


Strategic Thinking in HIPAA  
 ComplianceAdministrative  
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**HIPAA**

**Administrative Simplification:  
 Strategic Thinking  
 in Compliance**

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Purpose of Administrative Simplification

**“To improve the efficiency and effectiveness of the health care system**

- by encouraging the development of a health information system
- through the establishment of standards and requirements for the electronic transmission of certain health information.”

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HHS Required to Adopt Standards:

**Electronic transmission of specific administrative and financial transactions (including data elements and code sets)**

- List includes claim, remittance advice, claim status, referral certification, enrollment, claim attachment, etc.
- Others as adopted by HHS.

**Unique identifiers (including allowed uses)**

- Health care providers, plans, employers, & individuals.
- For use in the health care system.

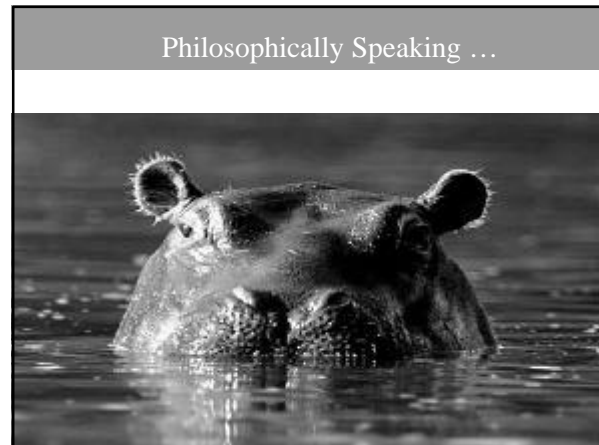
**Security and electronic signatures**

- Safeguards to protect health information.

**Privacy**

- For individually identifiable health information.

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HIPAA Standards Philosophy

**To save money:**

- every payer must conduct standard transactions.
- no difference based on where transaction is sent.

**Standards must be**

- industry consensus based (whenever possible).
- national, scalable, flexible, and technology neutral.

**Implementation costs must be less than savings.**

**Continuous process of rule refinement:**

- Annual update maximum (for each standard) to save on maintenance and transitions.

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Identifiers

**Identifiers should contain no ‘intelligence’.**

- Characteristics of entities are contained in databases, not imbedded in construction of identifier.

**Identifiers should be all numeric.**

- For easy telephone and numeric keypad data entry.

**Identifiers should incorporate an ANSI standard check digit to improve accuracy.**

- Exception for Employer Identification Number [EIN].  
 – Already exists and supported.

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**Key Security Philosophy**

**Identify & assess risks/threats to:**

- Availability
- Integrity
- Confidentiality

**Take reasonable steps to reduce risk.**

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**5 Principles of Fair Info Practices**

**Openness**

- Existence and purpose of record-keeping systems must be publicly known.

**Individual Participation**

- Individual right to see records and assure quality of information.
  - accurate, complete, and timely.

**Security**

- Reasonable safeguards for confidentiality, integrity, and availability of information.

**Accountability**

- Violations result in reasonable penalties and mitigation.

**Limits on Collection, Use, and Disclosure**

- Information collected only with knowledge and consent of subject.
- Information used only in ways relevant to the purpose for which the data was collected.
- Information disclosed only with consent or legal authority.

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**Enforcement Philosophy**

**Preemption of state law wherever feasible.**

- not politically possible for privacy.

**Enforcement by investigating complaints.**

- not HIPAA police force -- OCR not OIG.

**“The Secretary will, to the extent practicable, seek the cooperation of covered entities in obtaining compliance”**

**The philosophy is to improve the health care system by helping entities comply, not by punishing unintentional mistakes.**

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**Participate in Rule Making**

**Monitor HIPAA rule making (listservs)**

**Respond to NPRMs**

- reasoned, practical advice to HHS
- about your environment
- Personal responses as well as institutional

**Participate in efforts to share knowledge**

- WEDI and regional/national SNIP
- Professional associations

**Attend/listen to NCVHS hearings**

- Read recommendations to HHS (web site)

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**Implement Ahead of Requirements**

**Primary focus on business drivers**

- secondary focus on regulatory drivers

**Implement philosophy first, then details**

- Information protection is an emerging business imperative
- Remove system dependencies on identifier 'intelligence'

**Standards based inter-system communication**

**Make early decisions about electronic systems to meet documentation requirements**

- e.g., Disclosure accounting,
- Designated record sets,
- Acknowledgement tracking.

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**Implement Likely Regulations**

**Expected rules often transparent before final:**

- security rule,
- TCI addenda,
- NDC code requirement rescission, etc.

**Implement as if you are COVERED ENTITY**

- good BUSINESS ASSOCIATE practice;
- may fall under law in future.

**Hold sales force to products (e.g. policies) that can be supported by standards.**

**Don't expect delays in privacy compliance dates**

**Waiting until last minute always costs more than tweaking solutions implemented 'at leisure'.**

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**Understand & Control Your Data Flows**

**Cost savings in TCI**

- Requires process re-engineering of data flows to get most ROI.

**Privacy, security**

- Inventory of data flow is one of first steps

**Think about data flows and transactions not done electronically now**

- include them in strategic plans for future conversion

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**Consolidate Requirements**

**Approach enforcement from risk management philosophy**

- Good faith efforts and documentation are essential to demonstrate compliance
- Find commonality in lower level implementation projects

**Structure of compliance effort**

- Privacy and security programs should be well coordinated (information protection)
- Same structure, management team, and project support infrastructure
  - Same mechanism to implement all training requirements
  - Consider common responsibility & reporting – CPO, CSO
  - Different experts and operational members
- Integration of new programs into previous compliance efforts
- Partner with legal resources

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**Enable Technology Flexibility**

**Rules will continue to be technology neutral**

- Build/buy most cost-effective technology

**Standards based implementations save money**

- Not a place to compete; proprietary solutions will cost more in end than the revenue they may generate by coercion.
- Participating in SDO activity can give years of warning.
- Consistent, system-wide APIs for services such as security allows flexibility and change without rewrites.
- Eases buy/build decisions.

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**Strategic Thinking Points**

**Participate in Rule Making**

**Implement Ahead of Requirements**

**Implement Likely Regulations**

**Understand & Control Your Data Flows**

**Consolidate Requirements**

**Enable Technology Flexibility**

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**The Cost, Quality, Standards Relationship**

**Standards-based automation of routine functions lowers rate of rising costs (labor).**

- Only possible if accompanied by process redesign.
- Could allow increased investment in clinical IT support.

**Standardized data increases its usefulness for quality improvement studies.**

- Knowing what's best can improve quality, but doesn't prevent error.
- 4<sup>th</sup> leading cause of death: medical errors!

**Standards for clinical information will allow more cost-effective introduction of IT support at point of clinical decision making.**

- Which in turn, will lead to fewer errors, higher quality care, and lower costs (e.g. e-Rx, CPOE).
- NCVHS recommendations for PMRI standards.

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**Resources**

**Administrative Simplification Web Site:**

- <http://aspe.hhs.gov/admsimp/>
  - posting of law, process, regulations, and comments.
- instructions to join Listserv to receive e-mail notification of events related to HIPAA regulations.
- submission of rule interpretation questions.

**Office for Civil Rights Web Site:**

- <http://www.hhs.gov/ocr/hipaa/>
- for privacy related questions.

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**Resources**

**National Committee on Vital and Health Statistics**


- [ncvhs.hhs.gov](http://ncvhs.hhs.gov)

**Centers for Medicare and Medicaid**

- [www.hcfa.gov/hipaa/hipaahm.htm](http://www.hcfa.gov/hipaa/hipaahm.htm)

**Workgroup on Electronic Data Interchange**

- [www.wedi.org](http://www.wedi.org)
- [snip.wedi.org](http://snip.wedi.org)



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