HIPAA Transactions Update (and NPI stuff)

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HIPAA TCS, too big to chew?

- Change in transaction formats
- Change in data content requirements
- Change in transaction validation
- Change in acceptance reports
- Change in business processes
- Change in control of the decision process
- Few authoritative answers to questions

How do you eat an elephant?

- One bite at a time

- How do you eat a HIPAA?
- One byte at a time

How are we doing?

- Major indigestion
  - Transaction formats being converted
    - Claim between 30% and 70% (Medicare close to 70%, the rest 30%)
    - Other transactions just starting to trickle
  - Data content requirements changed
    - Companion Documents (600+) reflecting business needs
  - Transaction validation matching the HIPAA requirements
    - Much gas (hot air) causing severe burping and gastric reflux
  - Updated acceptance reports for HIPAA transactions
    - Mostly unreadable or not usable
  - Business processes not being changed to take advantage of EDI
    - That will have to wait. Let's find the ROI first.
  - Control of your own destiny to define data requirements
    - Frustrating sense of loss. Denial stage expressed in Companion Guides
  - Still, few authoritative and timely answers to questions

The Theory

- The HIPAA promise
  - Administrative savings thanks to the large scale implementation of a common standard.
  - Simplification by going from about 400 different formats to a single standard for both format and data content.

The Reality

- It will take much longer than expected to realize the savings:
  - The implementation is proceeding with caution, one step at a time, and will continue for several years.
  - Instead of 400 different formats, we have 600+ (and growing) different versions of "the same" set of HIPAA standards.

The general approach

- Change format only for now
- If the claim has the data you need for adjudication, don't reject it
  - Continuity of payments
  - Prompt pay laws
- Will worry about COB and other data content issues later

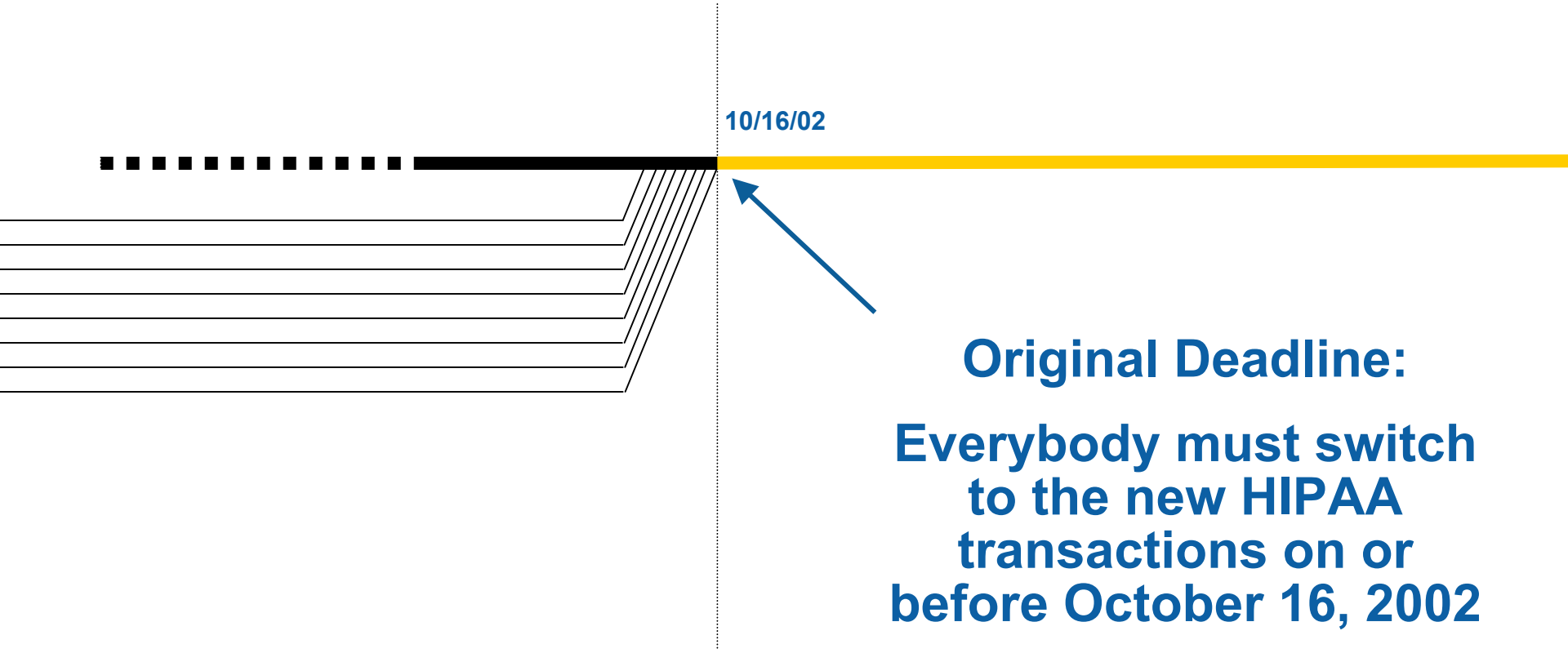
Wrong focus?

- So far the focus has been on "compliance" to avoid fines from the "HIPAA Police"
  - Never mind that there is no "HIPAA Police"
  - Much fear and uncertainty in the process
- The focus is just now starting to shift
  - How to take advantage of the administrative simplification savings

Lessons Learned

- Planning takes time
- Remediation takes time
- Testing takes time
- Coordination takes time
- Conversion takes time
- A LOT more time than initially estimated

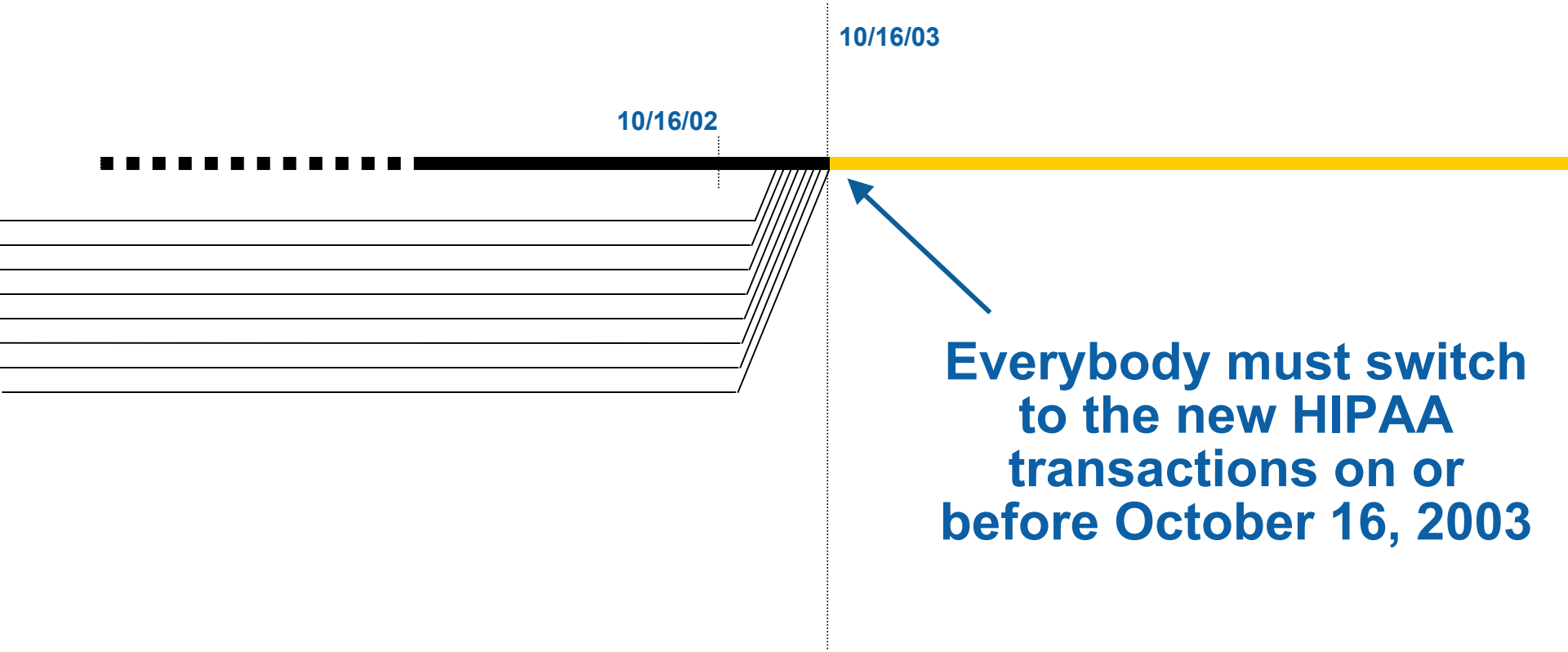
Did the ASCA extension help?



Original Deadline:

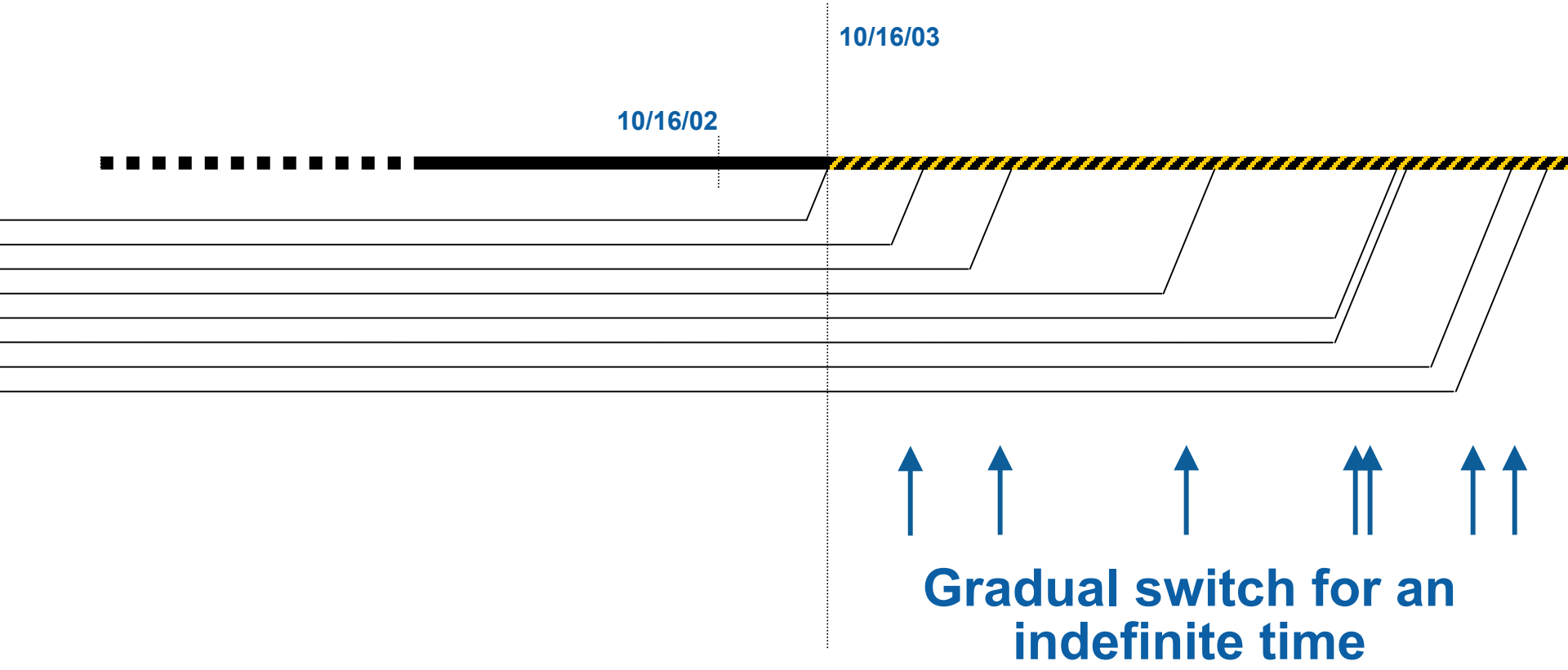
Everybody must switch to the new HIPAA transactions on or before October 16, 2002

The ASCA extension effect

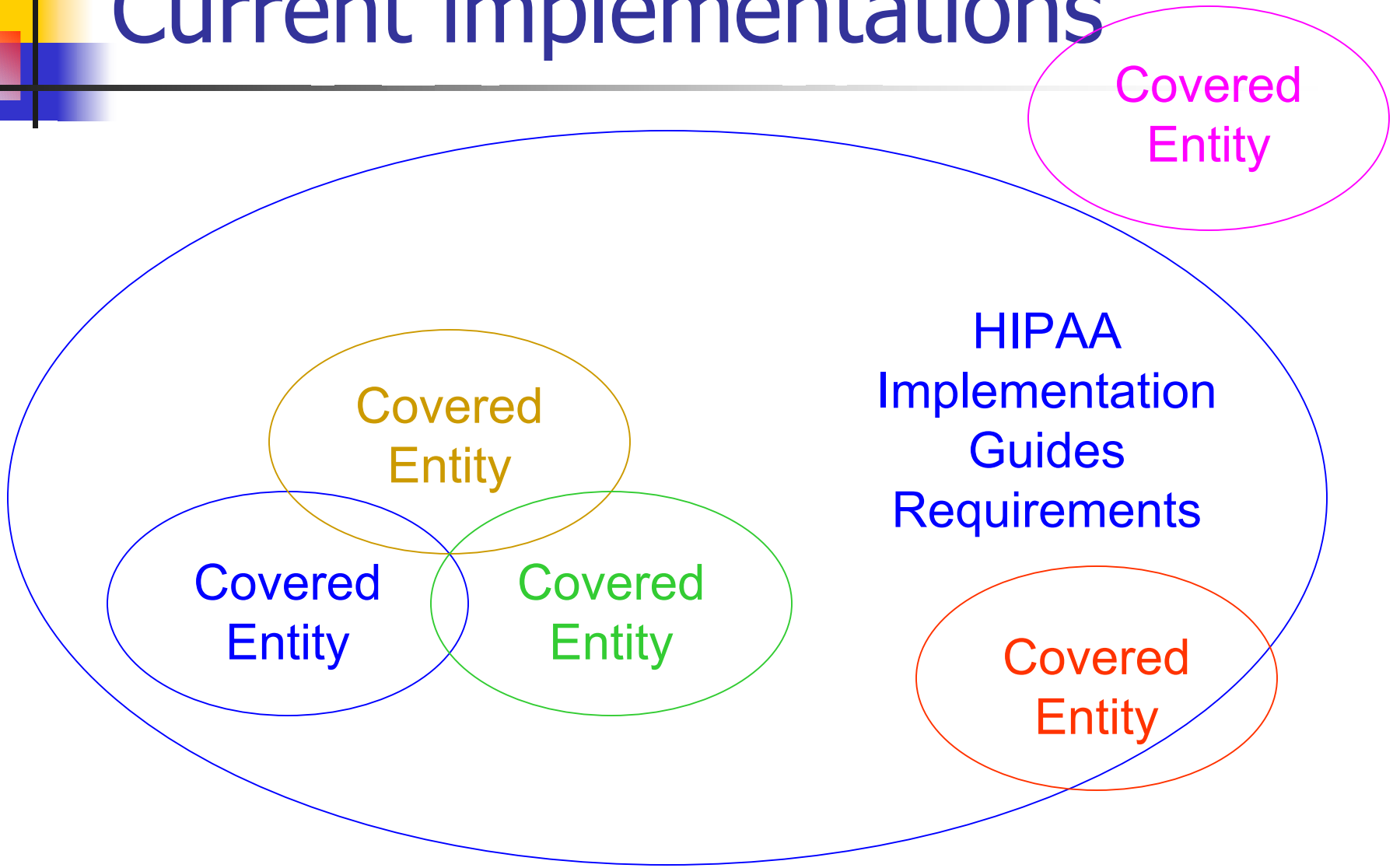


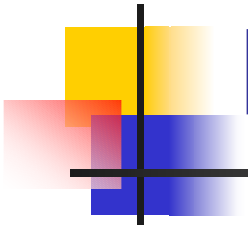
Everybody must switch to the new HIPAA transactions on or before October 16, 2003

Contingency Planning



Current implementations





HIPAA motto

Progress,

Not Perfection.

Lessons learned from TCS (1)

- Even with detailed standards, the implementations vary greatly
  - Learn to live with the differences, they are not going away any time soon
- Interoperability is the biggest challenge in implementing the standards
  - Trying to avoid "one off" solutions

Lessons learned from TCS (2)

- Process re-engineering is very difficult
  - Automate the current processes or switch the industry to a more efficient process?
- There is value in taking one step at a time
  - Progress, not perfection
- The "big bang" approach does not work
  - There must be an implementation plan

Lessons learned from TCS (3)

- Without a clearly understood ROI most implementations will focus on just the minimum necessary for "compliance"
  - There is minimal or no ROI in "compliance"
  - There is ROI in interoperability
- Even the best designed "standards" run into problems during the implementation phase
  - Try to do the best but prepare for the worst

Lessons learned from TCS (4)

- Implementers wait until the deadline (or later) to implement
  - The NPRM for TCS did not have much impact on implementations
- Early adopters are few, practically a myth
- Smaller entities (payers, providers and vendors) feel left out of the process

Applying the lessons learned

- If we don't learn from the past, history is bound to repeat itself
- The NPI is coming
  - What are the problems with the NPI
  - How can we learn from the TCS experience
  - Kepa's plan for implementing the NPI

The NPI Final Rule

- CMS will start issuing NPIs around May 23, 2005
- By May 23, 2007 all covered entities must be using the NPI (2008 for small health plans)
  - Must discontinue use of UPIN, other ID numbers
- It is NOT a credentialing system
  - It does not replace proprietary numbering systems
- The NPI itself is not "intelligent"
  - The data content is in the NPS

The NPS

- Supports the NPI with a database
- Dissemination plan to be presented later in another Federal Register notice
- Minimal "required" NPS data set
  - NPI, entity type, name, mailing address, location address, specialty taxonomy, authorized official, contact person
- Situational elements
  - EIN, license number, DOB, gender, state/country of birth
- Optional elements
  - SSN, TIN, other identifiers, organization/other name, professional degree/credentials

The problem

- How do you transition from the proprietary provider ID system to NPI?
  - Most proprietary IDs are based on UPIN or EIN/SSN
- The UPIN and SSN are optional in NPS
  - For privacy reason most providers are reluctant to disclose their SSN
- Timely assignment and distribution of NPI and NPS access is very difficult to do by May 23, 2007/2008
- Past experience shows that most of the NPIs could be assigned in the last few weeks or days before the deadline
- The NPS will not work as an effective crosswalk between current provider identifiers and the NPI

TCS lessons usable for NPI

- There is value in taking one step at a time
  - Progress, not perfection
- The "big bang" approach does not work
  - There must be an implementation plan
- Implementers will probably wait until the deadline (or later) to implement
  - The NPRM for TCS did not have much impact on implementations
- Early adopters are few, practically a myth
- Even the best designed "standards" run into problems during the implementation phase
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Kepa's NPI plan for payers

- Payers will need to build their own crosswalk tables from NPI to the identifier used in the payer's system
  - The NPS will not provide a crosswalk
  - The process MUST be automated
    - Asking providers to manually update the payers with their new NPI is probably not going to work
    - Kepa's solution: Automatically build the crosswalk table from the data in the transactions themselves
  - In a few years, using the NPI internally in the payer system may be feasible

Transaction support for NPI

- Each provider in the transactions can use several identifiers:
  - Primary Provider ID: EIN, SSN, or NPI
  - Secondary Provider ID: EIN, SSN, UPIN, License, Medicare, Medicaid, Blue Cross, Blue Shield, HMO, PPO, Commercial, etc.
- If the NPI is available, it MUST be sent as the primary ID
  - Sending NPI **and** secondary IDs is possible
  - No other secondary ID may be used after 5/23/07

The window of opportunity

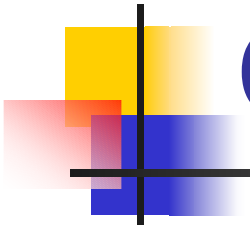
- Between 5/23/05 and 5/23/07 providers should be sending **BOTH** the NPI and the proprietary/legacy identifiers in all their claims
- The payers can automatically build the crosswalk table from the 837 data received from the providers
  - Minimal cost implementing a self-building table
- If a payer has not received transactions from a provider, the payer will have to manually crosswalk the provider's NPI at some point
  - Very expensive manual process

Providers must take action

- Request the NPI as early as possible
- Send electronic transactions
- Use both NPI and other identifiers in the claims for as long as legally possible
- Prepare "Change of Identifiers" cards
  - Send them to payers that request your NPI
  - Increase the likelihood of the payer building the crosswalk correctly

Prepare for the worst

- Most providers will get their NPI late in the process
  - Education, education, education
- Payers may not have much time (less than 2 Yrs.) to build the crosswalk table
- Errors will happen
- Prepare a contingency plan



Questions

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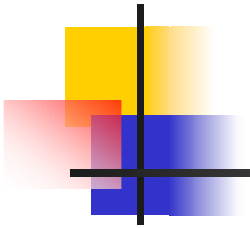

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