

# Achieving HIPAA Compliance



## *A Case Study for Health Plans*

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# Overview

- **The context for HIPAA at Kaiser Permanente**
- **Business areas impacted by HIPAA**
- **KP's HIPAA Program**
- **HIPAA's opportunities**
- **General HIPAA challenges**
- **Privacy regulations challenges**
- **Security regulations challenges**
- **EDI /Code Set challenges and solutions**
- **Accomplishments**
- **Next Steps & what we've learned**

# The KP Context

- **8 million members - 9 states and Washington DC**
- **Health plans and providers**
- **Prepaid group practice**
- **Generally not claims-based**
- **Multiple regions, multiple medical groups**
- **Variations in systems and procedures among regions/medical groups**
- **Within a region - commonly owned systems and data**

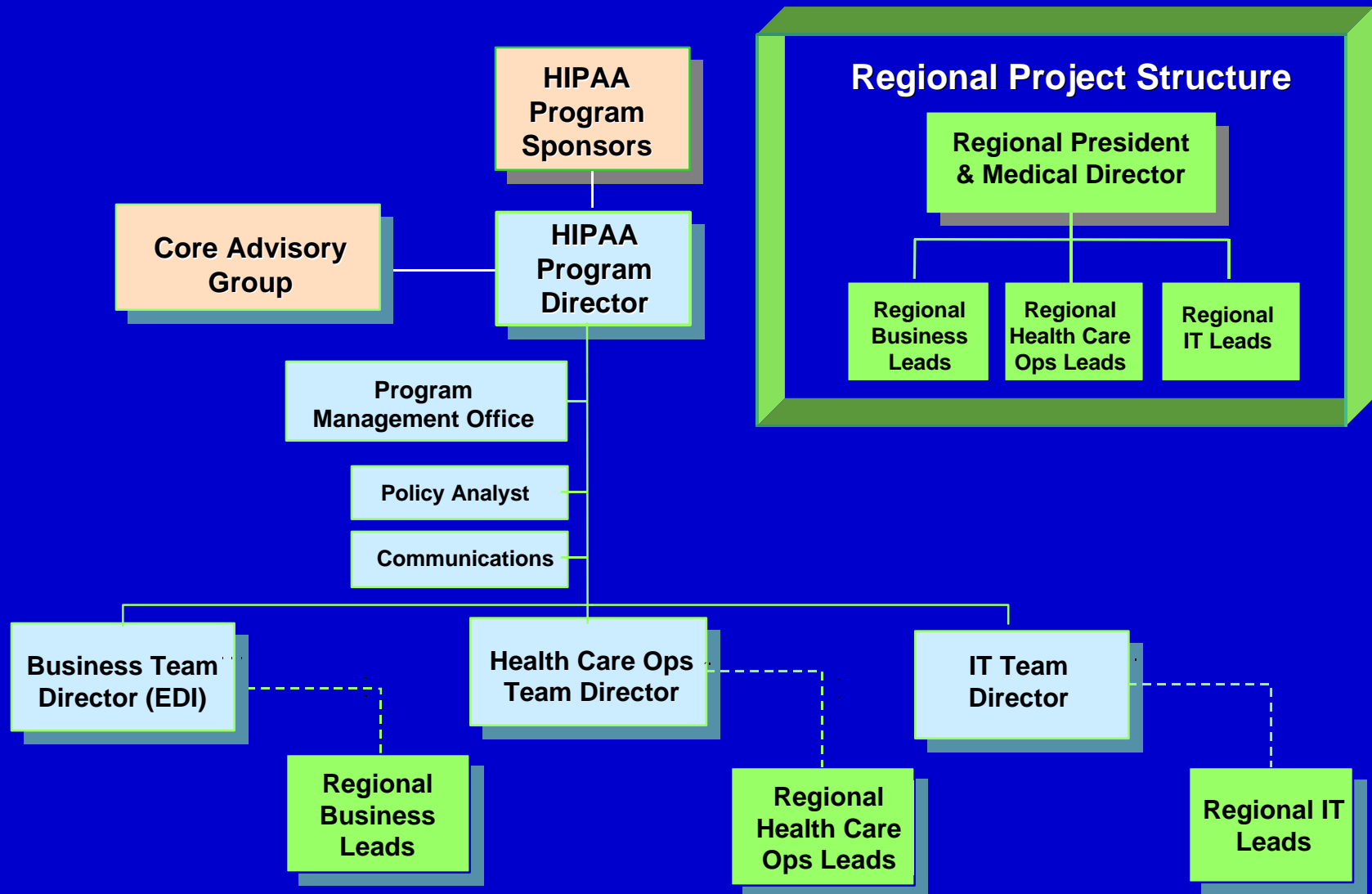
# HIPAA's Impact at KP



# **KP's HIPAA Program**

- **National sponsorship from: Health Plan, Hospitals, Medical Groups and IT**
- **Regional sponsorship from: Regional Health Plan Presidents, Medical Directors**
- **Multi-disciplinary core advisory group**
  - **Legal and Government Relations**
  - **Internal Audit**
  - **Public Affairs**
  - **IT Security**
  - **Health Care Operations**
  - **Labor Relations**
  - **Others as needed**

# National Team Organization



# HIPAA Opportunities for Health Plans

- Sets stage for e-Business
- Provides impetus for consolidation of systems and process
- External deadlines impose structure
- Sets baseline for security and privacy safeguards
- Promotes good business practices

*The good news is, the direction makes sense*



# **HIPAA Challenges for Health Plans**

- **Respondents to AAHP-FCG survey say most daunting challenges for health plans are:**
  - **organizational readiness**
  - **security/confidentiality**
  - **staff resources/necessary skill sets**
  - **funding availability**
- **“Least important is the ability to demonstrate return on investment.”**
- **“Overall, respondents are quite confident about meeting the listed challenges.”**



# Challenges for KP: Privacy Regulations

- **Getting consent as an “organized health care arrangement”**
  - what about former members?
  - members who haven’t come in for care?
- **Tracking consent, effective date, revocation**
- **Effectively and efficiently tracking disclosures**
- **Minimum necessary - how to use subset of paper or electronic chart**

# Challenges for KP: Security Regulations

- **Estimating/securing resources prior to final regulations (probably most costly area of HIPAA)**
- **Understanding our current situation (i.e., multiple regions and varying policies)**
- **Developing a baseline assessment of what we already do and don't do**
- **Assessing risk and making policy decisions**
- **Finding security officers**
- **Adding an audit trail**
- **We have:**
  - **a National Director for Confidentiality & Security**
  - **a security matrix which provides a general framework**
  - **confidentiality measures in place**

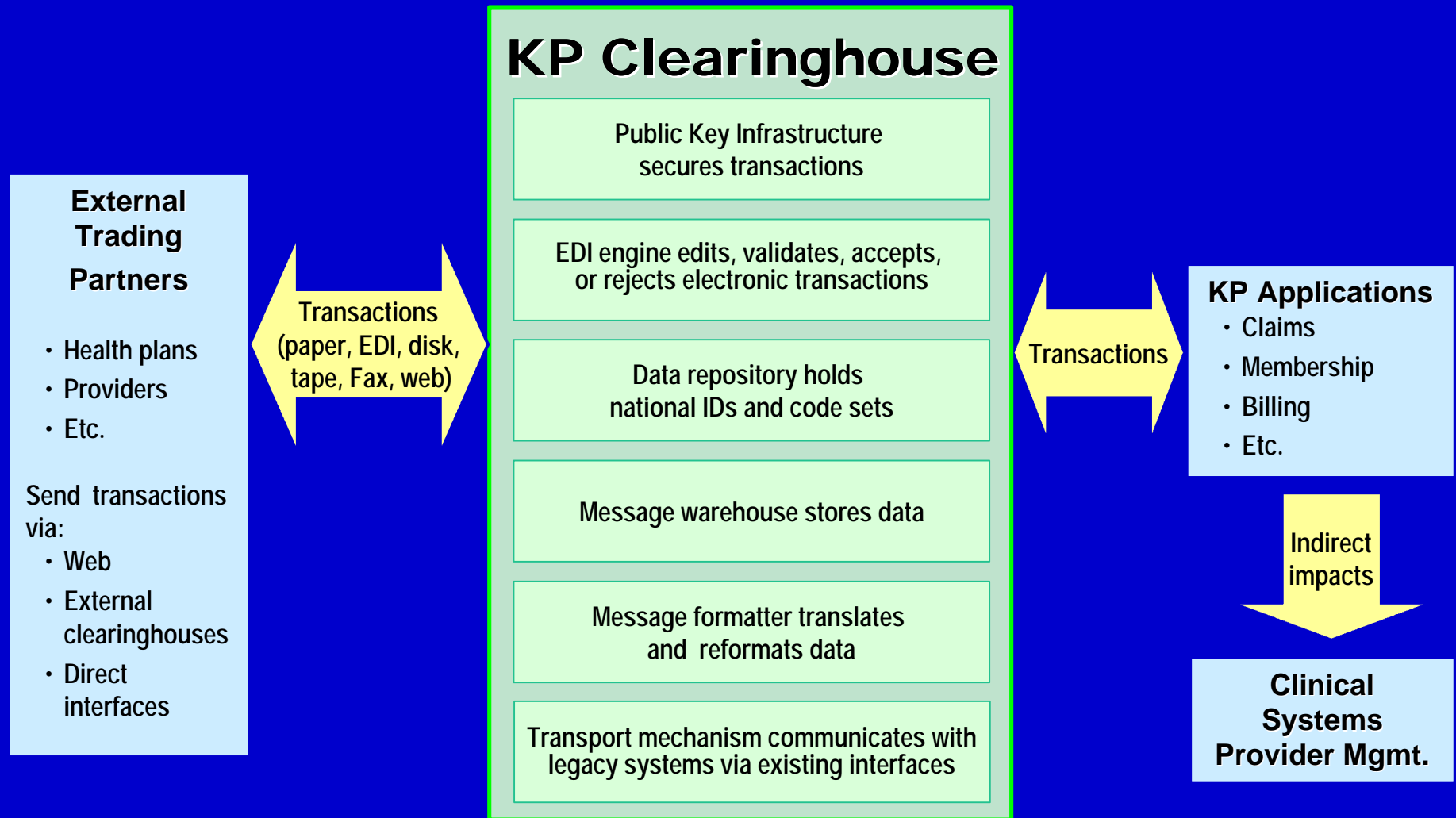
# **Challenges for KP: EDI/Code Set Regulations**

- **Recognizing the benefits and planning broadly enough to achieve them**
- **Integrating with ongoing efforts (e.g., e-business)**
- **No easy answers for complex organizations with legacy systems:**
  - **replace legacy systems with HIPAA compliant**
  - **modify legacy systems to become HIPAA complaint**
  - **modify incoming and outgoing transactions to be compliant in a separate “application”**
- **Explaining the approach to sponsors and others in sound bites**
- **Identifier requirements still in draft form**

# **KP Will Use a Hybrid Approach**

- **Modify applications as needed**
- **Use a “clearinghouse” or “set of shared utilities” to translate transactions**
- **Some potential advantages:**
  - **Customizes solutions for KP’s unique circumstances**
  - **Provides EDI, transaction translation, data mapping, and audit capabilities**
  - **Enables receipt and sending of HIPAA-compliant EDI transactions from new and legacy systems**
  - **Secures transactions**
  - **Flexible and evolutionary**
  - **Reduces redundant solutions**

# Clearinghouse Utility for Achieving HIPAA Compliance: *A Conceptual View*



# **What Has KP Accomplished?**

- **Assessed high-level impact of proposed and Final Rules**
- **Developed and launched awareness campaign**
- **Built a national project team**
- **Selected leads for business, health care operations and IT in each region**
- **Secured national and regional sponsorship**

**and...**

## **...We Have Also**

- **Studied related initiatives**
- **Developed proposed budget and timeline**
- **Conducted high-level analyses resulting in: applications inventory, security matrix, clearinghouse design and more**
- **Identified potential IT and business/health care operations solutions**
- **Developed intranet site for internal communication and document access**

# **What are KP's Next Steps?**

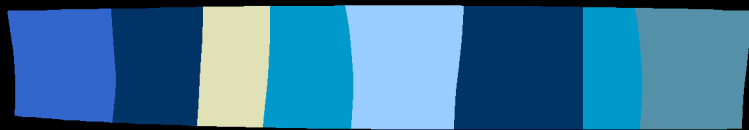
- **Interpreting and assessing the impact of final privacy regulations; planning work effort**
- **Validating EDI approach - data mapping, business requirements, clearinghouse design deliverables (by 3/31/01)**
- **Evaluating vendor packages, working with vendors**
- **Planning our third KP national summit for national team and regional leads**
- **Linking with other KP initiatives (e.g., national CIS system, member web site)**
- **Establishing an internal review process**



# What Have We Learned?

- **Broad-based sponsorship is key to success**
- **Professional and trade associations can help (e.g., in advocating, comparing state laws to HIPAA)**
- **The “energy” of HIPAA can drive business decisions**
- **HIPAA must be integrated with ongoing activities (e.g., vendor upgrades and training)**
- **Securing funding is difficult when regulations are still in “proposed” form**
- **Identifying and quantifying benefits is important to sustaining organizational support**

# Questions?



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