



McLure-Moynihan

HIPAA

March 14, 2002

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Agoura Hills, CA

www.mmiec.com

The Basics of Healthcare EDI/EC

HIPAA Summit West II

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What is **HIPAA** About?

- HIPAA is all about Standards!
- Standards for automating the business process of Claims Administration
- Standards for the security and confidentiality of Health Information



Eliminating Paperwork

- **A Decades-Old Quest**
 - 1950s First Steps
 - 1960s Tape-based standards
 - 1970s Industry-Specific Standards
 - 1980 Cross-Industry Standards
 - 1990s EDI evolves into EC
 - 2000s Stay Tuned!



Let's Define Our Terms

- **Electronic Data Interchange:**
 - The exchange of computer-processable data in a standardized format between two enterprises.
- **Electronic Commerce:**
 - Any use of a variety of technologies that eliminate paper and substitute electronic alternatives for data collection and exchange. Options include Interactive Voice Response, Fax, Email, Imaging, Swipe Cards and multiple Web-based Internet tools.



▶ EDI and EC: A Place for Both

- **EDI**

- Standards-based data exchange - the foundation of quality transaction processing.
- System to system exchanges of highly *structured* data.
- **HIPAA MANDATES EDI STANDARDS!**

- **Electronic Commerce:**

- Multiple ways to communicate unstructured data.
- People-to-system or people-to-people exchanges.



What Standards?

- **What is ANSI?**
 - American National Standards Institute
 - Since 1917 the only source of American National Standards
- **What is ASC X12**
 - Accredited Standards Committee X12, chartered in 1979
 - Responsible for cross-industry standards for electronic documents



EDI Standards = Paper Forms

Paper records use **forms** to organize information.

EDI uses standard **transaction sets**.

Healthcare Claim = 837

Payment & Remittance = 835

Invoice = 810

Purchase Order = 850



General Hospital
222 Main Street
Anytown, USA 02234

123456

01-01-95

DATE	DESCRIPTION	QTY	UNIT	PRICE
01-01-95	PHYSICAL SUPPLIES	273	UOZ	1640
01-01-95	PHYSICAL THERAPY	120	UOZ	1500
01-01-95	LAS	500	UOZ	1000
01-08-95	PHYSICAL SUPPLIES	278	UOZ	4600
01-08-95	PHYSICAL THERAPY	420	UOZ	5000
01-08-95	LAS	300	UOZ	1000
01-14-95	PHYSICAL SUPPLIES	270	UOZ	4650
01-14-95	PHYSICAL THERAPY	450	UOZ	1300
01-14-95	LAS	300	UOZ	2000
TOTAL CHARGES		001		33400

John Doe
222 Main Street
Anytown, USA 12345

John's Mom
123 North Street, Anytown, USA

John's Dad
456 East Street, Anytown, USA

John's Aunt
789 West Street, Anytown, USA

John's Uncle
101 South Street, Anytown, USA

John's Grandmother
202 North Street, Anytown, USA

John's Grandfather
303 East Street, Anytown, USA

John's Sister
404 West Street, Anytown, USA

John's Brother
505 South Street, Anytown, USA

John's Niece
606 North Street, Anytown, USA

John's Nephew
707 East Street, Anytown, USA

John's Cousin
808 West Street, Anytown, USA

John's Aunt
909 South Street, Anytown, USA

John's Uncle
1010 North Street, Anytown, USA

John's Grandmother
1111 East Street, Anytown, USA

John's Grandfather
1212 West Street, Anytown, USA

John's Sister
1313 South Street, Anytown, USA

John's Brother
1414 North Street, Anytown, USA

John's Niece
1515 East Street, Anytown, USA

John's Nephew
1616 West Street, Anytown, USA

John's Cousin
1717 South Street, Anytown, USA

John's Aunt
1818 North Street, Anytown, USA

John's Uncle
1919 East Street, Anytown, USA

John's Grandmother
2020 West Street, Anytown, USA

John's Grandfather
2121 South Street, Anytown, USA

John's Sister
2222 North Street, Anytown, USA

John's Brother
2323 East Street, Anytown, USA

John's Niece
2424 West Street, Anytown, USA

John's Nephew
2525 South Street, Anytown, USA

John's Cousin
2626 North Street, Anytown, USA

John's Aunt
2727 East Street, Anytown, USA

John's Uncle
2828 West Street, Anytown, USA

John's Grandmother
2929 South Street, Anytown, USA

John's Grandfather
3030 North Street, Anytown, USA

John's Sister
3131 East Street, Anytown, USA

John's Brother
3232 West Street, Anytown, USA

John's Niece
3333 South Street, Anytown, USA

John's Nephew
3434 North Street, Anytown, USA

John's Cousin
3535 East Street, Anytown, USA

John's Aunt
3636 West Street, Anytown, USA

John's Uncle
3737 South Street, Anytown, USA

John's Grandmother
3838 North Street, Anytown, USA

John's Grandfather
3939 East Street, Anytown, USA

John's Sister
4040 West Street, Anytown, USA

John's Brother
4141 South Street, Anytown, USA

John's Niece
4242 North Street, Anytown, USA

John's Nephew
4343 East Street, Anytown, USA

John's Cousin
4444 West Street, Anytown, USA

John's Aunt
4545 South Street, Anytown, USA

John's Uncle
4646 North Street, Anytown, USA

John's Grandmother
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John's Grandfather
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John's Sister
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John's Brother
5050 North Street, Anytown, USA

John's Niece
5151 East Street, Anytown, USA

John's Nephew
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John's Cousin
5353 South Street, Anytown, USA

John's Aunt
5454 North Street, Anytown, USA

John's Uncle
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John's Grandmother
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John's Sister
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John's Brother
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John's Niece
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John's Nephew
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John's Cousin
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John's Aunt
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John's Uncle
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John's Grandmother
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John's Uncle
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John's Grandfather
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John's Niece
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John's Nephew
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John's Aunt
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John's Uncle
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John's Grandmother
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John's Grandfather
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John's Sister
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John's Brother
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John's Niece
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John's Nephew
9797 South Street, Anytown, USA

John's Cousin
9898 North Street, Anytown, USA

John's Aunt
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John's Uncle
10000 West Street, Anytown, USA

Eliminating Paperwork

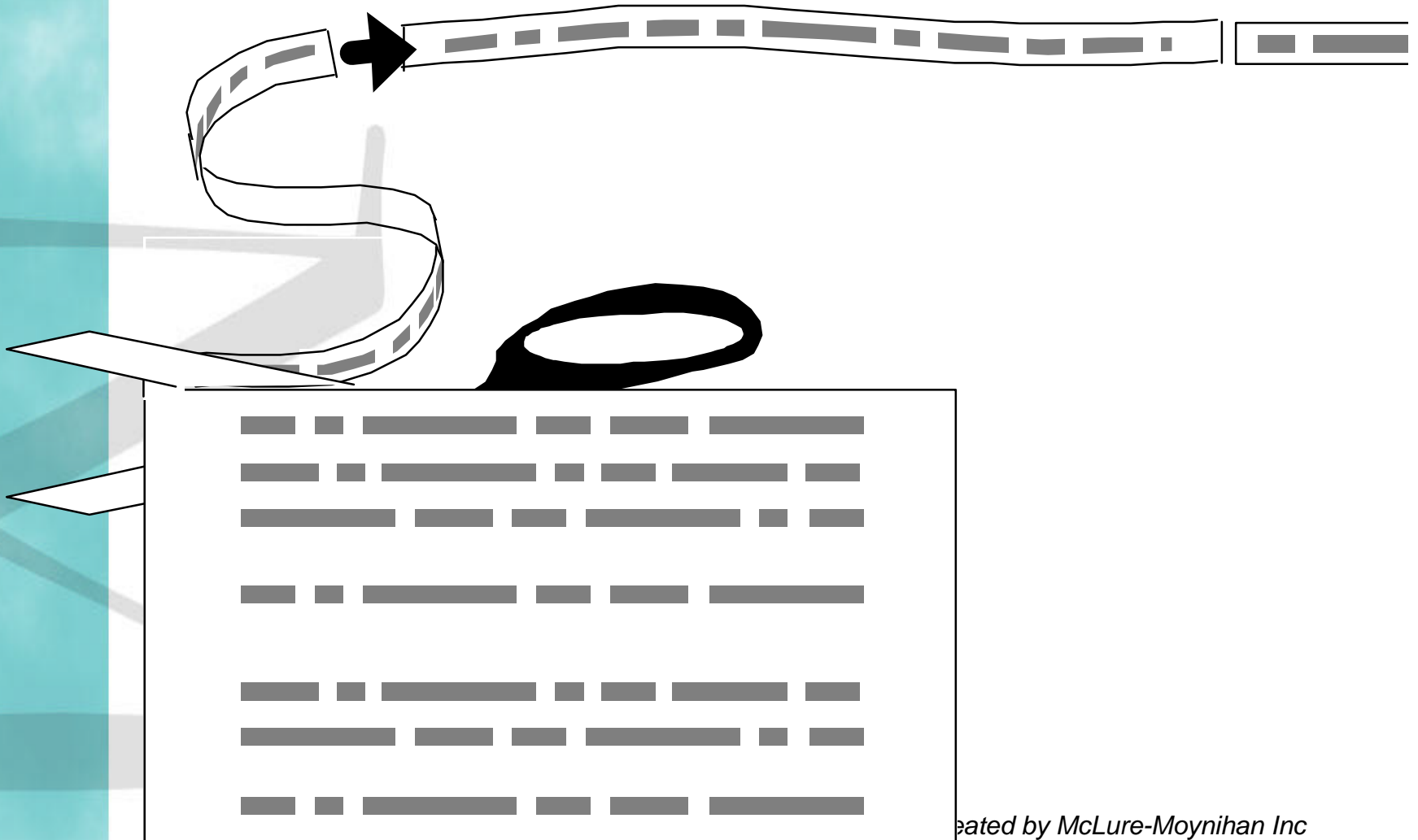
We are used to standard forms.

We need to obtain information from the equivalent of an electronic standard form.



McLure-Moynihan

Converting standard forms into standard messages ...



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... which means strings of text ...

Called Segments

Segment ID

Segment Terminator

NM1*P2*1*Clinton*Hilary*R~

Segment Delimiter



McLure-Moynihan

... composed of smaller pieces ...

(Segments are composed of "data elements.")

Individual Name

Last Name

Middle Initial

NM1*P2*1*Clinton*Hilary*R~

Insured

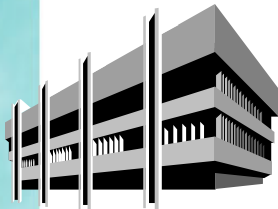
Person

First Name

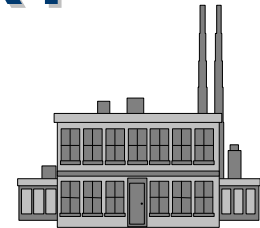
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How Does EDI Work?

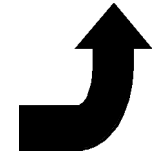
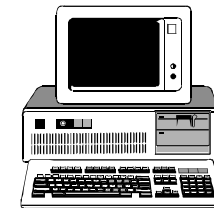
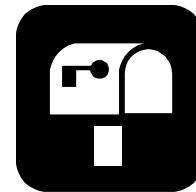
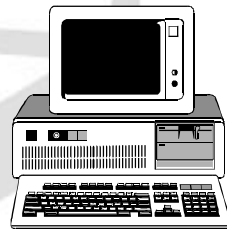


Buyer



Seller

E-mail box / VAN / VPN



Map and Translate to ASC X12

Map and Translate from ASC X12

<u>Field Name</u>	<u>X12</u>
PO Number	BEG03
Line Item No.	PO101
Qty. Ordered	PO102
Unit of Meas.	PO103
Unit Price	PO104
Buyer's P/N	PO107
Vendor's P/N	PO109
Delivery Qty	SCH01
Delivery Date	SCH07

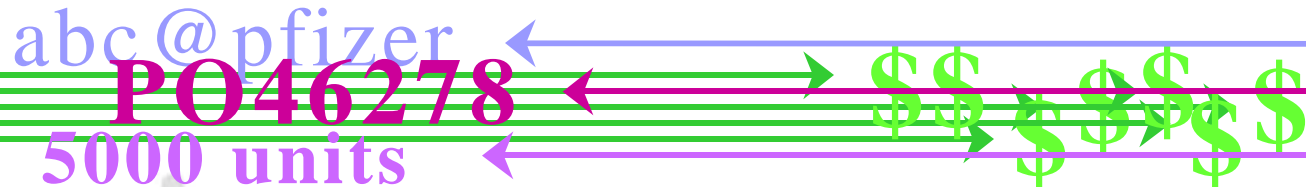
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ST*850*0001^BEG*00*SA
*XX-1234*180301*AE123
^PER*BD*EDSMITH*TE
*800-123-567^TAX*532
7765SP*C*****9^FOB
*PP*CR*DALLAS*TX^ITD*
01*3*5**10**30*****
E^N1* ST*ABC EMPLOYER
9*1234567890101^N2*C
CORPORATE DIVISION^N3*
100 TOON LVD.^N4*
AGOURA HILLS*CA*98898
US^PO1*1*25*EA*9.5*C
T*MG*XYZ-1234^PID*F
***HAMMER-CLAW^MA*
D*WT*10*OZ^PO1*

```



Moving Money and Remittance Data

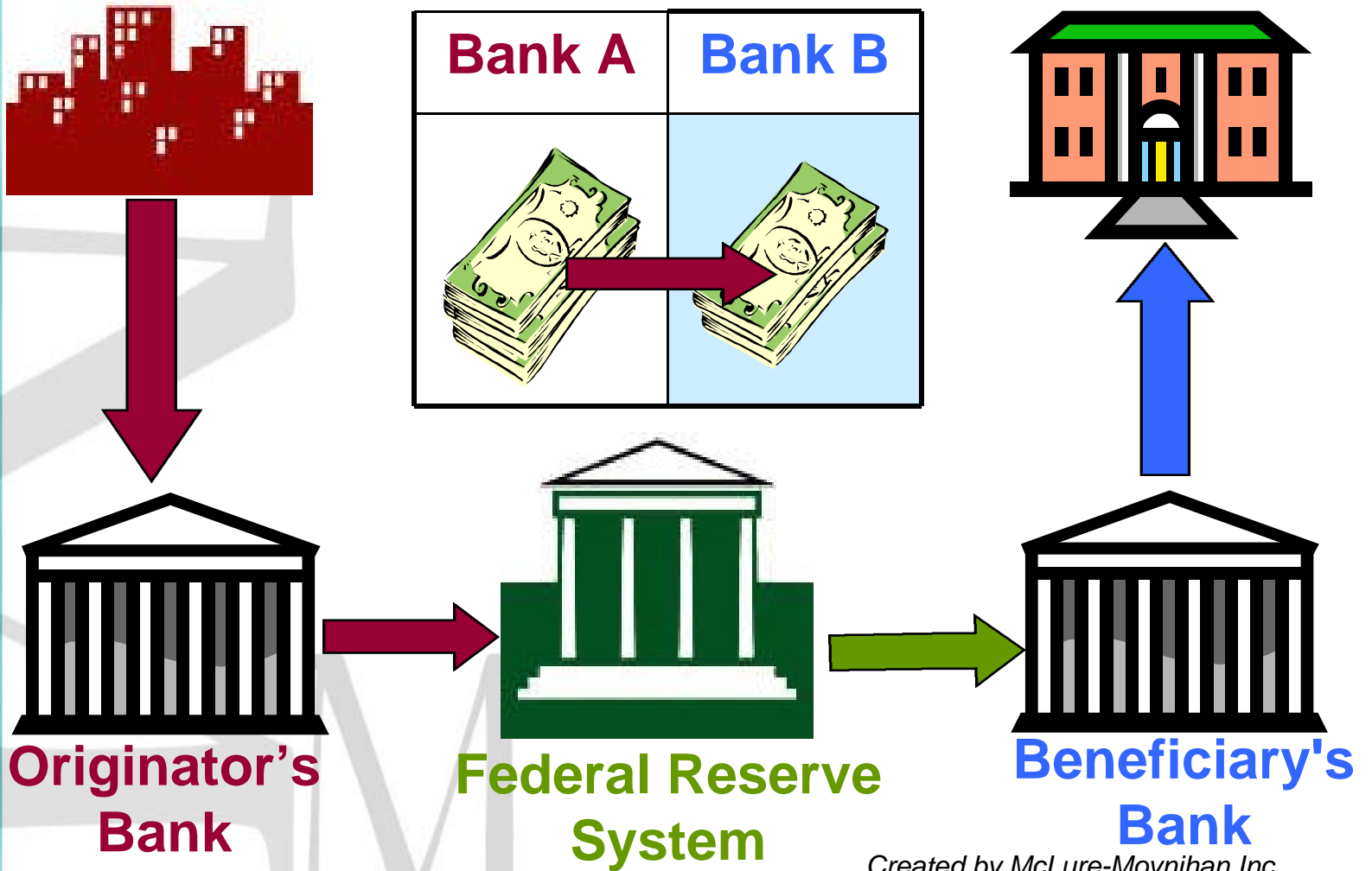


Trade payments generally do **two** things: they *transfer value* from payer to payee, **and** provide the *remittance information* needed to relieve the related receivable.

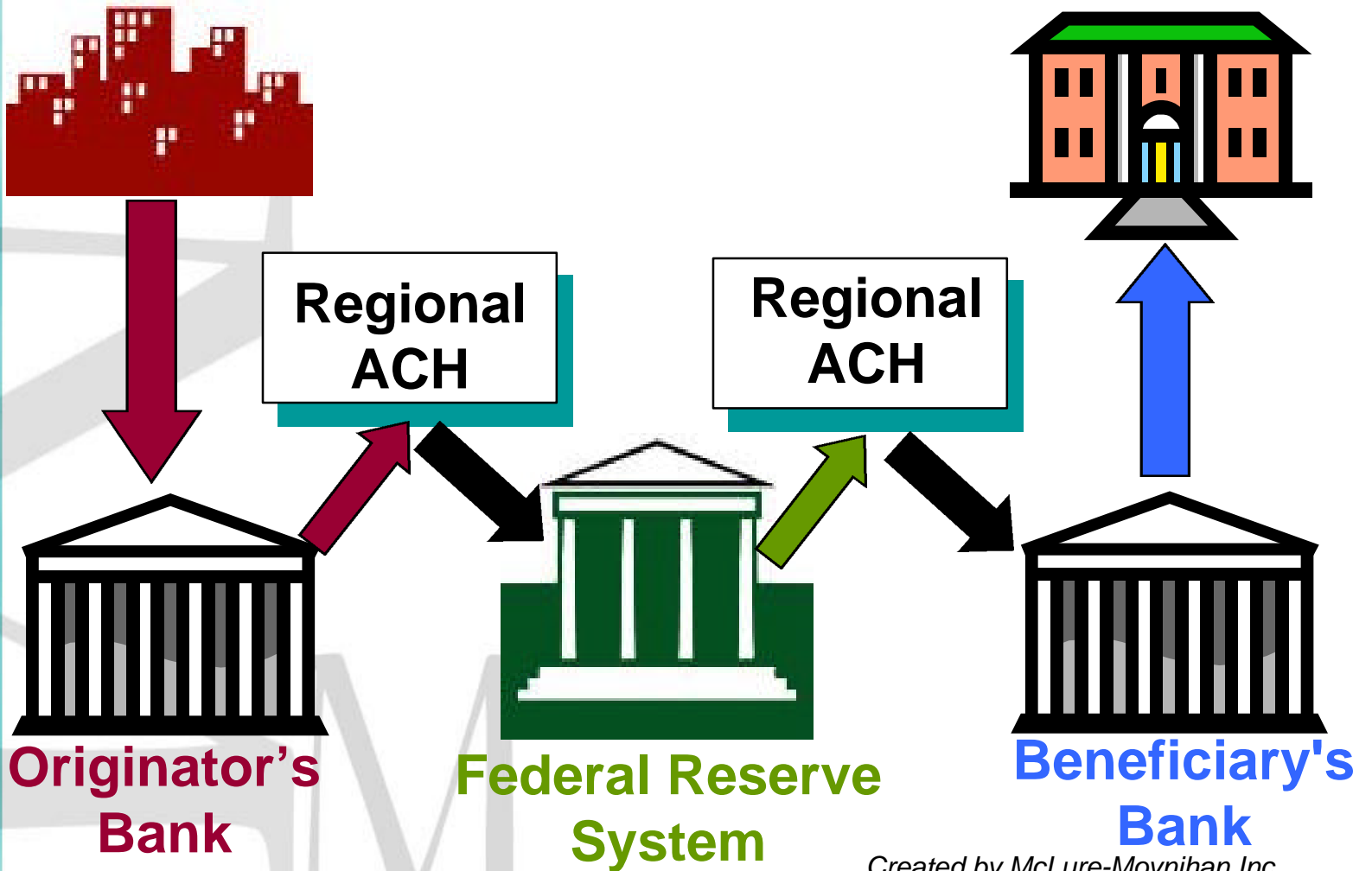
Let's talk about the **HIPAA payments.**

- HIPAA claim payments and premium payments clear thru banks.
- Bank networks for Electronic Funds Transfer (EFT) are secure, widely used and familiar – like direct deposit.

EFT: Fedwire



EFT: Automated Clearing House Transactions





Fedwire vs. ACH

Fedwire

- Immediate funds transfer.
- Limited data carrying capability.
- Bank does it for you, over the counter.
- Expensive to send and receive.

ACH

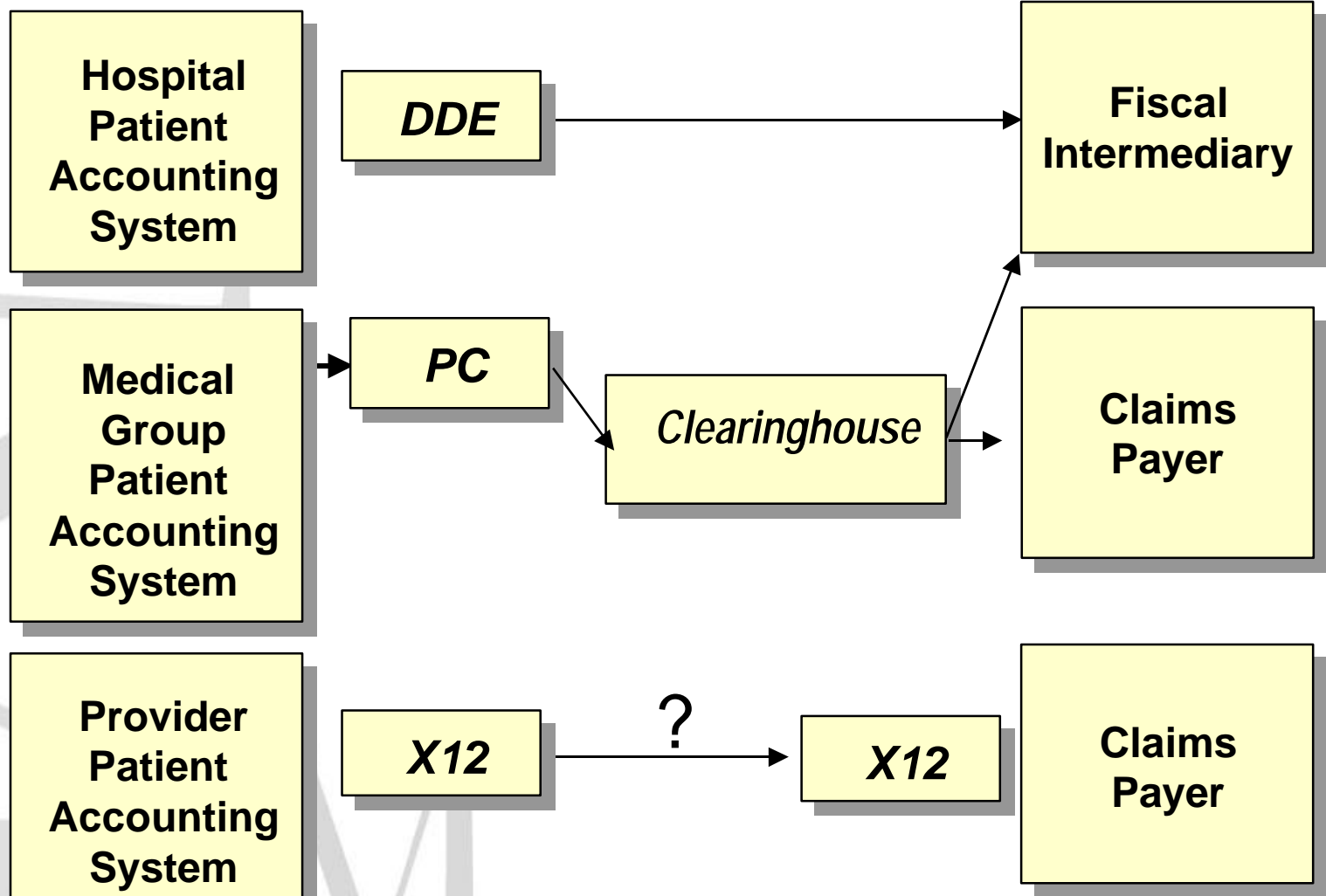
- Good funds arrive the day after payment origination.
- Substantial data carrying capability.
- You send it electronically to the bank.
- Inexpensive to send and receive.



Healthcare EC and EDI

- Medicare practices and procedures created today's *electronic claims* processes.
- Claims clearinghouses arose to meet the *mapping and editing* needs of providers and commercial claims payers.
- Medicaid's practices and procedures created today's *electronic eligibility* processes.

Healthcare EDI





HIPAA Standard Transactions

- **Healthcare Claim or Encounter (837)**
 - **Enrollment and Disenrollment in a Health Plan (834)**
 - **Eligibility for a Health Plan (270-271)**
 - **Claim Payment and Remittance Advice (835)**
 - **Premium Payments (820)**
 - **Healthcare Claim Status (276-277)**
 - **Referral Certification and Authorization (278)**
 - **Coordination of Benefits (837)**
- And, later...*
- **Healthcare Claim Attachment (275)**
 - **First Report of Injury (148)**



HIPAA Standard Transactions

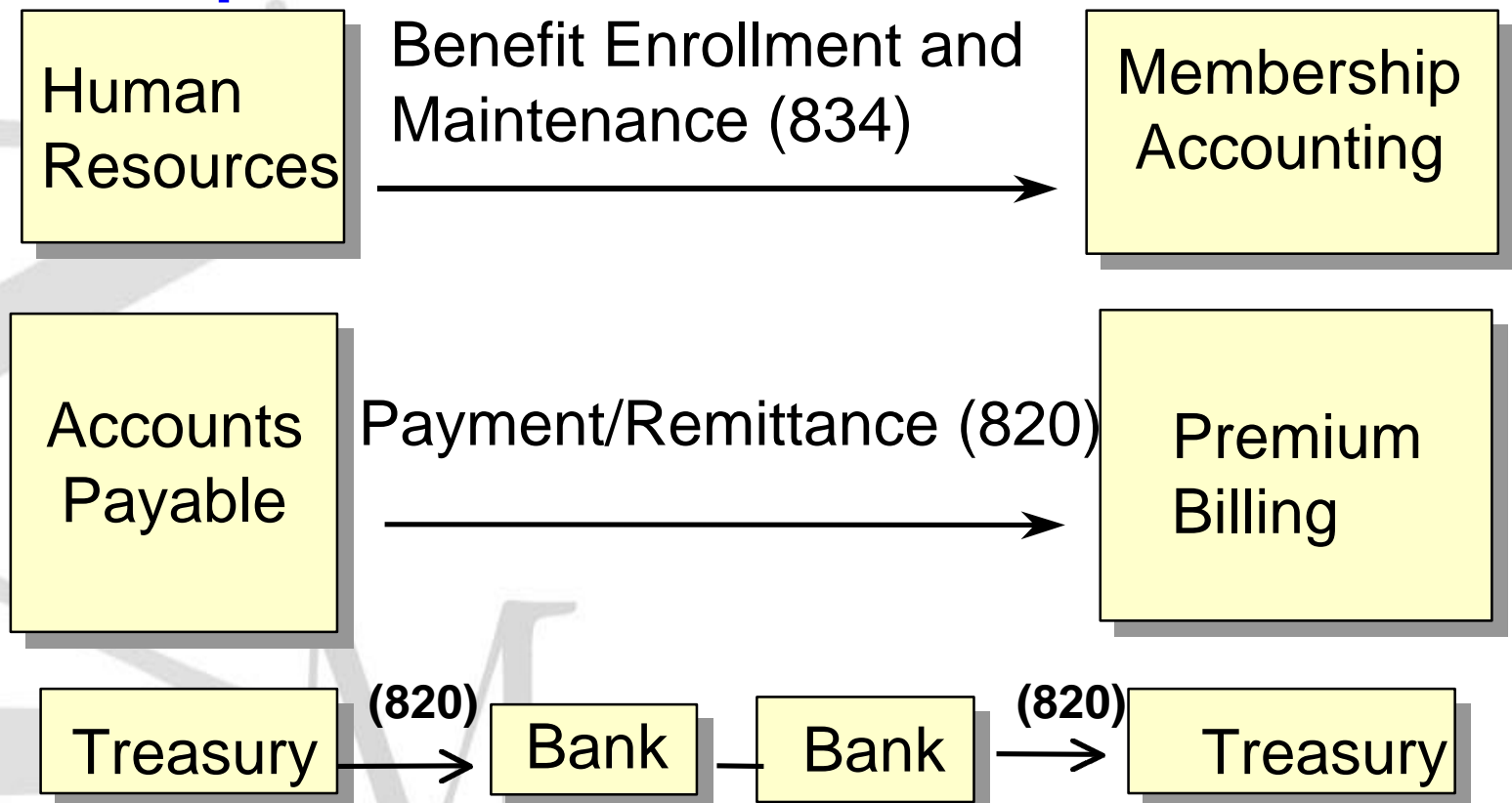
HIPAA Implementation Guidelines, to be issued when updates to the standards are promulgated by DHHS, are the standard for purposes of HIPAA compliance. They are subsets of the complete standard approved by the ANSI (American National Standards institute) committee ASC X12, version 4010.

HIPAA standard transmissions must incorporate other X12 standards used for message management in order to function in commercial software.



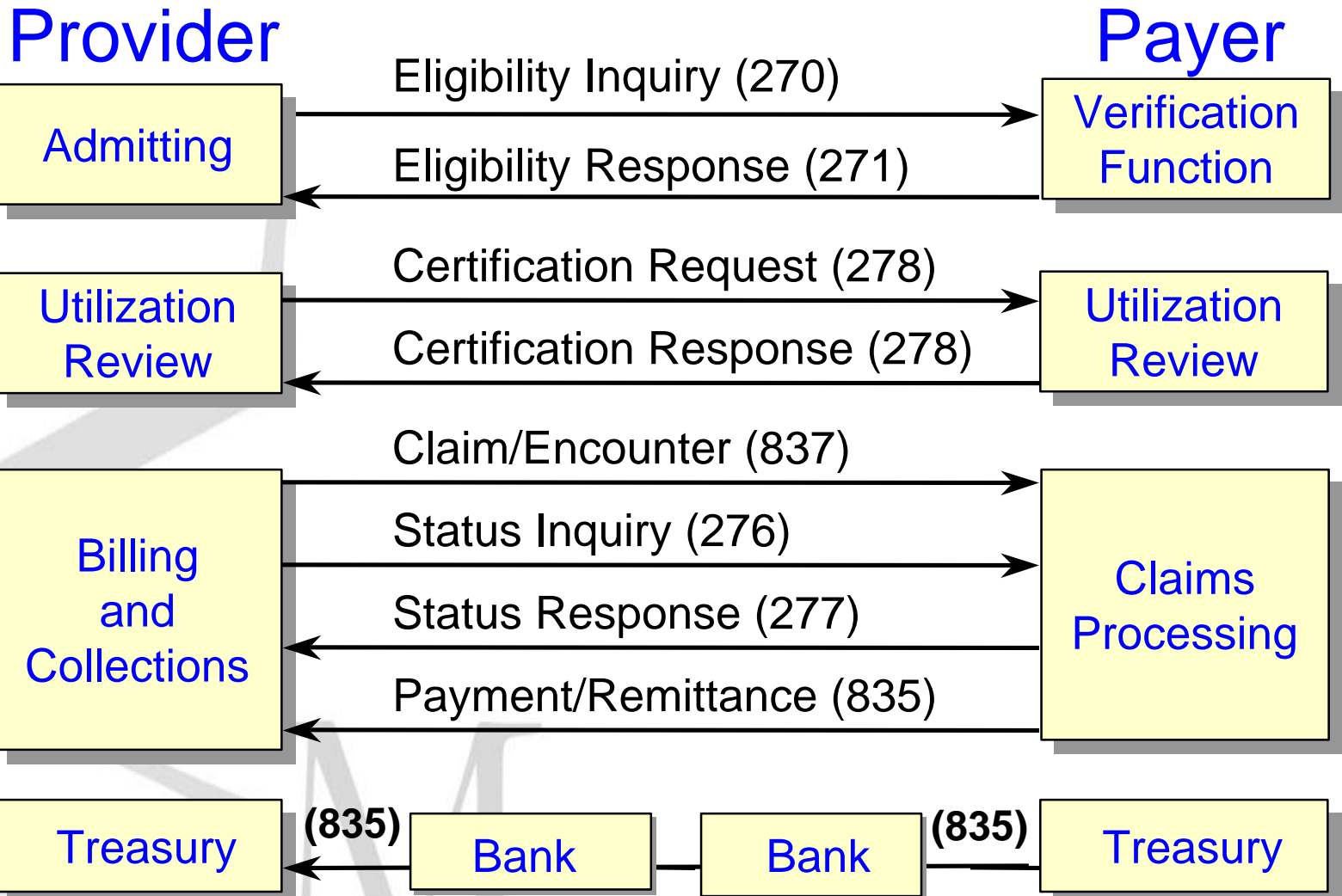
**Employer/
Plan Sponsor**

Health Plan





The Claims Process





Where Are We Now?

- **Claims Administration will move into the mainstream of Corporate Electronic Document Exchange.**
 - ASC X12 and other standards bodies can help move the industry to long sought goals of a “networked” healthcare industry.
- **Providers and Payers will adopt improved Security practices to keep patient information confidential**
 - Internet security guidelines will also allow the E-commerce revolution to find applications in healthcare.



McLure-Moynihan

EDI

A Guide to Electronic Data
Interchange and Electronic
Commerce Applications in the
Healthcare Industry

JAMES J. MOYNIHAN
MARCIA L. McLURE, Ph.D.

Available at
NACHA.ORG and
Amazon.com

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