HIPAA

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An Overview of EDI and the Origins of HIPAA

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Administrative Simplification

Healthcare Insurance Portability and Accountability Act

Privacy   Security

What is H I P A A About?

- HIPAA is all about Standards!

- Standards for automating the business process of Claims Administration

- Standards for the security and confidentiality of Health Information

Mars Polar Lander

Eliminating Paperwork

- **A Decades-Old Quest**
  - **1950s First Steps**
  - **1960s Tape-based standards**
  - **1970s Industry-Specific Standards**
  - **1980 Cross-Industry Standards**
  - **1990s EDI evolves into EC**
  - **2000s Stay Tuned!**

Let's Define Our Terms

- **Electronic Data Interchange:**
  - The exchange of computer-processable data in a standardized format between two enterprises.

- **Electronic Commerce:**
  - Any use of a variety of technologies that eliminate paper and substitute electronic alternatives for data collection and exchange. Options include Interactive Voice Response, Fax, Email, Imaging, Swipe Cards and multiple Web-based Internet tools.

EDI and EC: A Place for Both

- **EDI**

  – **Standards-based data exchange - the foundation of quality transaction processing.**

  – **System to system exchanges of highly *structured* data.**

- **Electronic Commerce:**

  – **Multiple ways to communicate unstructured data.**

  – **People-to-system or people-to-people exchanges.**

What Standards?

- **What is ANSI?**
  - **American National Standards Institute**
  - **Since 1917 the only source of American National Standards**

- **What is ASC X12**
  - **Accredited Standards Committee X12, chartered in 1979**
  - **Responsible for cross-industry standards for electronic documents**

Healthcare EDI/EC

- Medicare practices and procedures created today's electronic claims processes.

- Claims clearinghouses arose to meet the mapping and editing needs of providers and commercial claims payers.

- Medicaid's practices and procedures created today's electronic eligibility processes.

Administrative Simplification

• New England Journal of Medicine article claims 19-24% of US Healthcare Costs are Administrative.

• Private Sector Response - the Bush Administration and WEDI.

1993 WEDI Recommendations

• **To automate the claims process will require:**

- **Standards for key Employer-Health Plan data exchanges.**
- **Standards for key Payer-Provider data exchanges.**
- **Uniform Code Sets**
- **National Identifiers**
  - **Patient**
  - **Provider**
  - **Payer**
  - **Employer**

1993 WEDI Recommendations

• **National Guidelines to preempt state standards**
- •Signatures
- •Security

• **The Clinton Reform Initiative incorporated many of the WEDI recommendations with some embellishments.**

•**Support for Administrative Simplification survived the death of the Clinton Healthcare Reform Initiative**

Privacy

The "leak" of the HIV Positive Diagnosis led to an alarmed public and a series of hearings on Privacy.

• Bipartisan consensus on administrative simplification found its expression in HIPAA legislation of 1996. WEDI recommendations were incorporated with additional requirements related to Privacy.

1996-2001 Waiting for Rules

- **National Committee on Vital Health Statistics**
  - DHHS charged NCVHS to hold hearings on:
    - Transaction Standards
    - Code Sets
    - Identifiers

- **Security and Privacy Proposed Rules**
  - Proposed Security Guideline 8/98
  - Transaction and Code Set Final Rule 8/00
  - Privacy Final Rule 12/00

Security

- **"Protected Health Information"**
  - **individually identifiable that has ever been:**
    - **electronically transmitted**
    - **electronically stored**
- **Administrative procedures**---documented general practices for establishing and enforcing security policies

- **Physical safeguards**---documented processes for protecting physical computer systems, buildings, and so on

- **Technical security services**---processes that protect, control, and monitor access

- **Technical security mechanisms**---mechanisms for protecting information and restricting access to data transmitted over a network
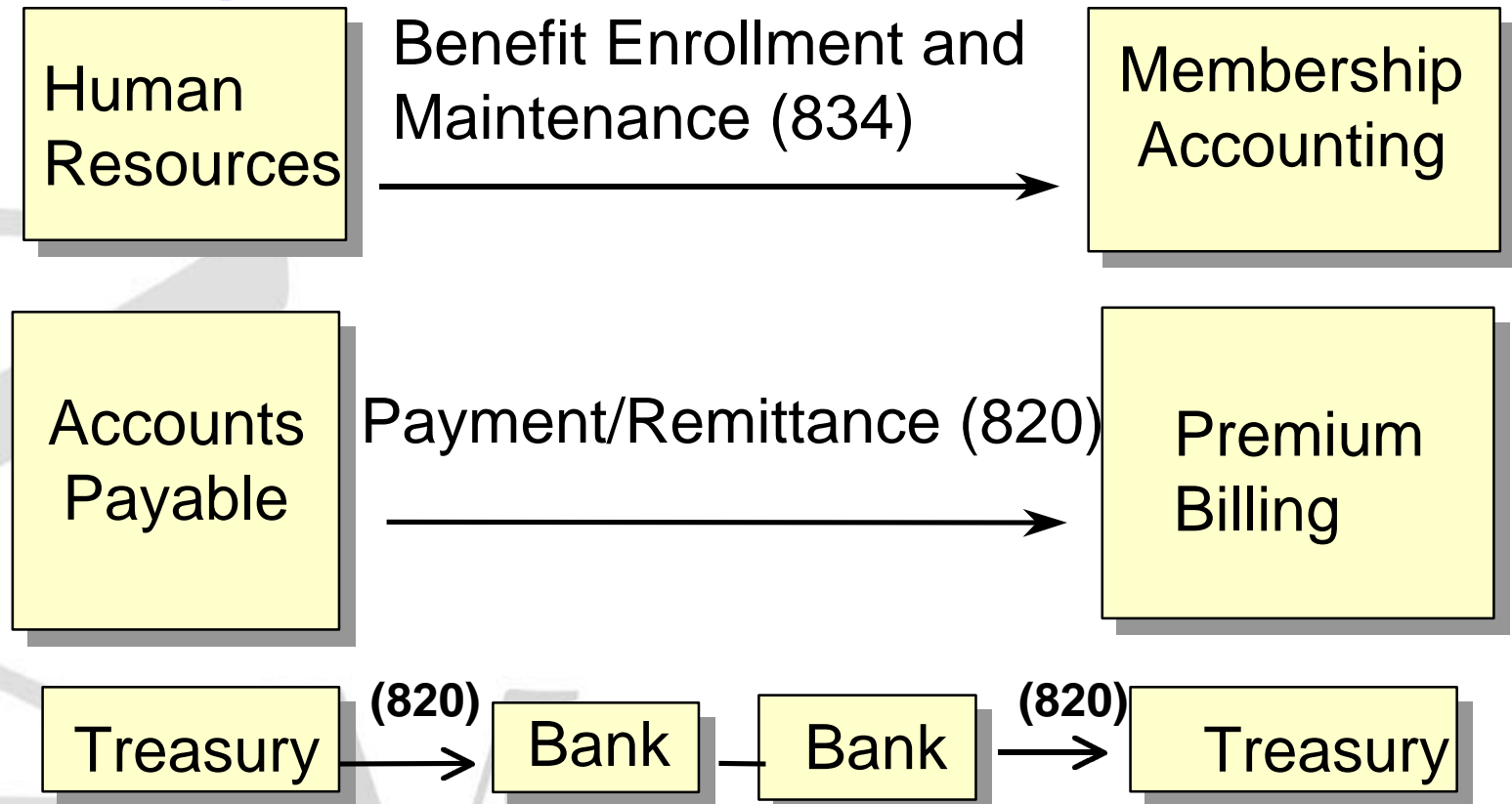
Security/Privacy

- **Security rules deal with how data is stored and accessed.**

- **Privacy rules deal with how and to whom data is disclosed.**

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Employer/ Plan Sponsor

Health Plan

| Human Resources | Benefit Enrollment and Maintenance (834) → | Membership Accounting |

| Accounts Payable | Payment/Remittance (820) → | Premium Billing |

| Treasury | (820) → Bank — Bank (820) → | Treasury |

The Claims Process

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Provider

Payer

| Admitting | → Eligibility Inquiry (270) → | Verification Function |
| | ← Eligibility Response (271) ← | |

| Utilization Review | → Certification Request (278) → | Utilization Review |
| | ← Certification Response (278) ← | |

Billing and Collections	→ Claim/Encounter (837) →	Claims Processing
	→ Status Inquiry (276) →	
	← Status Response (277) ←	
	← Payment/Remittance (835) ←	

| Treasury | ← (835) ← Bank — Bank (835) | Treasury |

Providers Achieve High ROI

- **EDI Eligibility**
  - Will reduce days in AR, bad debt and labor expense.

- **Authorization**
  - Will automate 80% of referral transactions.

- **Claims Submission**
  - Will enable widespread payer adoption of EDI claims receipt.

- **Claims Status**
  - Automated claims tracking will be a reality.

- **Claims Payments**
  - Will automate posting and closing of Accounts Receivable.

Where Are We Now?

- **Claims Administration will move into the mainstream of Corporate Electronic Document Exchange.**
  - ASC X12 and other standards bodies can help move the industry to long sought goals of a "networked" healthcare industry.

- **Providers and Payers will adopt improved Security practices to keep patient information confidential**
  - Internet security guidelines will also allow the E-commerce revolution to find applications in healthcare.