

# ***Physician Organization Strategies In HIPAA Compliance***

*The Fifth Annual National HIPAA Summit*  
**November 1, 2002**

**Robert M. Tennant**

Medical Group Management Association

Department of Government Affairs

WEDI-SNIP Co-Chair

202-293-3450 / [rmt@mgma.com](mailto:rmt@mgma.com)

# Who is MGMA?

- Medical Group Management Association
- Trade association founded in 1926
- Nation's principal voice for medical group practice
- 19,000+ members in 10,000+ group practices nationwide (200,000+ physicians)
- Headquartered in Englewood, Colorado
- Government affairs office in Washington, DC

## **Two key concepts to be discussed:**

- 1. Developing Strategic Partnerships***
- 2. Practical Compliance Strategies***

# **Strategic Partnership #1**

**HIPAA Administrative Simplification**

# **Compliance Strategy**

*Understand the Benefits*

## Why HIPAA?

- Providers are tired of the hassles -- *estimated 400 claim formats*
- They want more efficient office administration -- *current estimate is 10 paper pages per patient encounter*
- Cost Reductions -- *EDI transactions significantly cheaper*

# Why HIPAA?

- Less AR / bad debt -- *declining reimbursements and increased costs*
- Consistent reporting -- *enhanced public health*
- Improved level of Privacy/Security -- *standard set of policies and procedures*

# How can a practice benefit from HIPAA?

- Question: What efficiencies does HIPAA offer the medical practice?
- Answer: Solutions for the five key transactions.
  - Claim submission/COB
  - Remittance
  - Patient eligibility
  - Referrals and authorizations
  - Claim status



## Claim / Encounter: 837

- One format--simplification equals cost savings.
- Reduction in Clearinghouse fees?
- Generally accepted as first transaction to be implemented.

■ Professional



■ Institutional



■ COB

## Claim Payment: 835

- Auto posting of payment = simplified processing
  - Reduced posting errors, no more data entry
  - Plans must explain bundling/unbundling (remittance advice)
  - Direct deposit of payments
  - Includes capitation payments

# Eligibility Request / Response: 270 / 271

## ◆ Plan benefits and co-pay amounts

- According to one study, 30-40% of all claims rejected due to incorrect or missing member id's--and half of these are never resubmitted
- CMA estimates 30 minute average call time for eligibility information
- Real-time, online inquiries will save time and money

## **Eligibility Request / Response: 270 / 271**

With the 270--you can ask the health plans:

- Deductible/copays/coinsurance
- Coverage limits
- In-plan vs out-of-plan benefits
- COB information
- Procedure coverage limits and dates
- Non-covered services and amounts
- Primary care provider information

---

# Referral and Authorization

## Request: 278

- Timely knowledge of coverage of care
- CMA estimates manual referrals cost \$20 (specialists) \$40 (primary care)
- New standard will automate most of the referral transactions and referring provider information exchange
- Reduced referral errors and payer rejects
- Up to 12 specific procedures on each request

# Claim Status

## Pre-HIPAA

- Payers “lose” 10% of submitted claims
- Telephone inquiry too time-consuming
- After 60 days, resubmit unpaid claims
- After 120 days, begin working unpaid claims
- After 180 days, send bill to patient

## Post-HIPAA

- All payers accept claim status inquiry transaction
- After 15 days, submit claim status inquiry on unpaid claims
- Begin working unpaid claims on day 16

## **Other Key Provisions to Implement:**

- **National Provider Identifier**
  - No more proprietary numbers to deal with
  - Health Plans will not be permitted to use any other number
- **Electronic Claim Attachments**
  - Reduced hassle factor
  - Faster payment
  - Includes clinical notes
  - NPRM expected Q1 2003

# **Even Privacy Compliance Can Improve Your Practice!**

- Standard set of policies/procedures
- Standard set of patient expectations
- Protection from federal fines / jail time
- Protection from state level action
- Compliance with accreditation bodies
- Business advantage!



# Strategic Partnership #2

Physicians

# Compliance Strategy

*Develop the Physician /  
Administrator “Team”*

# The Physician / Administrator Team

- Executive (physician) commitment for:
  - Current and future HIPAA budgets (include start-up money)
  - Review of the strategic organizational plan
  - Modification of current policies / procedures
  - Aggressive interaction with key trading partners

## *Moving Physicians Forward Toward HIPAA*

- Physician “buy in” critical to success of HIPAA--make them aware of the potential for streamlining their practice
- Transition period most difficult
- Identify a “spear carrier”
- Changing the “mindset”
  - Getting providers to expect electronic data interchange
  - New identification systems
  - Protecting the data
  - Merging “science” with the “art” of medicine

# Compliance Strategy

Deal with the Financials

## Minimize the cost of compliance by:

- Getting started quickly (don't be last in the vendor /payor/consultant "line")
- Transactions--implement incrementally
- T&CS/Privacy/security--self assess using free or low cost tools
- Have the knowledge to evaluate products/services

## Plan for the worst case scenario!!

- Potential disaster for your practice should there be a significant disruption in cash flow come next October How can you mitigate??
- Set aside cash reserves to handle payment and critical bills
- Establish a line of credit with your bank
- Develop of relationship with a clearinghouse in the event that you must send non-compliant claim or revert (temporarily) back to paper

# Strategic Partnership #3

*Provider Colleagues*



- **It is clear that NO ORGANIZATION will be in full compliance**
- **Understanding this--how can we mitigate the likelihood of liability?**
  - Learn from your colleagues -- NETWORK!
  - Adopt industry “best approaches”
  - Recognize that these mandates are “flexible” and “scalable”
  - Common sense approach to compliance
  - Avoid being an outlier
  - Join a local provider group and Regional SNIP Affiliate

# **Strategic Partnership #4**

*Practice Management System  
Vendors*

# Vendor Readiness issue

*Increasing concern that PMS vendors will:*

1. Not be offering any HIPAA solution

- Out of the health care business
- Insufficient resources to develop new product
- Moved to a new platform / application

# Vendor Readiness issue

## 2. Offering a “HIPAA Ready” solution, not “compliance”

- Concern regarding versions and HHS timing
- Utilizing clearinghouse
- charging fees

# Vendor Readiness issue

3. Offer a “compliance solution” but:
  - May not provide solution to meet October deadline
  - May not be ready to test by April
  - Will only be providing solutions to certain transactions
  - Will be viewing this as an opportunity to gouge providers

# Vendor Readiness

- **New Vendor HIPAA Readiness Directory**
  - Developed by coalition of 14 medical specialty groups, WEDI, NCHICA, and AFEHCT
  - Non-commercial free access site donated by Claredi
  - Self-reported data
  - Increasing number of vendors listed
- **[www.hipaa.org/pmsdirectory](http://www.hipaa.org/pmsdirectory)**
  - Other directories in development
    - Hospital system vendors
    - Clearinghouses
    - Payers

# **Compliance Strategy**

*Contact your Vendor ASAP*

# Vendor Readiness

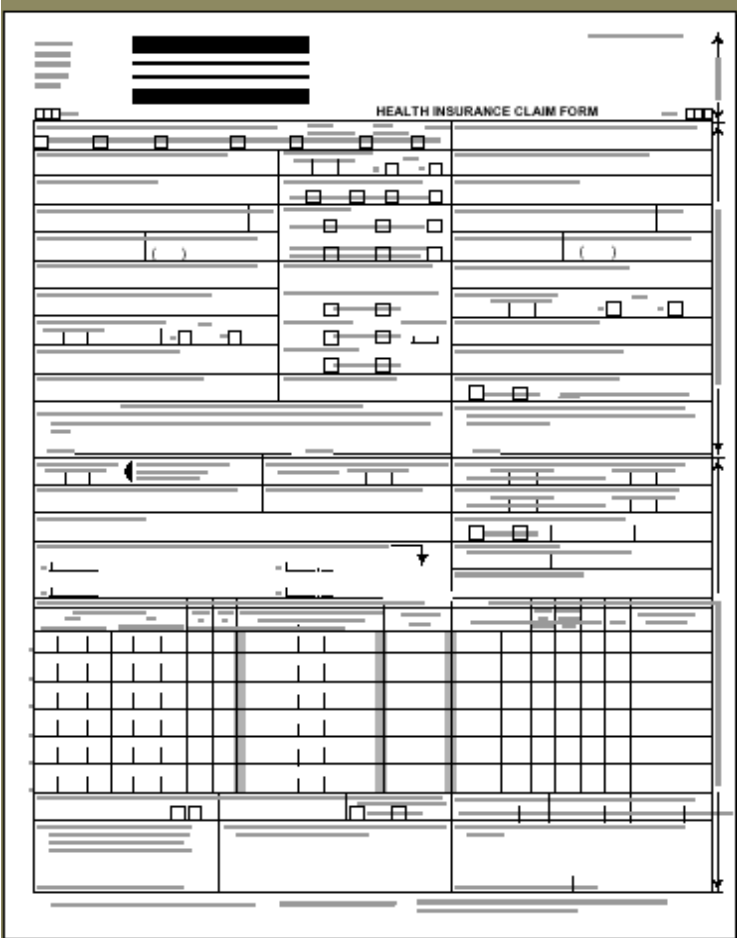
- Write your practice management system / billing system vendor(s). Ask them the following questions:
  - When will you be ready to upgrade my system?
  - Will I require any new hardware?
  - Will you send me a schedule of upgrades and testing?
  - Can I upgrade incrementally?
  - Will my system accept the NPI?
  - Do you offer data mapping?
  - What are the expected costs?
  - Have you been listed in the Directory?



# **Compliance Strategy**

*Identify Your Data Gaps*

# The CMS 1500 paper claim forms



The image shows a detailed view of a CMS 1500 Health Insurance Claim Form. The form is titled "HEALTH INSURANCE CLAIM FORM" and is divided into several sections. At the top, there are fields for patient name, address, and date of birth. Below this, there are fields for insurance information, including the type of insurance and the name of the insurer. The form also includes a section for procedure codes, which is a grid with multiple columns and rows. The form is designed to be filled out by a medical provider to submit a claim to an insurance company.

- Contains a subset of data that is present in the 837 transaction
- Contains some data that is NOT present in the 837 transaction
- It is a paper form that can be turned into an electronic print image

# T & CS: Gap Analysis

- Perform gap analysis of your data requirements
  - New 837 electronic claim requires additional data
  - Your current system may not capture this data
- Where to go for assistance:
  - Download the implementation guides free at [www.wpc-edi.com](http://www.wpc-edi.com)
  - Download a gap analysis of the 837/1500 at [www.afehct.org](http://www.afehct.org)
  - Consider testing/certification
  - Your vendor AND major health plans (send test claims, but remember that each may require different data)

# **Strategic Partnership #5**

Health Plans

# Health Plan Readiness

## Concerns:

- Who will and will NOT be ready?
- WHAT transactions?
- When will testing begin?
- Any payment contingencies?
- Minimum necessary issue

## Some hope:

- Standard DDE coming?
- CAQH efforts

# Compliance Strategy

*Contact your Health Plans ASAP*

## Ask your major health plans:

- When will you be ready to accept a HIPAA claim?
- Have you tested internally?
- Will you be providing any billing software?
- Will you send me your schedule of upgrades and testing?
- When will you be able to handle the additional transactions?
- Medicare is providing free billing software – this is already being rolled out and should be available to everyone no later than December 2002. For more information on this go to:  
<http://cms.hhs.gov/medicare/edi/edi3.asp>.

# Strategic Partnership #6

CMS / OCR



# What can we expect from Government?

## CMS:

- Delays for Medicare / Medicaid?
  - What would be the impact?
- Increased outreach efforts
- FAQ
- Pressure on the health plans to comply

## OCR:

- “Voluntary” compliance
- Enhanced guidance / FAQ

## Additional Resources



- [www.hipaa-dsmo.org](http://www.hipaa-dsmo.org)

Designated Standard Maintenance Organizations (DSMOs)—  
maintain HIPAA Standards

- <http://snip.wedi.org>

WEDI's Strategic National Implementation Process (SNIP)—  
assists in implementation of  
HIPAA Standards

- [www.hhs.gov/ocr/hipaa](http://www.hhs.gov/ocr/hipaa)

HHS Office for Civil Rights—  
oversees Health Information  
Privacy

### **Get on the HIPAA Listserve!**

Sign up to automatically receive  
free information on HIPAA:

- <http://aspe.hhs.gov/admsimp>

# HIPAA

Noncompliance  
may impact your  
ability to collect  
reimbursements

## HIPAA EDI Compliance Extension Form

[www.cms.hhs.gov/hipaa/hipaa2/ascaform.asp](http://www.cms.hhs.gov/hipaa/hipaa2/ascaform.asp)

Providers and payers must be HIPAA EDI compliant by October 16, 2002.

To avoid fines for noncompliance, a one year extension request must be filed by October 15, 2002. File online to receive confirmation number.

## Frequently Asked Questions

[www.cms.hhs.gov/hipaa/hipaa2/default.asp](http://www.cms.hhs.gov/hipaa/hipaa2/default.asp)

Submit your own questions at [askhipaa@cms.hhs.gov](mailto:askhipaa@cms.hhs.gov)

## Medicaid HIPAA Compliant Model

[www.mhscm.org](http://www.mhscm.org)

This CMS model assists organizations to become HIPAA compliant.

## HIPAA Roundtable Conference Calls

Held by CMS  
HIPAA Project Staff

For conference schedule visit  
[www.cms.hhs.gov/medlearn](http://www.cms.hhs.gov/medlearn)

To participate please RSVP to [abrown1@cms.hhs.gov](mailto:abrown1@cms.hhs.gov) or fax to 410-786-1710.

If you have any questions, please contact Alikia Brown, 410-780-4523.

---

Health care providers must be HIPAA compliant to conduct electronic health care transactions after October 2003.

Free Informational Video

## “Meeting the HIPAA Challenge”

<http://cms.livewebcasts.com>

This webcast, featuring opening remarks from the CMS Deputy Administrator, Ruben King-Shaw, informs physicians and health care providers about HIPAA implementation.

It originally aired June 18, 2002 and will be available at the above web address for 90 days.

To order a complimentary copy of this video, please send a written request to:

Robin Phillips  
CMS  
c4-10-07  
7500 Security Blvd.  
Baltimore, Md 21244

or by email to:

[rphillips@cms.hhs.gov](mailto:rphillips@cms.hhs.gov)

# Strategic Partnership #7

Patients

# Compliance Strategy

*Understand the New Patient  
Rights--AND the new Rights for  
your Offices*

---

# New Office Procedures

## *Patient Rights*

- Inspect, copy and amend their medical record
- Appeal amendment decisions
- Have the ability to lodge a complaint regarding the handling of their PHI

## *Office Rights*

- You have 30+ days to comply
- Physician review and redaction
- Charge a “reasonable” copying fee
- Your physician can refuse to amend the record, with an explanation
- Mitigate complaints

# The Privacy Notice

## Concerns:

- Length of the document
- Disruption of patient flow
- Handling the expected questions
- Getting a copy of the acknowledge signed
- Definition of “good faith effort”
- What about the elderly, non-English speaking, those who can’t read?
- What about patients seen in hospitals?

# The Privacy Notice (con't)

## Practical Steps

1. Follow the content suggestions outlined in the Privacy Rule
2. Have entire staff review content
3. Have non-medical individuals review content to expose potential questions
4. Train all staff, but designate a focal point for patient inquiries



# The Privacy Notice (con't)

## Practical Steps

5. Send advance notice to all patients
6. Act proactively--send notice itself out with the acknowledgement to return to the practice (mail / fax)
7. Post notice in the practice and on Website
8. Mail notice to patients you miss on their first visit
9. Retain all acknowledgements

# Compliance Strategy

*Make Compliance Organization-  
wide, and Fun!*

# **HIPAA Privacy Compliance--Making It Fun!**

- HIPAAatize your staff
- Everyone becomes a HIPAA officer for a day
- Compile results
- Address the gaps

# Compliance Strategy

*Create a Forward-Thinking “Vision”  
for Your Medical Group*

## Create a HIPAA “Vision”

- Business Office efficiencies and reduced debt
- Improved Patient relations
  - registration / eligibility / referrals
  - security / privacy
- Improved patient safety
- More collaborative relationship with key trading partners
- Look toward the future (e-health)
  - **EOB / Credentialing / Emr / Bar coding**

# Compliance Strategy

*Identify and Evaluate Potential  
Resources*

## *Implementation Resources*

- Providers worried about doing the right thing
- Looking for federal govt to take leadership role (“when E.F. Hutton speaks...”)
- Looking for unbiased industry direction--who do they trust?
- WEDI SNIP fills that vacuum

# **WEDI Strategic National Implementation Process (SNIP)**

- Cross industry group co-chaired by MGMA
- Focused on critical implementation issues and solutions
- 35+ workgroups looking at:
  - transactions
  - security
  - privacy
  - provider issues
- 5,000+ on listserv
- Conferences/Webcasts/SNIP Synopsis



# Web Resources

- <http://aspe.os.dhhs.gov/admnsimp/>
  - **The administrative simplification law, process, regulation, and comments**
- <http://www.cms.hhs.gov/hipaa/>
  - **Learn about HIPAA, apply for the the transactions extension online**
- <http://www.wedi.org>
  - **Workgroup for Electronic Data Interchange**
- <http://snip.wedi.org>
  - **Strategic National Implementation Process (SNIP)**
- <http://www.nucc.org>
  - **National Uniform Claim Committee**
- <http://www.mgma.com>
  - **HIPAA Resource Center**

# DISCUSSION