

Overview of HIPAA

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Why HIPAA?

- Health reform initiative:
 - » 25% of health care costs were spent on administration, not care
 - » duplication
- Proposal: standardize these transactions to permit them to be conducted electronically

Overview of HIPAA Provisions

- National standards to be adopted by Secretary of HHS
- **All** health plans, **all** clearinghouses, and those providers who choose to conduct these transactions electronically, **required** to implement
- Implementation within two years of effective date of final rules (3 years for small plans)
- **DOES NOT** require providers to use EDI

Standards Required for:

- Administrative transactions
- Code sets
- Identifiers
- Security
- Electronic signature
- Privacy of individually identifiable health data

Proposed Transaction Standards (Code Sets)

- Industry standards wherever possible
- Transactions
 - » ANSI X12N
 - » NCPDP (for prescription drugs from pharmacy)
- Code sets
 - » ICD-9-CM
 - » CPT-4/HCPCS/CDT
 - » National Drug Code (NDC)

Code Set Issues

- Elimination of local codes (HCPCS Level III codes)
 - » Significant issue for some plans
 - » Need to review local codes against existing national codes
 - » Medicaid programs are doing this together
- Replacement of HCPCS “J-Codes” with NDC’s
- HHS will be monitoring code revisions to ensure that the code sets continue to meet the needs of the industry

Provider and Plan Identifiers

- Likely format
 - » 10 - position numeric
 - » Includes a check digit
- No intelligence in number
- Implementation challenges:
 - » Crosswalking identifiers to existing provider/plan files
 - » Legacy systems may expect embedded intelligence

Security and Electronic Signature Standards

- Data at rest as well as transmitted data
- Proposed standards
 - » comprehensive framework of security requirements
 - » scalable requirements to meet small to large business needs at reasonable cost
 - » technology neutral implementation features
 - » Digital signature standard

Security and Electronic Signature Standards

- Administrative Procedures
 - » Security policies and procedures must be in place
 - » Security assessments
 - » Employee training
- Physical Safeguards
 - » Restricting access
 - » For hardware, software and data

Security and Electronic Signature Standards

- Technical Security Services
 - » Access controls
 - » System audit controls
 - » Authentication
- Technical Security Mechanisms
 - » To prevent security breaches
 - » Unauthorized interception of data transmitted over a network
 - » Protection from external intrusions and threats

Standards Maintenance Process

- Transactions maintained by industry groups
 - » Memorandum of Understanding
- Code sets maintained by owners
- Annual Review/Update Process
 - » Public input
 - » National Committee on Vital and Health Statistics
 - » Regulations as needed

Implications

- Y2k? No way
- Y2K was compliance only
- HIPAA will lead to tangible and intangible benefits by
 - » Encouraging electronic data transfer
 - » Standardizing EDI format

What Are the Benefits of EDI Standards?

- Reduce complexity associated with multiple standards, formats, definitions, identifiers
- EDI start-up more affordable
- “Suite” of transaction standards will encourage use of EDI in non-claim transactions
- Reduced need for vendors to customize products
- Enabler for e-health

What About Cost?

- System conversion/upgrade
- Staff training/outreach
- Start-up cost of automation
- Troubleshooting
- Testing

Cost Vs Benefits

- Most of these costs are one-time or short-time costs related to conversion
- Over a 10 year period, net savings of \$29.9 billion
- Health plans and providers will share the savings
- Enhanced electronic commerce will be an additional benefit

Status of Final Rules

- Transactions and code set standards : August 17, 2000
- Target publication dates: Late 2000 for
 - » Employer ID
 - » Provider ID
 - » Security
 - » Privacy

Industry Implementation Challenges

- Publicity
- Availability of education and training
- Coordination among health plans and providers
- Monitoring industry progress
- Industry looking for best practices

Meeting Challenges

- State/Regional EDI groups
- WEDI - SNIP (Strategic National Implementation Process)
- “Security Summit”
- Other?

HCFA Perspective

- Phase in transactions during implementation period
- Testing will be critical
- Communication with business partners
- Participation in industry implementation coordination efforts is key

Where to Start?

- Gap assessment
- Comprehensive implementation plan
- Dialogue with business partners
- Network locally

Count Down...

- October 16, 2002 is not so far away

Resources

- **Contact: Karen Trudel, Security and Standards Group**

- » (410)-786-9937
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- **Some helpful web sites**

- » <http://aspe.hhs.gov/adminsimp>
posting of law, process, regulations and comments
- » <http://www.wpc-edi.com/hipaa>
posting of X12N implementation guide
- » <http://www.wedi.org/htdocs/resources/source.htm>
posting of standard transactions being proposed