

HIPAA Transactions & Code Set Standards

Discussion of Final Rule and Next Steps

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Agenda

- *Intent of HIPAA Transactions and Code Sets*
- *Review of Final Rule*
- *Planning for Implementation and Compliance*
- *Outstanding Issues*
- *Questions and Answers*



Agenda

- ***Intent of HIPAA Transactions and Code Sets Rule***
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Intent of Transaction and Code Set Rule

Current State of Healthcare EDI

- *Lack of standardization*
 - *Makes it difficult to develop software*
 - *Inhibits potential efficiencies*
 - *Increases cost of healthcare*
- *Over 400 formats of EDI used in the US*

Intent of Transaction and Code Set Rule

Objectives

- *Encourage electronic commerce in healthcare*
- *Simplify administrative processes*
- *Decrease administrative costs of healthcare*
- *Eliminate software adaptation for multiple formats*

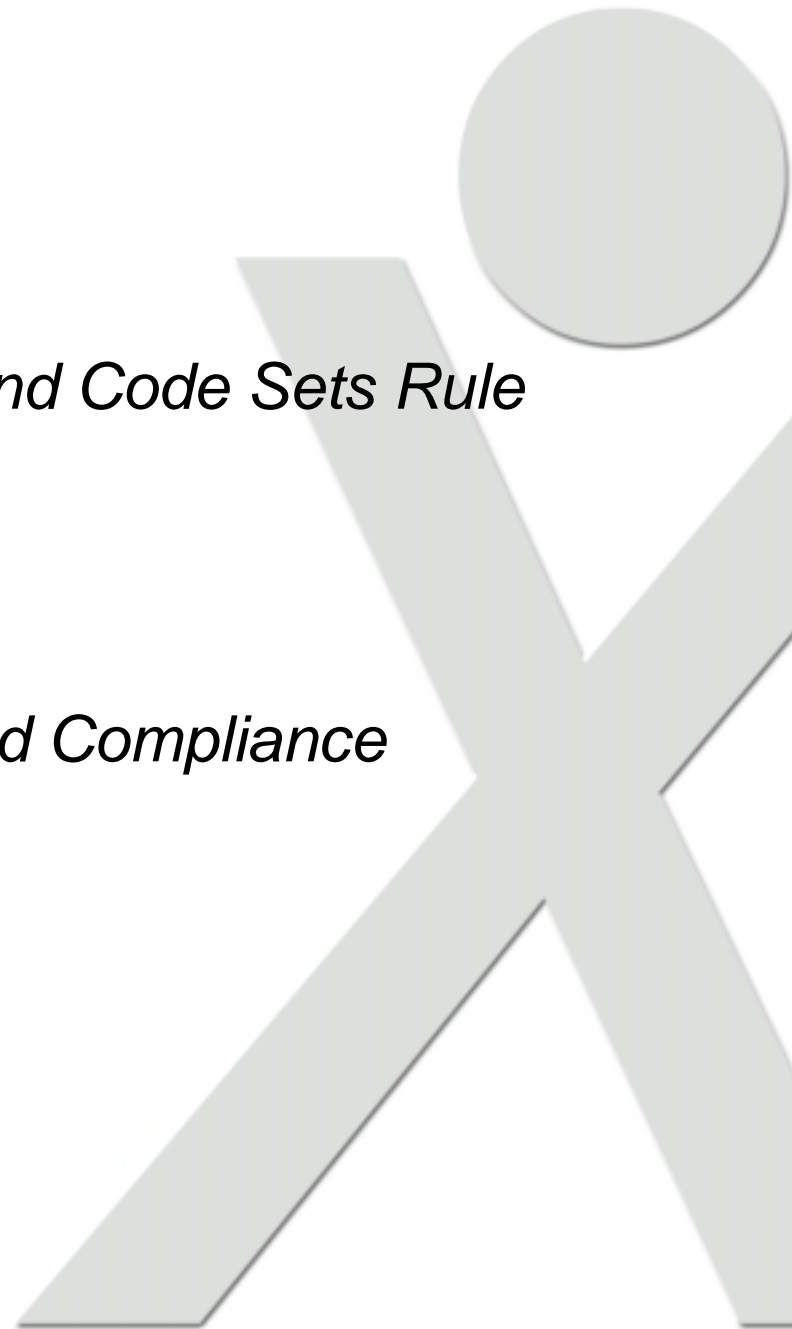
Intent of Transaction and Code Set Rule

Benefits

- *Supports electronic transfer of information between providers, payers and business associates*
- *Cost effective benefits*
 - *Reduces handling and process time*
 - *Eliminates the risk of lost paper documents*
 - *Eliminates the inefficiencies of handling paper documents*
- *Improves overall data quality*

Agenda

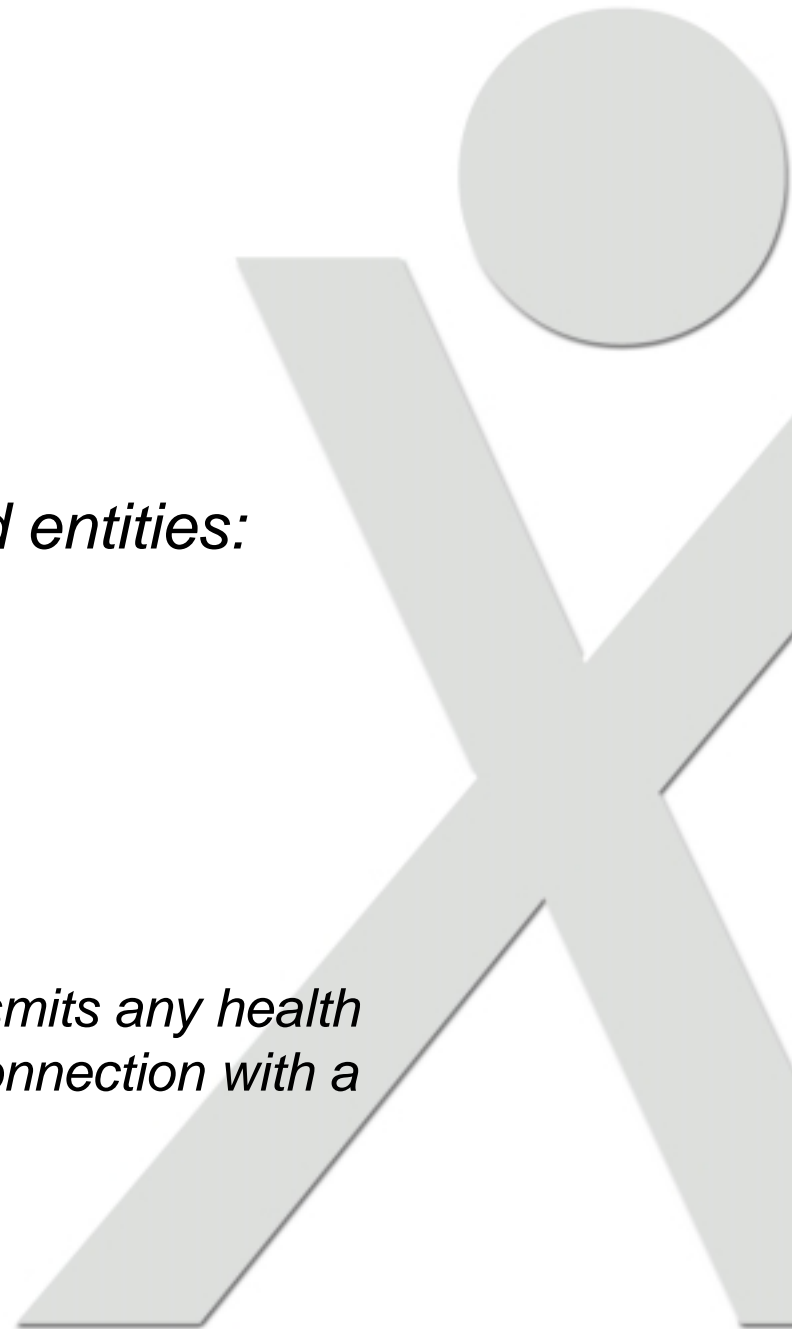
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Review of Final Rule

Affected Parties

- *Applies to the following covered entities:*
 - *Any health plan*
 - *Any healthcare clearinghouse*
 - *Any healthcare provider who transmits any health information in electronic form in connection with a transaction*



Changes in Final Rule

Additional Affected Parties

- *Case Management*
 - *Initially not considered a healthcare service*
- *Elimination of the standard transaction within a “corporate entity” exception*



Review of Final Rule Applicability

- *General Rule: If a covered entity conducts with another covered entity (or within same entity), using electronic media, a transaction identified in rule, the transaction must be conducted as a standard transaction*
- *Electronic media includes the Internet, extranets, leased lines, dial up lines, private networks, and transmissions physically moved using magnetic tape, disk, or CD media*

Changes to Final Rule

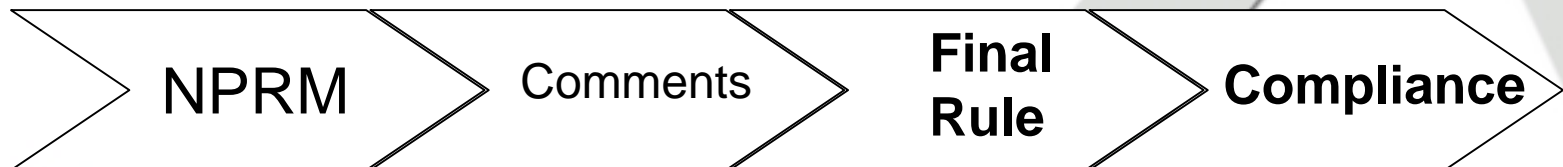
Changes to Applicability

- *Elimination of the on-line interactive transaction exception*



Review of Final Rule Compliance Timeline

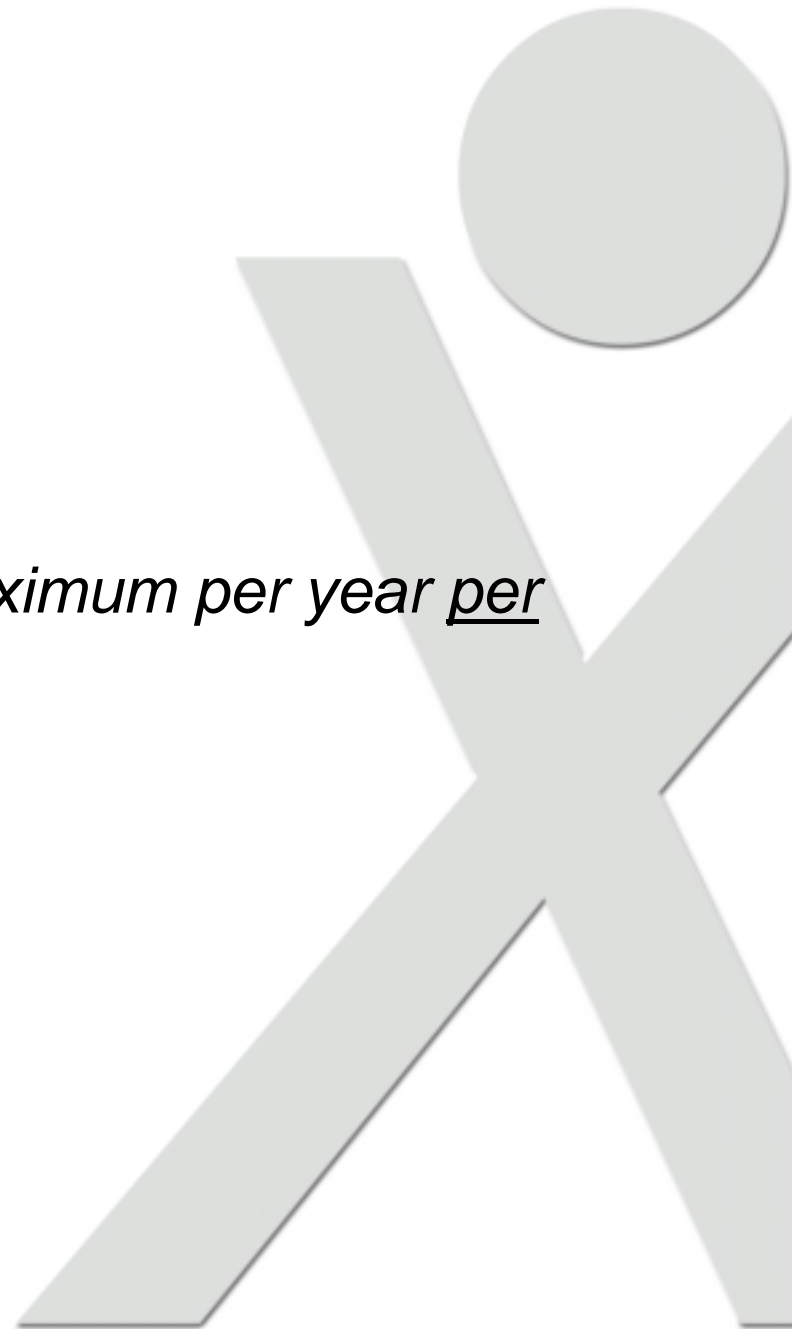
- *Publication of Final Rule*
 - *August 17th, 2000*
- *Effective Date - 60 days after final rule published*
 - *October 16th, 2000*
- *Compliance Date*
 - *Small health plans (< \$5 mil in annual receipts) - 36 months*
 - ***October 16th, 2003***
 - *Other health plans - 24 months*
 - ***October 16th, 2002***



Review of Final Rule

Penalties

- *\$100 per violation, \$25,000 maximum per year per standard violated*
- *Market place consequences*



Review of Final Rule Requirements for Covered Entities

- *Health plans*
 - *Must conduct transactions using standards*
 - *May use a clearinghouse to translate non-standard transactions*
 - *Must conduct standard transaction if entity requests it*
 - *May not delay or reject a claim if presented in standard format*
 - *May not offer an incentive to provider to conduct a transaction under the exception rule*

Review of Final Rule Requirements for Covered Entities

- *Healthcare clearinghouses*
 - *May receive and transmit nonstandard transactions when acting on behalf of other covered entities*
 - *May not make private arrangements that would change or supplement the standards*
 - *May not offer an incentive to provider to conduct a transaction under the exception rule*

Review of Final Rule Requirements for Covered Entities

- *Healthcare providers*
 - *Must use standard transactions if conducted electronically*
 - *May continue to use paper media instead of electronic media*
 - *Is not required to send or accept an electronic transaction*
 - *May use a business associate to conduct a transaction*

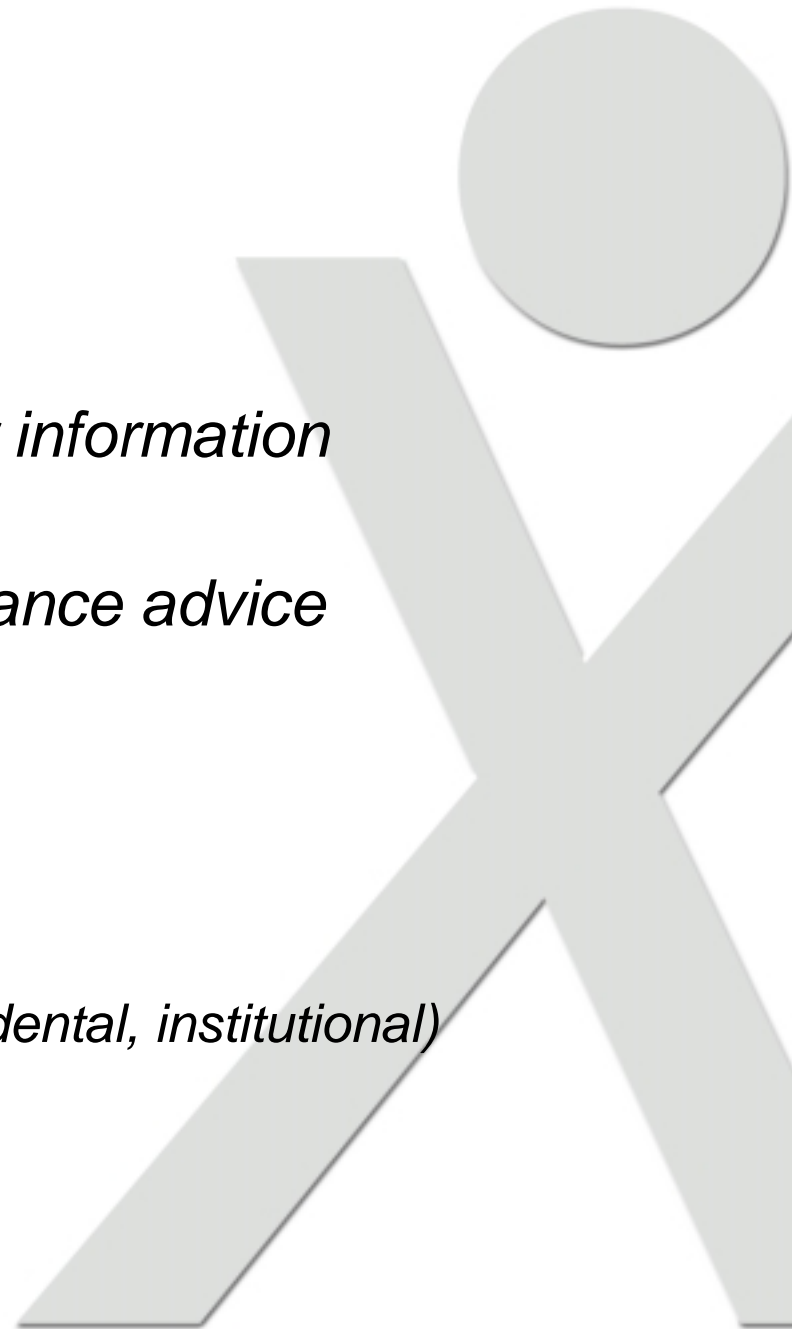
Review of Final Rule Transaction Overview

- *Based on existing standards*
- *Used de-facto standards in industry*
- *Not designed to develop completely new standards unless standards do not already exist*



Review of Final Rule Transaction Standards

- *Healthcare claims or encounter information*
 - ASC X12N 837
- *Healthcare payment and remittance advice*
 - ASC X12N 835
- *Enrollment and disenrollment*
 - ASC X12N 834
- *Coordination of Benefits*
 - ASC X12N 837 (for professional, dental, institutional)
- *Healthcare Claims Status*
 - ASC X12N 276/277



Review of Final Rule Transaction Standards (continued)

- *Eligibility for a health plan*
 - *ASC X12N 270/271*
- *Health plan premium payments*
 - *ASC X12N 820*
- *Referral Certification and Authorization*
 - *ASC X12N 278*
- *First Report of Injury*
 - *To be determined*
- *Health claims attachments*
 - *To be determined*

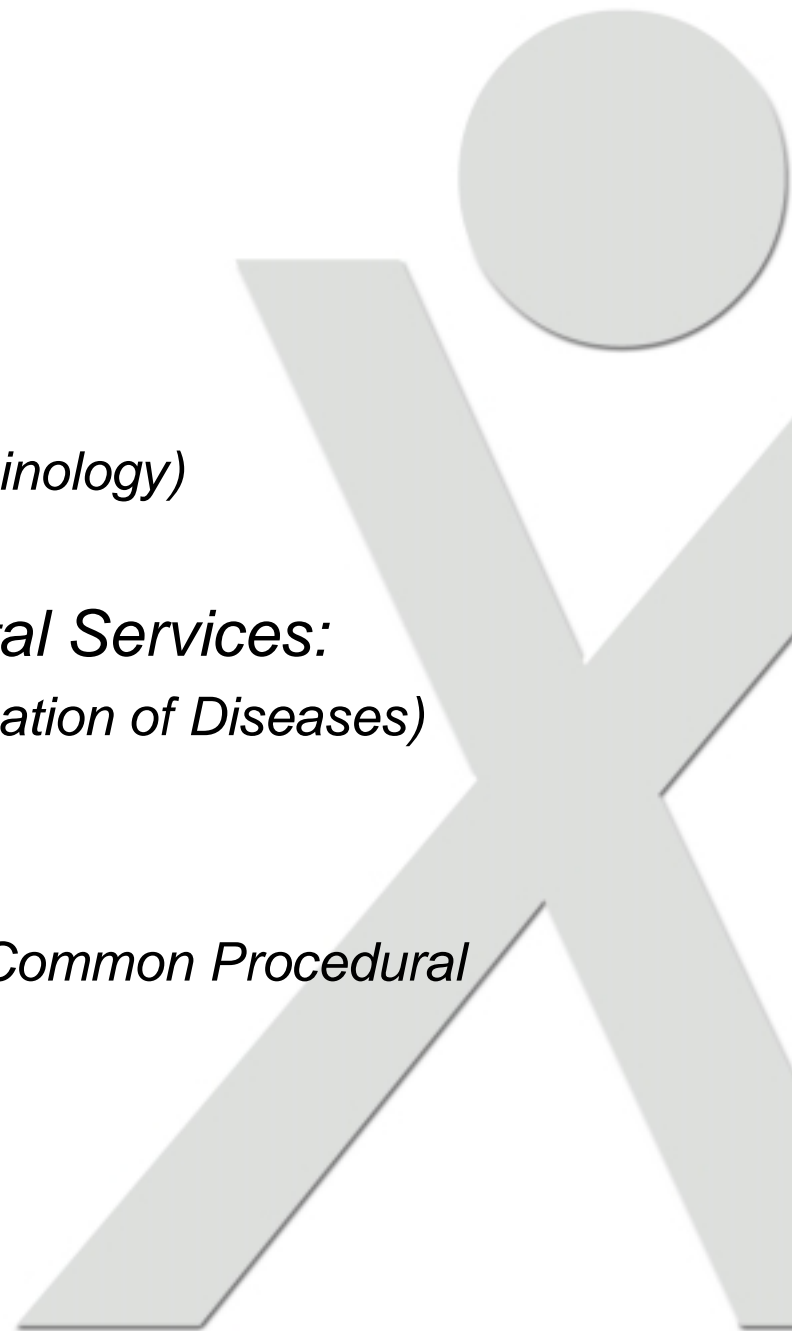


Review of Final Rule Transaction Standards Definition

- *Healthcare claims or encounter information*
 - *“The healthcare claims or equivalent encounter information transaction is the transmission of the following:*
 - *A request to obtain payment and the necessary accompanying information from a healthcare provider to a health plan*
- *Healthcare referral and claims status*
 - *“The referral certification and authorization transaction is any of the following transmissions:*
 - *A request for review of healthcare to obtain an authorization for healthcare*
 - *A request to obtain authorization for referring an individual to another healthcare provider*

Review of Final Rule Code Set Standards

- *Physician Services:*
 - *CPT - 4 (Current Procedural Terminology)*
- *Diagnoses and Inpatient Hospital Services:*
 - *ICD - 9 CM (International Classification of Diseases)*
- *Procedures:*
 - *ICD - 9 CM Volume 3 and HCFA Common Procedural Coding System (HCPCS)*

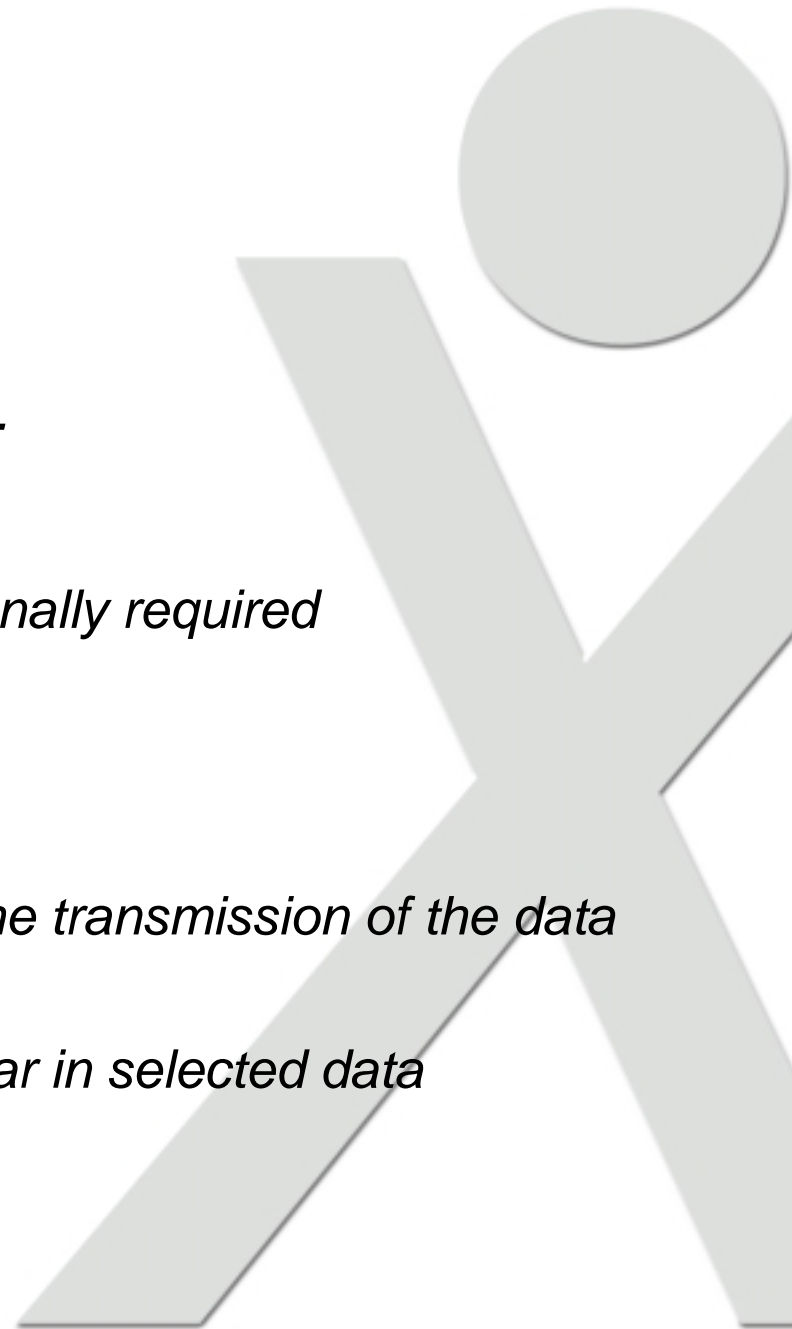


Review of Final Rule Code Set Standards (continued)

- *Dental Services:*
 - *CDT (Current Dental Terminology)*
- *Pharmacy Services:*
 - *NDC (National Council for Prescription Drug Programs)*

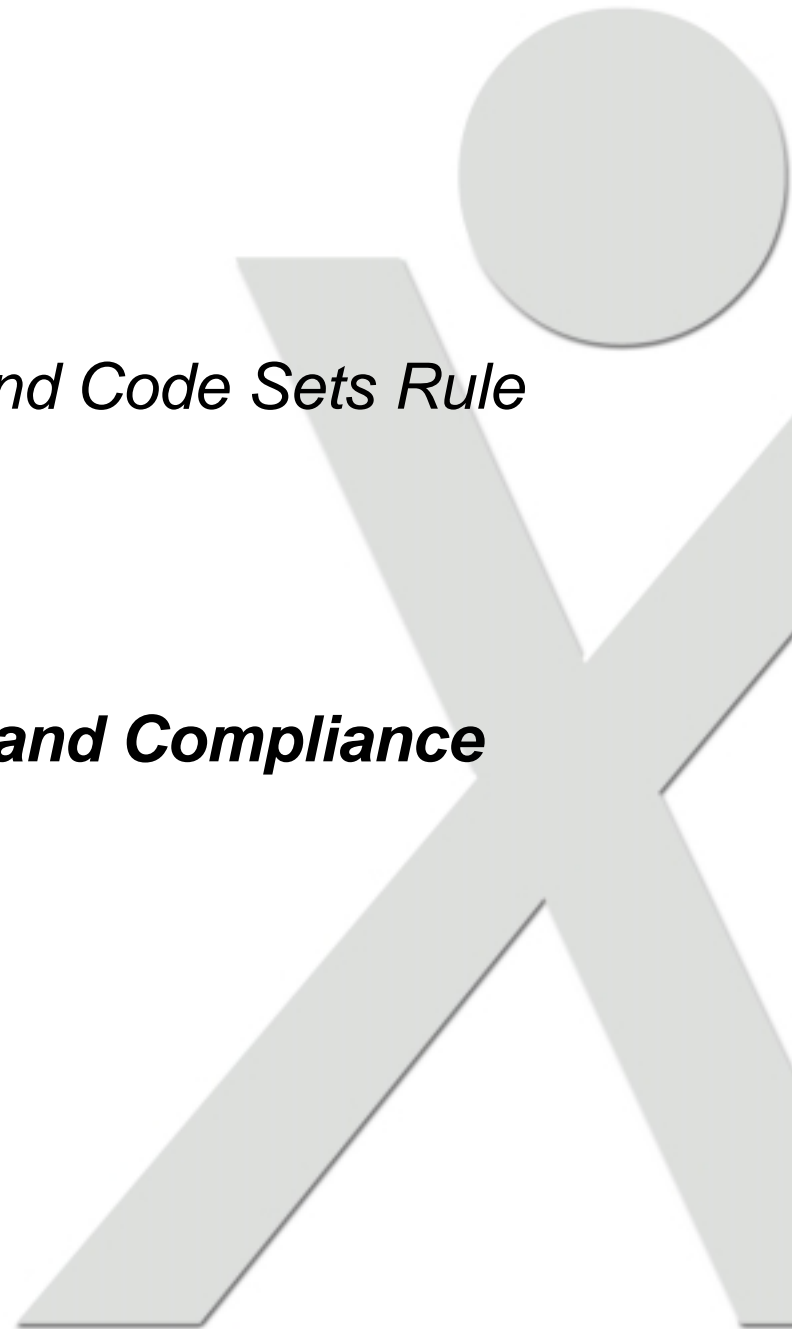
Review of Final Rule Transaction Details

- *Implementation Guides include:*
 - *data elements required or conditionally required*
 - *definition of each data element*
 - *technical transaction formats for the transmission of the data*
 - *code sets or values that can appear in selected data elements*



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Planning for Implementation & Compliance

- *Assessment and implementation will take time, planning and resources and change*
- *Cannot think of this as a vendor problem only!*
- *Major impact will be on the ability to provide service and do business in the future*
- *Penalties can add up*

Planning for Implementation & Compliance

Approach Options

- *Status Quo Approach*
 - *Continuing to use clearinghouse for transaction processing*
 - *No current plans to enhance EDI capabilities*
 - *Waiting for software vendor to remediate to meet compliance*
 - *Lack of funding and resources*
 - *Low risk tolerance*

Planning for Implementation & Compliance Approach Options

- *Strategic Approach*
 - *Planning to enhance EDI capabilities to realize cost savings*
 - *Developing an e-health strategy*
 - *Identifying HIPAA as an opportunity*
 - *Recognizing data and information as an internal asset*
 - *Recognizing need to gain competitive advantage by responding to customers*
 - *Mapping HIPAA compliance to organization's strategic plan*

Planning for Implementation & Compliance

Next Steps

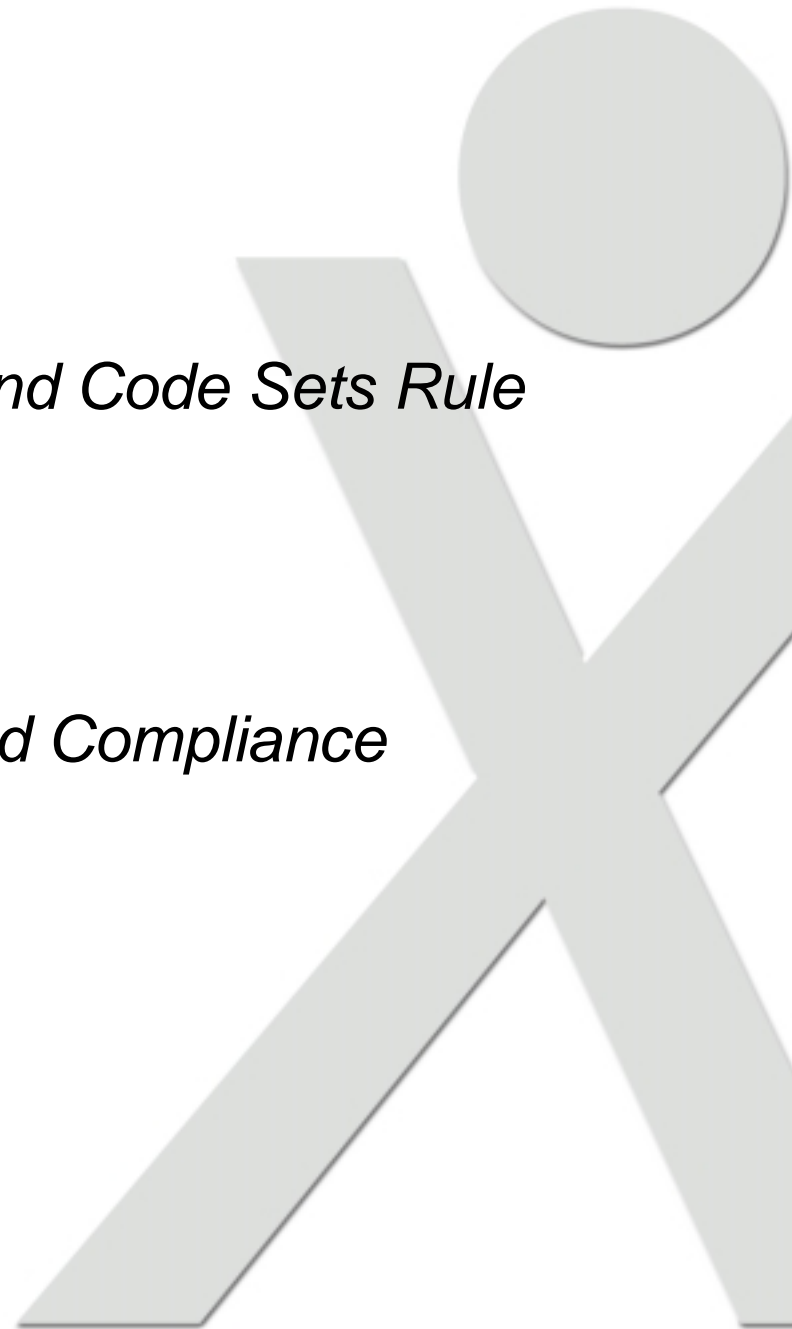
- *Define enterprise wide EDI approach*
- *Conduct a comprehensive analysis:*
 - *Evaluate transactions and code sets currently in use*
 - *Identify information systems and feeder systems*
 - *Identify clearinghouse partners*
 - *Evaluate risks*
 - *Begin discussions with vendors, business partners*
 - *Review contracts*
 - *Identify process changes necessary*

Planning for Implementation & Compliance Next Steps (continued)

- *Select implementation recommendations based on alternatives identified during analysis phase*
- *Develop transition and conversion plans*
- *Establish training plan*
- *Establish monitoring and reporting mechanisms*

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Planning for Implementation & Compliance Issues

- *Implementation sequencing**
- *Testing**
- *Inconsistencies**

**Identified by AFEHCT*



Remaining Issues

Those not yet resolved in final rule

- *Compliance assessment and enforcement*
- *Applicability to paper transactions and other entities*
- *Lack of privacy legislation*

HIPAA Web Sites

- *HIMSS HIPAA Source (Health Information Management Systems Society)*
 - *<http://www.himss.org>*
- *HIPAAAdvisory (Phoenix Health Systems, Inc.)*
 - *<http://www.hipaadvisory.com>*
- *DHHS Administrative Simplification*
 - *<http://aspe.os.dhhs.gov/admnsimp>*
- *Washington Publishing Company*
 - *<http://www.wpc-edi.com/hipaa/>*
- *AFEHCT (Association for Electronic HealthCare Transactions)*
 - *<http://www.afehct.org>*