information	2-3 months
3.	Risk and Cost/Benefits Analysis	3-6 month
4.	Plan	2-3 months
5.	Implement	12-24 months
6.	Review	2-3 months
7.	Certify and Go Live	3-6 months
8.	Monitor	Ongoing
Total Time		**25-48 months**

1. THINK AND EDUCATE

- **The Big Choices**
  - **When to start? 2000, 2001, 2002**
  - **Centralized vs. Decentralized approach?**
  - **Sponsorship/Executive Leadership**
  - **E-commerce integration?**
  - **Compliance vs. compliance plus significant benefits**

1. THINK AND EDUCATE

- **Create a HIPAA Vision 2002-2003**
    - **Business office**
    - **Financial performance**
    - **Referral management**
    - **Patient relations**
        - **billing/collections**
        - **registration**
        - **primary statement**
    - **Relationship with key trading partners**
    - **Define goals**
    - **Compliance with the regulations**

1. THINK AND EDUCATE

- **Proactive Vision**
  - **E-commerce based**
  - **Significant reduction in Business Office staff**
  - **Increased cash flow**
  - **Reduced bad debt**
  - **User friendly security technologies**
  - **HIPAA Security and Privacy aware staff**
  - **Collaborative relationship with business partners**
  - **Patient/subscriber friendly**
  - **Positive consumer public relations**
  - **Valued business partner relationships**

1. THINK AND EDUCATE

- **Compliance Focused Vision (Provider)**
  - **HIPAA claims only transacted, forget the rest**
  - **Increasing Business Office Staff**
  - **Growing accounts receivable**
  - **Increased bad debt**
  - **Complex, hard to use security measures that interfere with patient care**
  - **Staff have minimal HIPAA security and privacy awareness**
  - **Adverse relationship with Business Partners**
  - **Inadequate systems and administrative policies to support security and privacy**

1. THINK AND EDUCATE

- **Sponsors/Steering Committee**
  - **CEO, CFO, CIO, COO**
  - **Compliance Officer**
  - **Risk Management**
  - **Privacy Officer**
  - **E-commerce**
  - **Chief Information Security Officer**
  - **General Counsel/Government Relations**
  - **Workflow/Change Management**

1. THINK AND EDUCATE

- **Project Management Organization (assume enterprise approach)**
  - **Core staff (few or many)**
  - **Dedicated project team vs. Shared resources**
  - **Mix of staff and consulting resources**
  - **Mix of HIPAA and operations knowledge**
  - **Independent Verification and Validation (IVV)**

1. THINK AND EDUCATE

- **HIPAA Scope Definition**
  - **Suggested Initial Project HIPAA Regulation Scope**
    - **Standard Transactions**
    - **Employer (sponsor) Identifier**
    - **Provider Identifier**
    - **Payer Identifier**
    - **Electronic Attachments**
    - **Security**
    - **(Privacy)**
  - **Business Clinical and Operations Applications**
  - **IS Applications (Infrastructure)**
  - **Key Trading Partner identification**

HOSPITAL SYSTEMS EFFECTED BY HIPAA
Business Applications

- **Laboratory**
- **Pharmacy**
- **Radiology**
- **Registration (ADT)**
- **Orders**
- **Results**
- **Credentialling**
- **Data Warehouse**
- **Cost Accounting**

- **Materials Management**
- **Master Person (Patient) Index**
- **Patient Accounting**
- **Home Care**
- **Nursing home**
- **Physician practice**
- **Human Resources**
  - **HIPAA training management**
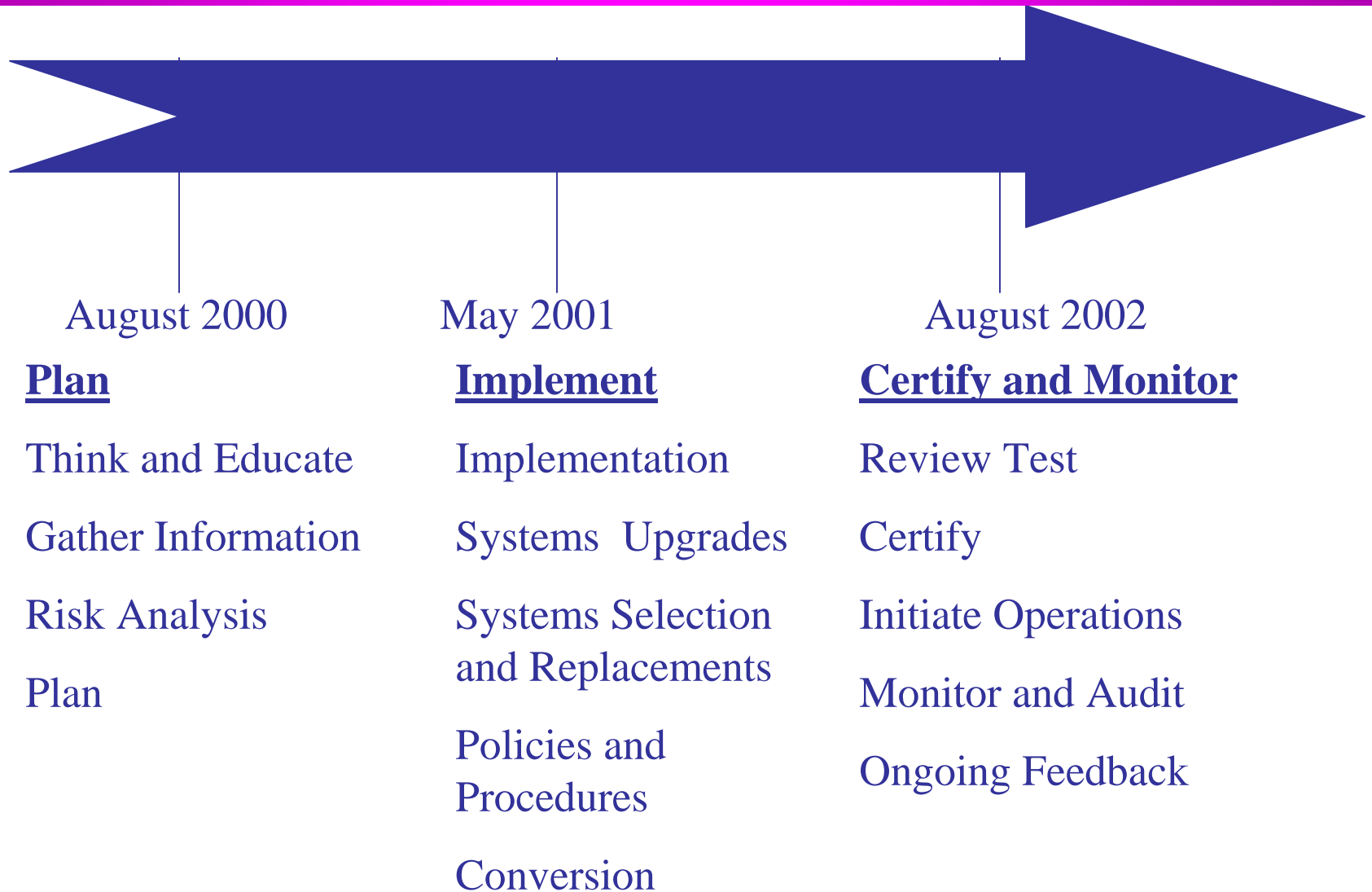
HOSPITAL SYSTEMS EFFECTED BY HIPAA
Business Applications

- **Medical Records**
  - **Coding and Abstracting**
  - **Chart Tracking**
  - **Document Imaging**
  - **Electronic Medical Records**
- **Clinical Data Repository**
- **Demand Management**
- **Patient Scheduling**
- **Referral Management**
- **Other**

- **Not Impacted**
  - **Payroll**
  - **General Ledger**
  - **Accounts Payable**

HOSPITAL SYSTEMS EFFECTED BY HIPAA
IS Applications

- **Internet and point-to-point data communications**

- **Interface Engine(s)**

- **EDI Engine(s)**

- **Infrastructure**
  - **Firewall**

  - **Network Security**

  - **Physical Security**

  - **Security Policies and Procedures**

  - **Security Audit Systems**

  - **Security Technology and Technology Mechanisms**

TIMELINE FOR RECOMMENDED HIPAA ACTIONS

August 2000

Plan

Think and Educate

Gather Information

Risk Analysis

Plan

May 2001

Implement

Implementation

Systems Upgrades

Systems Selection and Replacements

Policies and Procedures

Conversion

August 2002

Certify and Monitor

Review Test

Certify

Initiate Operations

Monitor and Audit

Ongoing Feedback

FOR MORE INFORMATION

- **WEDI: www.wedi.org**

- **DHHS/HIPAA: aspe.os.dhhs.gov/admnsimp**

- **BIG HIPAA: www.hipaainfo.net -- see articles section**

- **www.gao.gov -- See April, 2000 Reports**