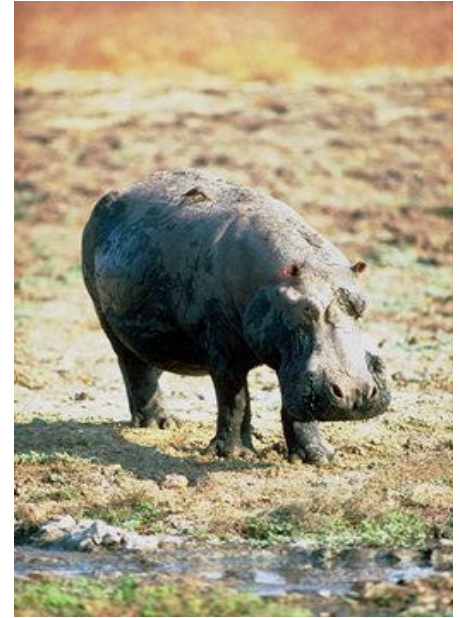# Cutting the Cost of HIPAA Compliance and Realizing the Benefits

Presented By:

Steven S. Lazarus, PhD, FHIMSS

Boundary Information Group

4401 South Quebec Street, #100

Denver, CO 80237

(303) 488-9911 sslazarus@aol.com

www.boundary.net

www.hipaainfo.net

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BOUNDARY INFORMATION GROUP (BIG)

- **Virtual Consortium of Health Care Information Systems Consulting Firms**
- **Founded 1995**
- **Internet-Based**
- **Company website: www.boundary.net**
- **BIG HIPAA Resources: www.hipaainfo.net**
- **Senior Consultants with HIPAA Leadership Experience Since 1992**
- **Clients include:**
  - **Hospitals and multi-hospital organizations**
  - **Medical groups**
 - **Health plans**
  - **Vendors**

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WEDI

- **Founded 1991**
- **Nonprofit Association**
- **Consumers, Government, Mixed Payer/Providers, Payers, Providers, Standards Organizations, Vendors -- 165 organization members**
- **Named in 1996 HIPAA Legislation as an**
- **Advisor to the Secretary of DHHS**
- **Website: WWW.wedi.org**
- **Strategic National Implementation Process (SNIP)**
- **Steven Lazarus, WEDI Chair**

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WEDI MISSION

- **To foster widespread support for the adoption of electronic commerce within healthcare**

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FUNCTIONAL RELATIONSHIPS

WEDI Board

WEDI Foundation

Committees

Policy Advisory Groups

SNIP
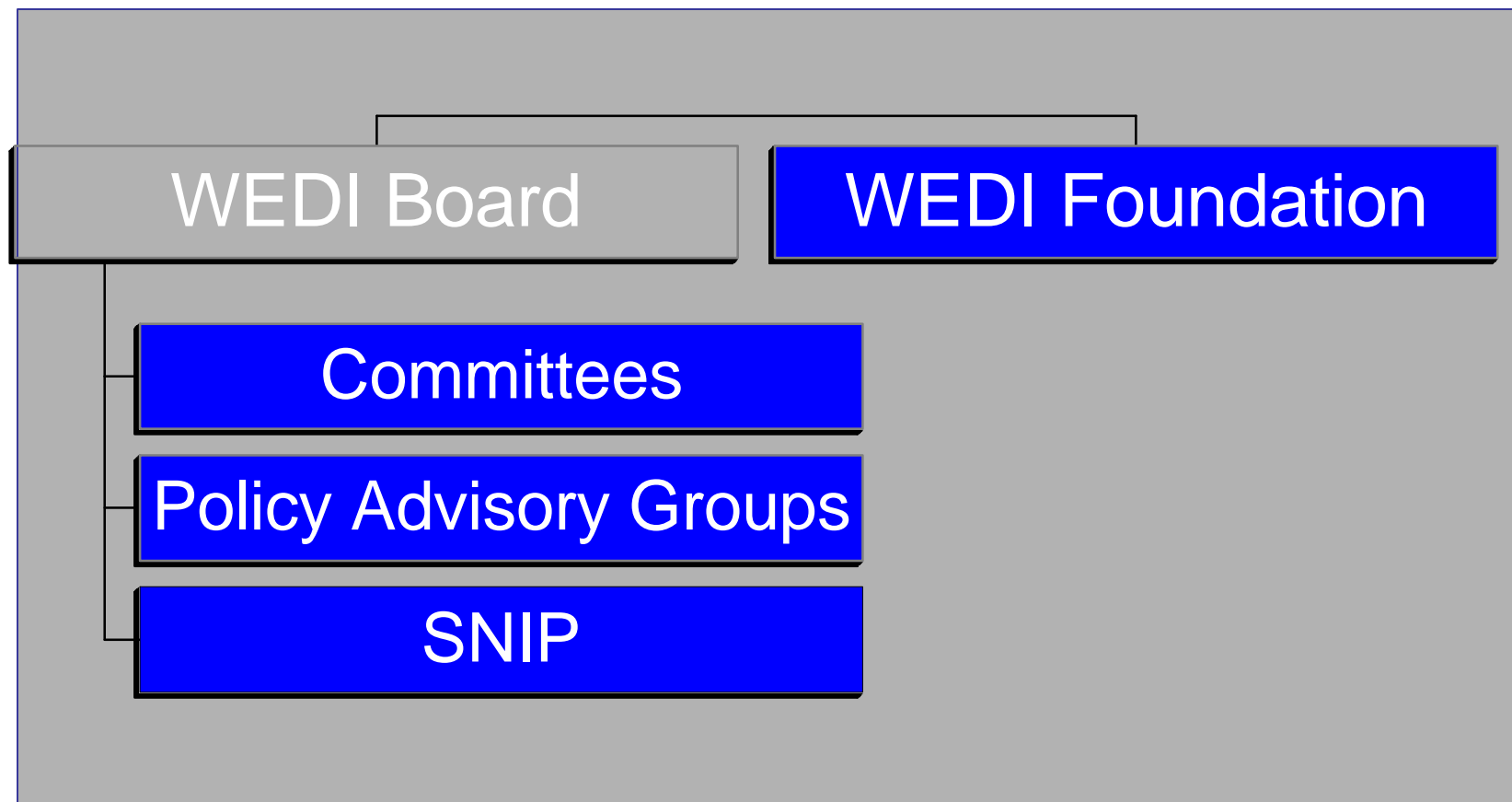
WEDI POLICY ADVISORY GROUPS (PAGs)

- **Develops industry consensus recommendations to WEDI Board and DHHS**
  - **Pre NPRM**
  - **NPRM**
  - **Initial Final rule**
  - **Other (e.g., periodic meetings with DHHS)**
- **Next PAG: Attachments Pre-NPRM, April 17, 2001**
- **Future PAGs:**
  - **Security Final Rule**
  - **Identifier Final Rule**
  - **Health Plan Identifier NPRM**

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WEDI SNIP

- **Develops industry consensus for HIPAA implementation**

- **Includes over 70 volunteers in leadership positions**

- **Has 2000 plus participants on the LISTSERV**

- **Presents and receives HIPAA implementation advice through www.wedi.org/snip and conferences**

- **Reaches to local areas through 40 regional SNIPs**

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SNIP DELIVERABLES

- **White papers**
- **Audio conferences**
- **Quarterly WEDI SNIP conferences**
- **Other Forums**
  - **25 WEDI and WEDI SNIP Leadership presenters at this conference**

STANDARDS FOR ELECTRONIC TRANSACTIONS AND CODE SETS

- **Health Claims or equivalent encounter information**
- **Enrollment and Disenrollment in a Health Plan**
- **Eligibility for a Health Plan**
- **Health care payment and remittance advice**
- **Health Plan premium payments**
- **First Report of Injury**
- **Health Claim status**
- **Referral certification and authorization**
- **Health Claim attachments**
- **Coordination of Benefits**
- **NCPDP for Retail Pharmacy**

MAJOR PROVIDER BENEFITS

- **Reduce staff in business office and registration**
- **Reduce IS support for interface engine and EDI communication**
- **Reduce staff that manage enrollment, referral, and eligibility by phone and paper**
- **Collect most accounts at time of service; health plan and sponsor payments possible within ten days.**
- **Reduce bad debt**
- **Protection of information resources**
- **Standard security/privacy policies and procedures**

QUICK AND DIRTY HIPAA ADMINISTRATIVE SIMPLIFICATION
BENEFIT CALCULATION ESTIMATOR

Assumes Implementation of all Standard Transactions, Code Sets
and Identifiers, Excluding Implementation and Operations Cost

	(1) Number of Staff	(2) 50% of (1)	(3) Salaries, benefits & overhead for (2) per year

1. Business Office
    -- Staff posting paper insurance
        remittance
    -- Patient and insurance collections
        staff
    -- Error correction and insurance
        rebilling staff			

2. Managed Care Coordination
    -- Precertification/
        preauthorization staff
    -- Eligibility and benefit verification			

3. Cash to bottom line
    -- Patient bad debt in dollars x 25%
    -- 25% Insurance denials for lack of
        preapproval or timely filing
    -- 50% of postage and fees for
        patient statements
	N/A	N/A	

Total annual operation saving potential (excluding EDI setup and transaction fees)	N/A	N/A	

"BIG" Estimated Transactions and Code Sets Benefits for Hospitals

- **Sample Demographic**
  - **16 Hospitals (CA and NV)**
  - **1,407 hospital beds**
  - **$1B in revenue ($62M average)**
- **Average Annual Savings**
  - **$1.1M per hospital**
  - **$2.4% percent of revenue (range 0.9% to 7.5%)**
- **Five Year Impact (assume four years of benefits)**
  - **$4.4M per hospital (excluding costs)**
  - **$1.2M in the business office**

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"BIG" ESTIMATED TRANSACTIONS AND CODE SETS BENEFITS FOR 16 HOSPITALS
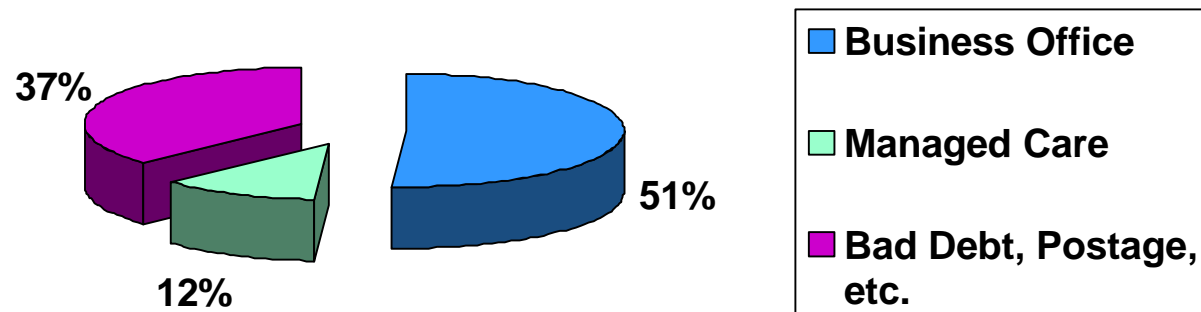
- **Business Operations Savings Areas**
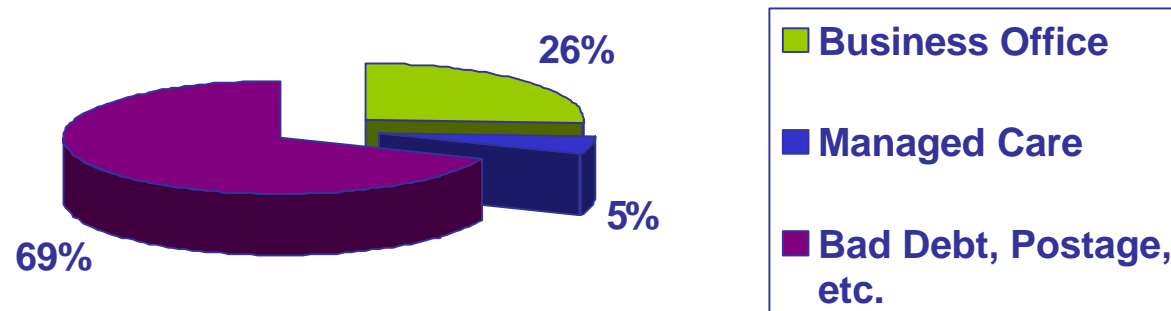
26%

- Business Office
- Managed Care
- Bad Debt, Postage, etc.

5%

69%

- **Business Office Benefit Sources**
  - **Increased electronic claims**
  - **Electronic remittance**
  - **Eligibility (registration)**
- **Improve Collections Policy and Practice**

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"BIG" ESTIMATED TRANSACTIONS AND CODE SETS BENEFITS FOR MEDICAL GROUPS

- **Sample Demographics**
  - **20 medical groups**
  - **19 groups of 8 or more physicians**
  - **1000 physicians**

- **Average Annual Savings (excluding cost)**
  - **$360,000 per medical group**
  - **$7,200 per provider**
  - **2.9% of revenue (range 0.6% to 6.0%)**

- **Five Year Impact (assume four years of benefits)**
  - **$1.4M per medical group**
  - **$0.7M in the business office**

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"BIG" ESTIMATED TRANSACTIONS AND CODE SETS BENEFITS FOR 20 MEDICAL GROUPS

- **Business Operations Savings Areas**

■	Business Office
■	Managed Care
■	Bad Debt, Postage, etc.

37% 12% 51%

- **Business Office Benefit Sources**
  - -- Increased electronic claims
  - -- Electronic remittance
  - -- Eligibility (registration)

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THE MAJOR PAYER BENEFITS

- **Reduce staff that process employer/sponsor premiums**
- **Reduce staff that manage enrollment, referral, and eligibility by phone and paper**
- **Reduce rejected claims with eligibility, coding, and timely referrals**
- **Reduce subscriber inquiries**
- **Protection of information resources**
- **Standard security/privacy policies and procedures**
- **Lower the cost for business operations collaboration opportunities with other payers**

ACHIEVE THE SAVINGS BY:

- **Take an enterprise approach**
- **Implement E-health (e-commerce)**
- **Change collections/adjudication policy and practice**
- **Change workflow**
- **Use the SNIP industry consensus white papers**
- **Participate in national and local SNIP**
- **Share lessons learned**

FOR MORE INFORMATION

- **WEDI: www.wedi.org**
- **DHHS/HIPAA:**
  aspe.os.dhhs.gov/admnsimp
- **BIG HIPAA:**

  www.hipaainfo.net