HIPAA’s Applicability to Self-Insured Employers

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What is REAL Health?

- Regional Employer Alliance (REAL) on Health
  - Originally Three West Michigan Employer Coalitions
    - Grand Rapids
    - Holland
    - Muskegon
  - Coalitions merged to REAL Health – July, 1999
What is REAL Health?

- Thirteen (13) West Michigan Counties
- 93 Member Employers
- 65,000+ Employees
- Member, National Business Coalition on Health (NBCH)
Why Employer Coalitions?

- Health care costs skyrocket (late ‘80s, early ‘90s)
- Perception that quality has decreased
- System is broken
  - Deaths from medical errors
  - Inefficiencies in the system (lost medical records, claims chasing, illegible scripts, lack of provider communication)
Why Employer Coalitions?

• To meet the needs of healthcare purchasers
  – “Managed Care” has failed
  – Negotiating for deeper discounts has failed
• To create an environment where the purchase of healthcare is based on VALUE

Value = \frac{Quality}{Cost}
Here’s How We Did It

• Created Value Purchasing Organization (VPO™)
• Developed level playing field fee schedule
• Negotiated Direct Contracts with Providers (partnership with MultiPlan)
• Established central claims clearinghouse
Here's How We Did It

• Implemented Performance Measurement System (partnership with Solucient)
  - Gather all claims (in- and out-of-network) data
  - Measure cost and quality of services
  - Partner with providers in use of data to drive quality improvement initiatives
  - Hold providers accountable
Current Situation

- Largest provider network in West Michigan
- National MultiPlan Wrap
- 14,000+ employees/33,000+ members
- Performance Measurement
- Provider Partnership Committee
REAL Health VPO™

Providers — REAL Health — Employers

- Claims Switch
- Claims Repricing
- Claims Warehouse (MultiPlan/WPPN)

TPA 1 — Insurer — TPA 3

Performance Measurement (Solucient)
REAL Health VPO™

Providers → REAL Health → Employers

Claims Switch
Claims Repricing
Claims Warehouse (MultiPlan/WPPN)

TPA 1 → Insurer → TPA 3

Performance Measurement (Solucient)
Did we say claims data?
Before HIPAA

- Multiple standards for storing, processing, communicating and securing data
- Lack of standard data format a barrier
- Over 450 different electronic claim formats
- Lack of transaction uniformity among existing standards
HIPAA’s Focus

- Standardize electronic formats and transactions
- Encourage electronic processing
- Establish privacy guidelines
- Establish security guidelines
  - Data integrity, confidentiality, availability
  - Protection against unauthorized access
  - Provision for electronic signatures
Employer Benefits

- Reduced paperwork
- Improvements in eligibility processing
- Improvements in claims processing
- Improvements in both areas means:
  - less administrative time spent by the Plan Administrator
  - better data
  - $ savings
HIPAA - Transaction Standards, Codes & Identifiers (TCI)
TCI - Transactions

• All Large Health Plans and Clearinghouses required to comply
• Clearinghouses may accept nonstandard transactions for the purpose of translating into standard formats and vice versa.
• All providers submitting electronic transactions must comply with EDI standard
• ERISA plan is a covered health plan under HIPAA
TCI – EDI Paths

**PROVIDER**
- Registration/Admitting
- UR Case Management
- Patient Accnt/Collections
- Finance

**PAYER (ERISA PLAN)**
- Member Eligibility
- UR Case Management
- Claims Processing
- Finance

**EMPLOYER**
- Enrollment 834 content

Electronic Data Interchange (EDI)
TCI Implications

Effective TCI connectivity improves the speed and uniformity of many core administrative processes

**Member Demographics**
- Decrease time to collect/update member info
- Improve quality of member information
- Decrease member liability by maximizing collections

**Provider Adjudication**
- Maximize co-pay & deductible payments
- Improve collections & maximize COB with 3rd parties
- Decrease denials

**Health Plan Processing**
- Automate manual processes
- Decrease time to conduct transactions
- Decrease duplicate tasks
- Enable intelligent processes by working exceptions
TCI Impact on Employers

• Minimizes duplication
• Creates opportunities for savings
• Creates opportunities for re-engineering claims processing
• Creates opportunities for fitting alternative benefit services
• Improves delivery & efficiency of healthcare delivery
Opportunities for Change

ERISA Plan Structure

Network Management
- Network
- Contracts
- Credentials

Eligibility & Claims
- Claims Review
- Repricing
- Adjudication

UR Management
- Pre Cert
- Quality Review

Perform. Measure.
- Plan Performance
- Provider Performance

Marketing & Member Relations
- Member Complaints

Marketing & Member Relations

Network Management

Eligibility & Claims

UR Management

Perform. Measure.

Marketing & Member Relations
Barriers to Implementation

- Standards dependent on consistent policies, practices and technologies
- Actions of one business associate may generate liabilities for others
- Sloppy planning and implementation by one may be costly to all.
Employers’ Concerns

- Providers not obligated to implement TCI standards if stay with paper
- Providers have no direct incentives to convert
- Erodes efficiencies HIPAA is designed to deliver
- Compromises cost savings
HIPAA - PRIVACY
Privacy

Issue: Not what information you have, but how you distribute it.
Self-Insured Obligations

• Self-insured Employers not Covered Entities…their ERISA Plans are.

• Self-insured Employers not considered Business Associates
Self-Insured Obligations

- Privacy rule creates specific obligations & limits Protected Health Information (PHI)
- ERISA plans prohibited from using PHI to discriminate against an individual based on eight protected health factors
Protected Health Information (PHI)

- Names
- All geographic subdivision smaller than States
- All elements of Dates excluding year
- Telephone numbers
- Fax numbers
- Electronic mail addresses
- Social security numbers
- Medical record numbers
- Health plan beneficiary numbers

- Account numbers
- Certificate/License numbers
- Vehicle identifiers
- Device identifiers and serial numbers
- WEB universal resource locator (URL)
- Internet protocol address number (IP)
- Biometric identifier
- Any other unique identifying number, characteristic, or code
Protected Health Factors

- Health status
- Medical condition
- Claims experience
- Receipt of health care
- Medical history
- Genetic information
- Evidence of insurability
- Disability
PHI Disclosure

To permit the disclosure of PHI to an Employer by an ERISA Plan:

• Certification by the employer
• Amend Summary Plan Document & share PHI data for designated purpose
• Provide disclosures to member participants
PHI Employer Certification

• Prohibit use or disclosure of PHI other than as permitted by the Summary Plan Document
• Ensure subcontractors and/or agents which receive PHI are Business Associates
• Preclude use of any PHI in employment-related decisions
• Report to ERISA Plan any impermissible use or disclosure
• Make available to plan participants an accounting of the plan’s disclosures of PHI as provided in the Privacy rule
• Identify permitted and required uses and disclosures of PHI by the ERISA Plan
• Identify all employees or classes of employees to whom PHI may be disclosed
• Restrict plan administrative functions performed by employer to those named in plan
• Create mechanism to resolve issues of non-compliance by designated persons
PHI – ERISA Plan may...

- disclose PHI to Employer for defined administrative functions only
- not disclose PHI to Employer for employment-related decisions
- provide summary health information to plan sponsor for purpose of obtaining premium bids on health insurance
- provide notice of privacy practices
Administrative Requirements

- Designate a Privacy Official to manage HIPAA
- Institute and document policies and procedures to comply with Privacy rule
- Train and document employees on all PHI policies and procedures
- Have in place appropriate administrative, technical and physical safeguards to protect privacy of PHI
- Apply and document sanctions against workers who violate privacy policies
HIPAA - SECURITY
HIPAA Security Guidelines

Proposed Guidelines
- Assigned Security Responsibility
- Physical Access Controls
  • Facility security plan
  • Media control
  • Authorization procedures
  • Visitor escort policy
- Workstation & Laptop Use
  • Physical access
  • Security software/hardware controls
  • Encryption
- Security Awareness Training
- Gap Analysis
REAL Health Situation

Providers

REAL Health

Employers/Employees

Claims Switch
Claims Repricing
Claims Warehouse
(MultiPlan/WPPN)

Performance Measurement
(Solucient)

TPA 1

Insurer

TPA 3
REAL Health Goal

- Claims Clearinghouse
- Eligibility
- Payment

Providers

- ANSI 270/271
- 276/277
- 278/148
- 835

Claims Clearinghouse (MultiPlan/WPPN)

Employer

- ANSI 834

TPA

- ANSI 834

ERISA PLAN
REAL Health Role

Providers – REAL Health – Employers/Employees

• REAL Health
  - Product Management
  - Quality Intervention
  - Reports (employers, providers)
  - WEB Interface (employers, employees, providers)
  - Customer Service
  - ERISA/HIPAA Firewall
And on top of all that... the regulations do not preempt states from introducing more stringent standards... Whew!
HIPAA: Threat or Opportunity

Conventional Wisdom
• HIPAA is a major compliance challenge bigger than Y2K
• Implementation should be delayed as long as possible
• HIPAA compliance is an IT problem
• Trading partner implementation negotiations will be contentious

Opportunistic Perspective
• HIPAA presents an industry-defining opportunity
• Early adopters will achieve benefits sooner
• HIPAA is a business process improvement opportunity
• Trading partner incentives for implementation are aligned
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