



**The Health Insurance Portability and
Accountability Act (HIPAA)
and
Strategies for Implementation in a
Government Healthcare Organization**

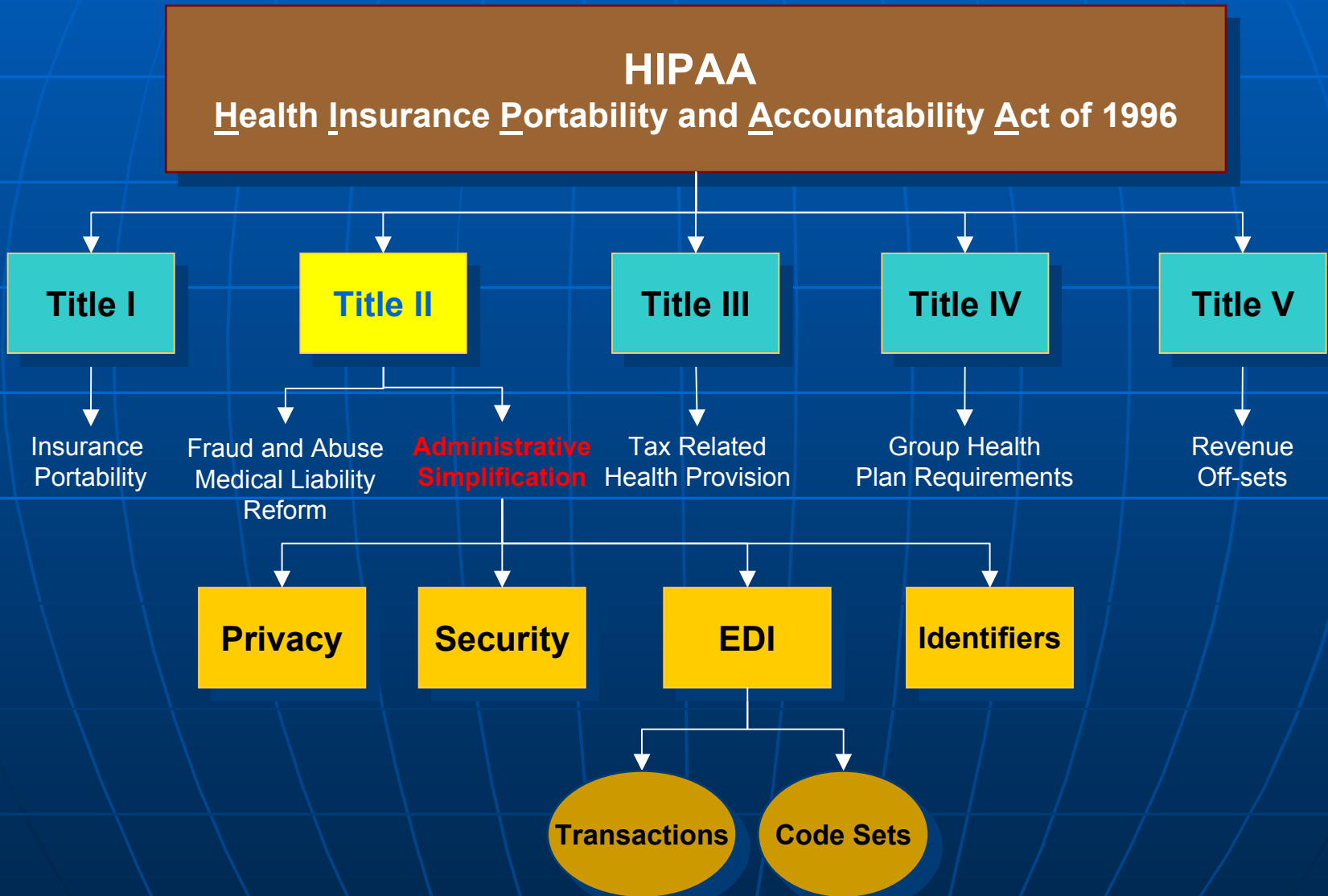
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Agenda

- Overview of HIPAA (VA Perspective)
 - VA's Classification
 - The Rules
- Implementation Strategies
 - Challenges
 - Impacts of HIPAA on VHA
 - Implementation Organizational Structure
 - Successes
- Panel Discussion

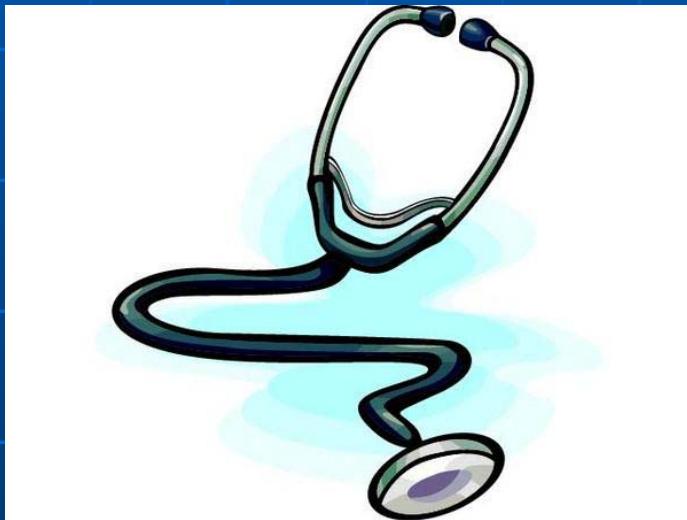
Overview of HIPAA: VHA's Focus



Who Complies With HIPAA?

- Covered Entity
 - Providers that conduct electronic transactions
 - Plans
 - Clearinghouses
- Requirements
 - Scope – All of Health Care
 - Specific to Structure of entity
 - Different for each covered entity
 - Different for each area of HIPAA
 - Includes Business Associates

Where does VA fit?



- Provider
- Plan



VA's Organizations



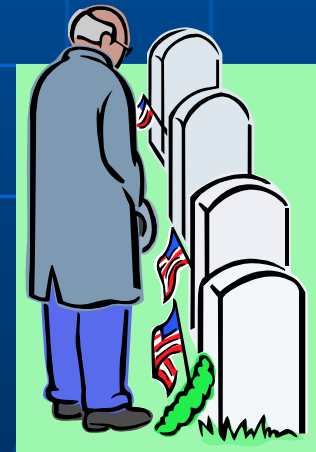
VA – The Department of Veterans Affairs
(parent organization)



**VHA – Veterans Health
Administration**
(health care components of VA)



VBA – Veterans Benefits
Administration (Determines
veterans benefits and
administers non-medical
benefits) –VA Loans,
Education, etc.



NCA – National Cemetery
Administration (Manages
national cemeteries and
burial benefits)

Initial Considerations

- HIPAA legislation **specifically** calls VHA a health plan
- Excludes the rest of VA as non-covered
- Because of multiple functions, VHA doesn't fit neatly into health plan definition
 - Some operations fit into the health plan definition
 - Some operations more appropriately fit into the health care provider definition
- Complying under other options in the law was not feasible (Hybrid, ORCA)

Assumptions

- VHA committed to the HIPAA regulations and will apply the law appropriately
- Community at large, and specifically veterans, see VHA as multi-faceted organization
 - Seamlessly provides both health plan and health care provider services to veteran community
- Management and support offices within VHA provide services to both health plan and health provider operations
- VHA wanted to apply HIPAA in accordance with the spirit as well as the letter of the law

Resolution Process

Process....

- HHS requested white paper describing classification issue
- VHA submitted and presented two white papers to HHS

After discussion and legal analysis....

- HHS agreed with VHA's classification position
- VHA applies HIPAA rules specific to the requirements of each classification type

Results....

- Where VHA acts as health plan, it will comply with HIPAA accordingly
- Where VHA provides care and seeks payment for care, VHA will comply with HIPAA as a health care provider
- Where VHA complies with the Notice of Privacy Practices provision of HIPAA, it will comply as a health plan



The VHA Position

*A look at the Rationale and
Impacts of VHA's
Classification Discussion with
HHS*

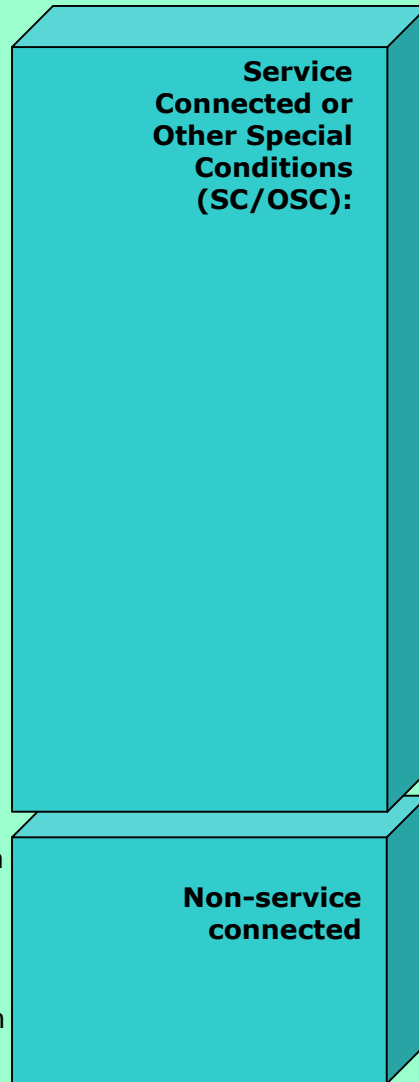
Primary Business Models

- Main purpose: providing health care to veterans
 - Service connected
 - Non-service connected (NSC)
- VHA provider: furnishes health care to veterans
 - VAMCs
 - CBOCs
 - Provider programs
- VHA also operates as traditional health plan
 - HAC
 - Fee Basis



Breakdown of Business Types

A large portion of VHA's veteran health care encounters are provided based on the military service-connectedness of their care or by other specific guidelines related to the type of care rendered for the specific veteran. These services are covered solely by VHA and no other reimbursement is sought or bills generated.





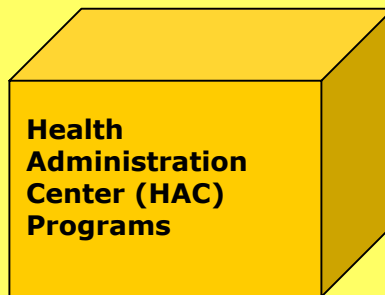
A smaller portion of VHA health care encounters do not fit into the "SC/OSC" category and reimbursement from the patient's insurance carrier is sought. Bills are generated from the business model of a health care provider to a payer.

Provider Business Model



Fee Basis (Non-VA) Program
A portion of VHA's veterans are treated in facilities other than VHA when VHA facilities are not available or do not have the services needed. In this instance, this non-VA care is paid for through the Fee Basis Program to the provider rendering the services on VHA's behalf.

 Veterans
 Non-Veterans



Special services to survivors and dependents of certain veterans are paid for through the CHAMPVA and other programs. This is the only true payer model in VHA and is an overall smaller part of VHA.

Payer Business Model

Impracticability – Plan Only

Compliance with HIPAA as a health plan:

- Redesign of health care provider business processes to align with health plan model
- Change business structures/models at VAMCs
 - Addition of unnecessary steps for reimbursement of VAMCs claims for NSC veterans
 - Change in revenue process and generation with the need for VHA to submit EOBs for *all* patients
 - Purchase of health plan billing system
 - Significant increase in staff and training of staff
- Changes to business contracts and relationships

Complexities of Government Agency

- Each program is specific to the law or statute that formed it
- Each program must be implemented as required by these laws
- Flexibility to change or adjust business models is limited to the constraints of the program
- Interconnectivity of programs is often required and creates “hard-wired” relationships
- Governed by competing regulations

Extensive Costs

- Re-vamping business models would require:
 - New systems for health plan functions
 - Business process redesign for health care provider functions
 - Position description changes, union negotiations and other staffing related adjustments
 - Training and retooling costs
 - Public relations costs - infinite

Implications for Provider Functions in VHA?

- VAMCs required to conduct health care transactions in HIPAA standard when conducting them electronically
- VHA required to release a Notice of Privacy Practices
 - Not required to have patients sign for the notice
- Business Associate Agreements apply
- Treatment exemptions apply



Implications for Health Plan Functions?

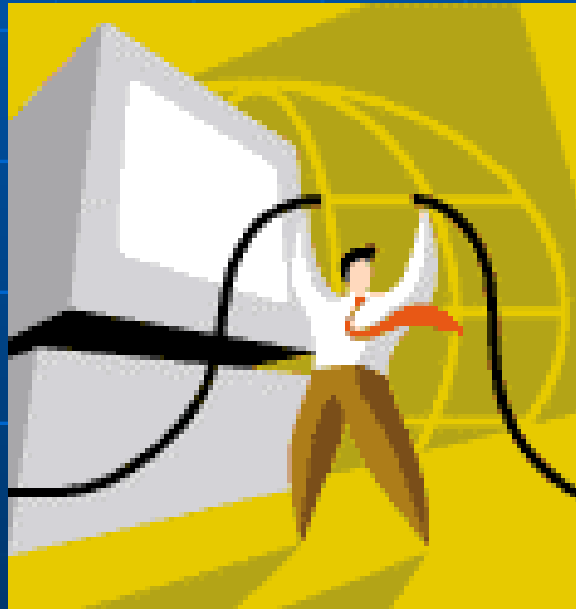
- Required to conduct ALL transactions in the HIPAA standard where HIPAA applies
- Required to release a Notice of Privacy Practices
- Business Associate Agreements apply



Classification Bottom Line

- VHA is not like private industry counterparts
- Through agreement with HHS, VHA is a health plan with health care provider functions
- Each function will comply with HIPAA in accordance with HIPAA requirements for that type of CE
- Notice of Privacy Practices requirement will be implemented as a health plan
- Special Government Agency Considerations
 - Other laws dictates how VA does business
 - Relationship with Department of Treasury

HIPAA EDI Standards



Electronic Transactions and VHA

Key VHA Initiatives addressing **Plan** Functions

- HAC and Fee Programs
 - Eligibility inquires and responses (270/271)
 - Claims for professional, dental and institutional services (837)
 - Claim status inquires and responses (276/277)
 - Health care services review requests and responses (270/271)
 - Remittance advices and payments (835)
 - ETCS contingency plan

Electronic Transactions and VHA

Key VHA Initiatives addressing **Provider** Functions

- e-Business Initiatives
 - e-Claims Enhancements (HIPAA EDI I&P Claims Enhancements) (837)
 - e-Pharmacy Claims (NCPDP Connection for Pharmacy) (NCPDP v5.1)
 - e-IIV (Insurance Identification & Verification) (270/271)
 - e-Payments (Third-Party Lockbox) (835)
 - Won the Kevin O'Brien Automated Clearinghouse Quality Award for 2004
 - e-MRA (Medicare Remittance Advice) (837 & 835)

VHA's Continuing Transition to e-Business

- e-Dental Claims
- e-Authorizations, Reviews
- e-Attachments

Code Sets and VHA

- Use of Standard Code Sets
- Code Set Versioning

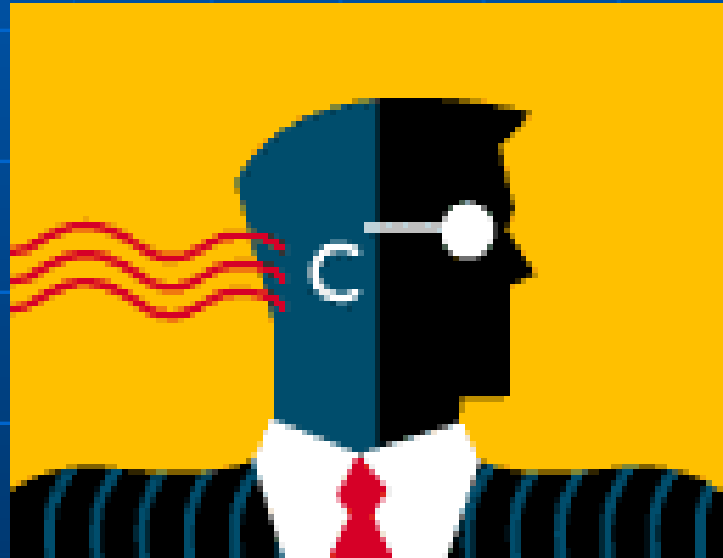
HIPAA Standard Identifiers



HIPAA: Standard Identifiers

- Universal Identifier Standards:
 - Health Care Providers (NPI - National Provider Identifier)
Currently evaluating impacts and implementation strategies
 - Employers (EIN - Employer Identification Number)
Determined that due to government structures, this does not directly apply to VA
 - Health Plans (HealthPlanID)
Identifier yet to be announced
 - Individuals (UHID)
Currently on hold; hotly debated

HIPAA Privacy Rule



VHA Key Privacy Initiatives

- VHA achieved compliance with Privacy Rule April 2003
 - ✓ Notice of Privacy Practices sent to Veterans
 - ✓ Workforce completed VHA Privacy Policy Training
 - ✓ Revised and implemented Privacy and Release of Information policy (VHA Handbook 1605.1)
 - ✓ Implemented Release of Information software
 - ✓ Completed “Minimum Necessary” policy and assignments
 - ✓ Established Business Associate Agreements
 - ✓ Implemented Facility Directory and Opt-Out
 - ✓ Implemented Confidential Communications
 - ✓ Updated research policies and procedures
 - ✓ Implemented complaint tracking process
 - ✓ Set up physical, administrative & technical safeguards

VHA Implementation of the Privacy Rule

- VHA Privacy Policy is not identical to Privacy Rule
 - VHA policy is more restrictive than Privacy Rule
 - VHA policy is built on six federal statutes (including FOIA, Privacy Act, Privacy Rule)
 - Where federal statutes overlap, VHA policy follows more protective of individual
- VHA workforce complies with VHA Privacy Policy!

HIPAA Security Rule



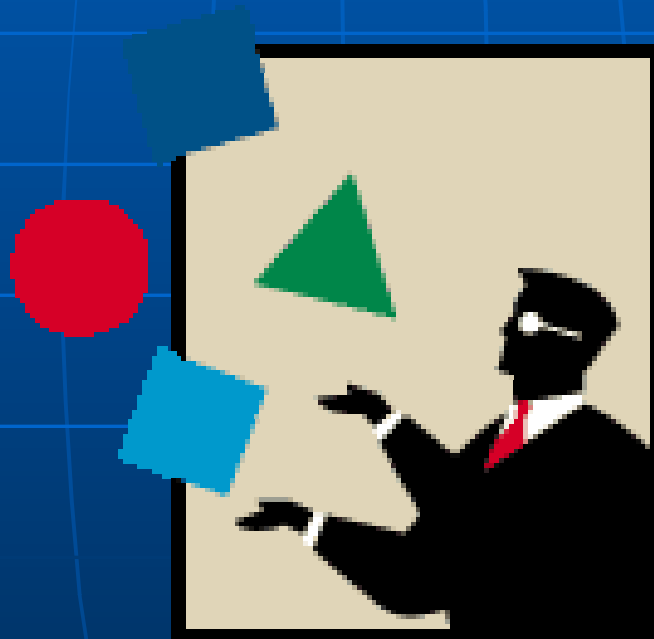
VA Steps to Compliance

- HIPAA Security Rule compliance is being driven at the VA enterprise level by OCIS
- A Security Rule Workgroup has been established comprising members from EPP, VHA, CHIS, Field Operations and others
- Anticipated implementation steps
 - Assess
 - Plan—the roadmap
 - Implement
 - Test
 - Educate/Train

VHA Steps to Compliance

- VHA depends on VA's OCIS enterprise-wide security solution
- VA already is required to comply with the NIST standards found in the Federal Information Security Management Act (FISMA).
- VHA & VA partnering on HIPAA security initiatives (ensuring that VHA as a covered entity complies)
- VHA & OCIS will explore solutions specific to the health care needs of VHA

Implementation Strategies



Challenges

- Classification in HIPAA inconsistent with major business models
- Program structures legislatively mandated
- VHA is one covered entity with 162 hospitals, 850+ CBOCs and 43 domiciliaries
- Other complexities of being a government agency

Strategies: Roles and Responsibilities

- Role of the PMO
- Role of the HIPAA Implementation Advisory Council (HIAC)
- Role of the Office Liaisons
- HIPAA Implementation Teams (HITs)

HIPAA Organizational Structure



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VAMC
HIT Teams X162

Role of the HIPAA-AS PMO:

The PMO serves as:

- The major communications & information forum for HIPAA and coordinates VHA's efforts with the Department
- Clearinghouse for ideas, best practices, solutions to problems
- Champion for overall vision, providing program guidance
- Catalyst for ensuring that HIPAA compliance strategies are implemented within the identified time frames
- Reporting entity that collects & aggregates monthly progress reports from Office Liaisons
- Organizational Point of Contact for HHS HIPAA Complaints

Role of the VHA HIPAA Implementation Advisory Council (HIAC)

- The HIAC provides overall guidance to the PMO with subject matter expertise, rule interpretation, legal and general support
- Representatives from all critical VHA and VA Departments fulfill these HIAC roles
- Strategic individuals from the former OI HIPAA Workgroup were transitioned onto the HIAC to ensure consistency
- HIAC members assist with the development of projects, strategy, and implementation planning of the HIPAA requirements

Role of the Office Liaisons

- The Office Liaison is responsible for managing/monitoring individual initiatives within his or her Program Office and ensuring that the office complies
- The PMO works with Office Liaisons to define tasks/offer guidance & support
- Specific responsibilities of the Office Liaison are to:
 - Facilitate Office-wide efforts and promote overall HIPAA implementation;
 - Provide direction to their HIPAA team members;
 - Communicate overall status to PMO on a monthly basis;
 - Escalate issues to the PMO;
 - Facilitate tactical development to address new HIPAA requirements; and
 - Communicate best practices, issues and resolutions to the PMO.

Role of the HITs

- The HIT is responsible for implementing within its facility and ensuring that its facility complies with HIPAA
- The PMO and Program Offices will assist HITs in understanding requirements
- Specific responsibilities of the HIT are to:
 - Interact with HIPAA PMO, the Privacy Office and other Program Offices to implement HIPAA solutions created by Program Offices
 - Conduct local surveys/inventories & initiatives to prepare facility for HIPAA implementation
 - Assist Program Offices & HIPAA PMO in educating their facility on HIPAA requirements
 - Monitor and report its facility's implementation progress as required by the HIPAA PMO

Next Steps

- Determine and institute ongoing long-term processes, where needed
- Continue to define and refine HIPAA compliance best practices and provide guidance to VHA facilities on how to reach these goals across the enterprise
- Implement other components of HIPAA as finalized and released
- Manage and monitor changes and additions to the HIPAA legislation

Panel Discussion

