Amending Your Compliance Program to Incorporate HIPAA Transaction Code Sets

Sue Prophet, RHIA, CCS

Director, Coding Policy and Compliance

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Who is Affected?

- Virtually everyone in healthcare industry
  - including payers, providers, suppliers, employers, clearinghouses, systems vendors, billing companies

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Who are "Covered Entities?"

- Health plans

- Health care clearinghouses

- Health care providers who transmit any health information in electronic form in connection with covered transaction

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Who is Not Covered?

- Property and casualty insurance health plans
- Workers' compensation
- Disability insurance programs
- Prisons
- Nursing home fixed-indemnity policies

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Benefits of Compliance

- Reduced administrative burden

- Minimized risk of penalties

- Cost savings (including reduced labor costs)

- Reduced manual processing

- Reduced manual data entry

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Benefits of Compliance

- Decreased variability of processes

- Improved efficiency

- Fewer claims rejections

- Improved ability to detect and prevent fraud/abuse

- Improved data comparability

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Benefits of Compliance

- Fewer billing errors

- Improved accuracy, reliability, and usefulness of shared information

- Less duplication of effort

- Improved customer service

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What is a "Code Set?"

- Any set of codes used to encode data elements, such as tables of terms, medical concepts, medical diagnostic codes, or medical procedure codes

- Includes codes and descriptors

- Includes modifiers

- For ICD-9-CM, it includes the Official Guidelines for Coding & Reporting

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What are the Initial Standard Code Sets?

- ICD-9-CM (volumes 1 & 2)
  - diseases
  - injuries
  - impairments
  - other health problems and their manifestations
  - causes of injury, disease, impairment, or other health problem

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What are the Initial Standard Code Sets?

- ICD-9-CM (volume 3)
  - procedures on hospital inpatients reported by hospitals

- Combination of HCPCS and CPT
  - physician services and other health care services

- HCPCS
  - all other substances, equipment, supplies, or other items used in healthcare services

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What are the Initial Standard Code Sets?

- National Drug Codes (NDC)
  - drugs
  - biologics
- Code on Dental Procedures and Nomenclature (CDT)
  - dental services

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Key Elements of Final Rule

- Those that receive standard electronic administrative transactions must be able to receive and process all standard codes

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Key Elements of Final Rule

- While all parties will be required to accept standard codes within electronic transactions, they are not required to pay for all of these services

- Those health plans that do not adhere to official coding guidelines will have to modify their systems to accept all valid codes in standard code sets or engage healthcare clearinghouse

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Key Elements of Final Rule

- Each code set is valid within dates specified by organization responsible for code set maintenance
  - ICD-9-CM: 10/1
  - CPT/HCPCS: 1/1
  - NDC: continuously throughout year as new drug products are issued
  - CDT: every 5 years

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Key Elements of Final Rule

- Health plans must accept and promptly process any standard transaction that contains codes that are valid and keep code sets for current billing period and appeals periods still open to processing under terms of plan's coverage

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Key Issues

- Variable implementation schedules
- Coding rules and guidelines for code sets other than ICD-9-CM not included in standard
- For anesthesia services, codes from Anesthesia section of CPT, rather than the Surgical section, are required

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Key Issues

- Payment policies vs. violations of standards
- Overlapping or duplicative code sets
- Conflicts between code set rules and National Correct Coding Initiative edits

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Implementation

- Create compliance work plan with tasks, timelines, individual responsibilities, and budget

- Become thoroughly familiar with regulation and implementation specifications

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Implementation

- Systems modifications
  - claim format
  - edits
  - new code sets
  - alphanumeric codes
  - crosswalks
  - interfaces
  - version control

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Implementation

- Monitor software changes and ensure they are working properly

- Communicate with outside systems vendors
  - are they aware of regulation?
  - what are they doing to prepare?
  - monitor progress and test system upgrades/changes
  - review and modify vendor contracts

- Monitor payer compliance with standards, including coding guidelines

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Implementation

- Monitor claims denials/rejections and payment delays
  - monitor remittance advice against claims data
  - have effective process for handling rejected claims
  - aggregate data about rejected claims
- Monitor payer requests for additional documentation

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Implementation - Training Requirements

- Identify who needs training

- Determine level of education needed for different levels in organization

- Assess extent of education and training needed

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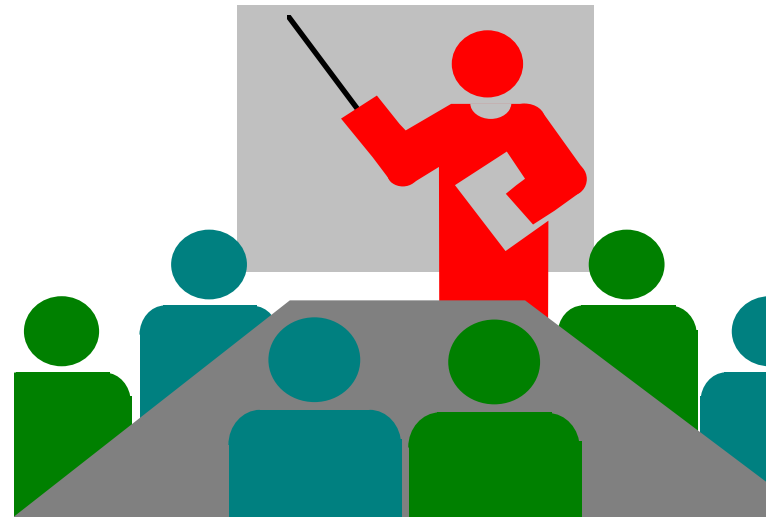
Implementation - Training Requirements

- Identify who will provide training
- During training session, explain impact on employees and organization

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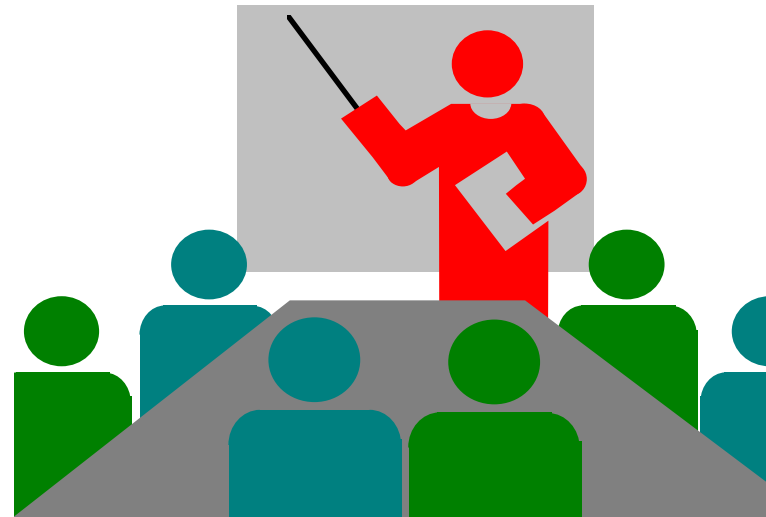
Implementation

- Review and modify trading partner agreements

- Encourage non-covered entities to comply

- Monitor compliance by business associates

- Perform gap analysis of policies/procedures

- Monitor coding quality

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Implementation

- Review and update chargemaster
- Establish methodology for analyzing longitudinal data and consider potential impact of standards implementation, such as shifts in trends

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Implementation

- Allow for need to manage multiple transaction processing requirements due to variable implementation schedules and interactions with non-covered entities

- Become familiar with process for modifying or replacing a standard

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Enforcement

- Resolution of identified non-compliance
- Who are the "coding police?"

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Changes to Standard Code Sets

- Process for updating code sets
  - system "maintenance" vs. "modification

- Role of Designated Standard Maintenance Organizations (DSMOs)

- ICD-10-CM

- ICD-10-PCS

- Unified approach to procedural coding

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