Administrative Simplification Update

June 21, 2001
HIPAA Summit West

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Administrative Simplification

The Health Insurance Portability and Accountability Act of 1996 (HIPAA)

Signed into Law August 21, 1996

Administrative Simplification Subtitle (ASS of HIPAA)
Purpose of HIPAA

Administrative Simplification

- Improve efficiency and effectiveness of health care system by standardizing the electronic exchange of administrative and financial data.
- Protect security and privacy of individually identifiable health information.

It’s a package deal!
Who is Covered and When?

- Covered Entities (statutory):
  - All health plans.
  - All health care clearinghouses.
  - Health care providers who transmit health information electronically in connection with standard transactions.

- When (statutory):
  - Small health plans (annual receipts of $5 million or less): within 36 months of effective date.
  - Others: within 24 months of effective date.
HHS Required to Adopt Standards:

- **Electronic transmission of administrative and financial transactions** (including data elements and code sets)
  - List includes claims, enrollment, premium payments, etc.
  - Others as adopted by HHS.

- **Unique identifiers** (including allowed uses)
  - Health care providers, health plans, employers, and individuals.
  - For use in the health care system.

- **Security and electronic signatures**
  - Safeguards to protect health information.

- **Privacy**
  - For individually identifiable health information.
Guiding Principles - A standard should:

- Improve efficiency and effectiveness or improvements in benefits from EDI transactions.
- Meet needs of the health data standard users.
- Consistent and uniform with other standards
- Low development and implementation costs.
- Supported by ANSI-accredited SDO.
- Timely development, testing, and updating.
- Technologically independent.
- Precise and unambiguous, but as simple as possible.
- Low data collection and paperwork burdens.
- Flexibility to adapt more easily to changes.
Statutory Consultations

- Consult with: 4 groups named in the statute --
  - National Uniform Billing Committee (NUBC),
  - National Uniform Claim Committee (NUCC),
  - Workgroup for Electronic Data Interchange (WEDI),
  - American Dental Association (ADA).
- “Appropriate Federal and State agencies and private organizations.”
- “Rely on the recommendations of the National Committee on Vital and Health Statistics (NCVHS).”
Regulatory Consultations

- Designated Standards Maintenance Organizations (DSMOs) to review requests.
  - Accredited Standards Committee (ASC) X12,
  - ADA Dental Content Committee,
  - Health Level Seven (HL7),
  - National Council for Prescription Drug Programs (NCPDP), NUBC, and NUCC.

- Conclusions passed on to NCVHS which can then make recommendations to HHS.
Individual Input

Many opportunities for individual input:

- participate in open SDO processes,
- participate in WEDI Strategic National Implementation Process (SNIP),
- attend and provide testimony at numerous public meetings (including those of NCVHS available via live webcast),
  » see ncvhs.hhs.gov
- comment during rulemaking comment periods,
- communicate with HHS Secretary or staff.
Expanded NCVHS Responsibilities

- NCVHS - HHS statutory public advisory body
  - in the area of health data and statistics.
- HIPAA expands responsibilities
  - on health information privacy,
  - on the adoption and implementation of standards,
  - on uniform data standards for patient medical record information and its electronic exchange.
- Reviewer of DSMO conclusions
  - for new and modifications to HIPAA standards.
- Public Health Data Standards Consortium.
- Annual report to Congress.
Federal Register Publications

- Transactions NPRM - 5/7/98
  » Final Rule - 8/17/00
  » Compliance by 10/16/02
- National Provider ID NPRM - 5/7/98
- Employer ID NPRM - 6/16/98
- Security NPRM - 8/12/98
- Privacy NPRM - 11/3/99
  » Final Rule - 12/28/00
  » Opened for Comment (2/28/01 - 3/30/01)
  » Compliance by 4/14/03
  » Guidance about to be issued.
  » Modifications being prepared for NPRM.
Transaction Standards

- Adopts ASC X12N standards for transactions (except NCPDP for retail pharmacy transactions).
- Adopts code sets in common use:
  - ICD-9 coding for diagnoses and inpatient services
  - CPT-4 for professional services
  - CDT-3 for dental services instead of ‘D’ codes
  - [NDC for drugs instead of ‘J’ codes]
- Does away with ‘local’ codes
  - move to national HCPCS code system.
- Modifications to Standards (and Final Rule) now being evaluated for NPRM.
Identifiers

- Employers
  - Employer Identification Number [EIN]
  - Final Rule expected in 2001
- Providers
  - National Provider Identifier [NPI]
  - Final Rule expected in 2001
- Plans
  - National Plan Identifier [PlanID]
  - NPRM expected in 2001
- Individuals
  - On Hold
Security Requirements

● Covered Entities shall maintain reasonable and appropriate administrative, technical, and physical safeguards --
  – to ensure integrity and confidentiality
  – to protect against reasonably anticipated
    » threats or hazards to security or integrity
    » unauthorized uses or disclosures
  – taking into account
    » technical capabilities
    » costs, training, value of audit trails
    » needs of small and rural providers
Key Security Philosophy

- Identify & assess risks/threats to:
  - Availability
  - Integrity
  - Confidentiality

- Take reasonable steps to reduce risk.
Maxwell Smart’s Cone of Silence
Security Issues

- Covers data at rest as well as transmitted data.
- Involves policies/procedures & contracts with business associates.
  - For most security technology to work, behavioral safeguards must also be established and enforced.
    » requires administration commitment and responsibility.
- Expect final rule in 2001
- Electronic signatures:
  - Final rule will depend on industry progress on reaching consensus on a standard.
Electronic Medical Records

- Government CPR project: DoD, VA, IHS
- Private Sector Efforts: MRI, CPRI, IOM, etc.
- NCVHS Report (7/6/00) after 11 days of public hearings:
  - clinical and economic benefits related to electronic patient medical record information (PMRI),
  - major impediments to electronic exchange of PMRI,
  - recommendations related to the selection of PMRI standards,
  - acceleration of development of PMRI standards,
  - early adoption of PMRI standards, and
  - relationship of PMRI standards to other issues.
- Recommendations presented to HHS
  - currently under consideration.
Other Standards

- **Claim Attachments**
  - expect NPRM in 2001
    » (X12/HL7 joint IG)
    » 1st six attachment types defined.

- **Doctor’s First Report of Injury**
  - X12 implementation guide completed
  - expect NPRM in late 2001

- **Enforcement rule may describe HHS process ...**
  - Federal team working on NPRM
  - expect NPRM in late 2001
Updated Cost Estimates

- Total savings of EDI standards (from transactions rule) of $29.9 billion over 10 years.
- Partially offset by estimated cost of privacy implementation of $17.6 billion.
- Net savings of $12.3 billion over 10 years.
Benefits of HIPAA Standards

- Lower cost of software development and maintenance.
- Assure purchasers that software will work with all payers and plans.
- Lower cost of administrative transactions by eliminating time and expense of handling paper.
- Pave way for cost-effective, uniform, fair, and confidential health information practices.
- Pave way for standards which can do the same for electronic medical records systems.
- Pave the way for higher quality health care.
Resources

- Administrative Simplification Web Site:
  - http://aspe.hhs.gov/admnsimp/
    » 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.

- Also see: www.hcfa.gov
  ncvhs.hhs.gov