# PRECONFERENCE III

*Advanced Strategies to Achieve ROI in Implementing HIPAA*

*Karl Ideman, CEO*

*Pool Administrators Inc.*

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# Topic Outline

- *Introduction and Background:  The Speaker, The Firm and The Business of Risk Pooling*

- *Measurement of Return on Investment*

# Topic Outline

- *Methodology Used for Analysis and Implementation*

- *Case Study: Privacy, Security and Transactions Projects for an Covered Entity and a Business Associate (A Handout)*

# The Speaker: Karl Ideman

- *Executive Director of high risk and reinsurance pools*

- *Board Member of five state risk pools*

- *Task Force Leader on President Reagan's Private Sector Survey on Cost Control*

# The Firm:  Pool Administrators Inc. (PAI)

- *Industry leader in administration of risk spreading mechanisms in individual and small employer health insurance markets*

- *Offices in Connecticut but clients everywhere there is a need for collaborative approaches to provide health coverage for the uninsured*

# The Business of Risk Pooling

- *Purpose of the Pools: To facilitate change to guarantee issue and insurance rate regulation and market reforms*

- *Concept: Isolate the highest costs and spread them back equitably over a large base to reduce their impact on the members of the pool*

# The Business of Risk Pooling

- *A Board of Directors is responsible for program oversight to assure a fair and equitable program for all pool members*

- *The Administrator or Executive Director is responsible for staffing the Board of Directors and for the day to day operation of the pool*

# *Measurement of Return on Investment*

- *HIPAA imposes significant additional risk on the pools and on the Pool's Board of Directors since the Pool is considered a "Covered Entity"*

  - *Privacy and Security issues are disproportionately high in high risk pools*

  - *The Board of Directors has responsibility for compliance with very little direct control over it: They must rely on the Administrator or Executive Director*

- *The Administrator's staffing responsibility includes protecting the Board and the Pool from unnecessary risk*

# Measurement of Return on Investment

- *The risk of non-compliance for the Board of Directors justifies the investment in a thorough review of HIPAA Compliance by subject matter experts*

- *The risk of non-compliance for the Administrator of the Covered Entity justifies investment in comprehensive systematic controls that assure the Board and the Administrator that there is adequate control over day to day operations*

# Measurement of Return on Investment

- *Investments made include*
  - *Gap Analysis to identify HIPAA compliance shortcomings and potential corrective actions*
  - *Staff time by Administrator to provide information, perform analyses, evaluate alternatives, design corrective measures, and to implement proposed changes*
  - *Purchased or built systems and developed policies and procedures*
- *Return on Investment includes*
  - *Tangible improvements in operations and competitive advantage*
  - *Intangible mitigation of significant risk where there is only moderate control over it*

# Measurement of Return on Investment

- *Dealing with the HIPAA Compliance Crisis: Creating an Opportunity that is a "Win – Win Scenario"*

  - *The Covered Entity has to comply and its risks are different – we can't copy and we can't hide*
  - *The Board has significant risk without very much control*
  - *The Administrator is small, needs to fulfill responsibilities and must maintain a competitive edge in a growing market*

# Measurement of Return on Investment

- *Creating an Opportunity*

  - *Documenting a process for compliance analysis that can be replicated if other opportunities present themselves:  There are already 30 other pools that could use the same process*

  - *Creating policies and procedures that are transportable:  We have already used the same template from our Connecticut High Risk Pool for the Reinsurance Pool in the same state*

  - *Offering to invest in world class HIPAA compliant systems so that we own them and can use them for our competitive advantage = product differentiation*

# Measurement of Return on Investment

- *Demonstrate the Return to the Board:*
  - *Provide liaison for Board Privacy and Security at no additional cost*
  - *Automate manual processes that provide staff efficiencies*
  - *Improve enrollment and billing through Web based technology that transfers or eliminates work*

# Measurement of Return on Investment

- *Realize the Return for The Firm and the Pool*
  - *Spread system costs over five years to balance the costs to the cost reductions coming from automation*
  - *Recover system costs by using the system for related functions performed for other pools*
  - *Share future enhancements for other pools with the CT Pool at no cost*

# *Measurement of Return on Investment*

- *Capitalize on the Investment Through Product Differentiation and Low Cost Transportable Policies, Procedures and Systems*

# *Methodology Used for Analysis and Implementation*

- *Problem definition and survey*
  - *Determination of Covered Entity Status and requirements for compliance taken as a whole*
  - *Survey of the current status of similarly situated Covered Entities and contact with subject matter experts*
  - *Presentation of findings to the Board of Directors and approval of Gap Analysis Project*

- *Gap Analysis of HIPPA Compliance: The current state vs. the fully compliant state*
  - *Documentation of the organizational flow of responsibility*
  - *Interviews with staff and documentation of the gaps: regulation by regulation*
  - *Development of alternative scenarios and cost/benefit analysis*
  - *Presentation to the Board of Directors and Approval for design of policies and procedures for Privacy and Security*

# *Methodology Used for Analysis and Implementation*

- *Privacy and Security Project*
  - *Project Management defined to include a Board Steering Committee and Administrator Management Committee*
  - *Project Team trained and project "war room" established*
  - *Templates used or "lifts" from the Regulations copied to form a structure for the customized policies and procedures*
  - *Checklists and charts used to keep documentation to a form of HIPAA "shorthand"*
  - *Weekly Management Committee meetings on accomplishments and planned activities*

# *Methodology Used for Analysis and Implementation*

- *Transactions Project*
  - *Conceptual design of resolution to compliance and EDI Standard Transactions Issues*
  - *Analysis of alternatives including a Clearinghouse approach*
  - *Presentation to the Board and Approval to proceed*
  - *Creation of project team and development of systems project management structure and controls*
  - *Identification of work packages and incorporation into MS Project*
  - *Traditional steps to complete preliminary design, detail design and Implementation*

# Summary

- *Privacy Policies and Procedures Done on schedule and within budget*

- *Security Policies and Procedures in progress, on schedule and running under budget*

- *Transactions in progress, on schedule and close and under budget*