• 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
We are used to standard forms.

We need to obtain information from the equivalent of an electronic standard form.
Converting standard forms into standard messages ...
... which means strings of text ...
(Segments are composed of “data elements.”)
How Does EDI Work?

Map and Translate to ASC X12

Field Name
- PO Number
- Line Item No.
- Qty. Ordered
- Unit of Meas.
- Unit Price
- Buyer’s P/N
- Vendor’s P/N
- Delivery Qty
- Delivery Date

Map and Translate from ASC X12

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**10**30******
*N1*ST*ABC EMPLOYER
*8039*1234567890101^N2*C
*CORPORATE DIVISION^N3*
*100 TOON LVD.^N4*
*GOURA HILLS*CA*98898
*US*PO1*1*25*EA*9.5*C
*T^ME*XYZ-1234^PID*F
**HAMMER-CLAW*MA*
**D**1*10*OZ^PO1*

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

Let’s talk about the HIPAA \textit{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

- Originator’s Bank
- Federal Reserve System
- Beneficiary’s Bank

Bank A → Bank B
EFT: Automated Clearing House Transactions

- Originator’s Bank
- Federal Reserve System
- Beneficiary’s Bank

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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.
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)
  
  \textit{And, later…}

- Healthcare Claim Attachment (275)
- First Report of Injury (148)
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.
The Claims Process

Provider

Admitting

Eligibility Inquiry (270)

Eligibility Response (271)

Utilization Review

Certification Request (278)

Certification Response (278)

Billing and Collections

Claim/Encounter (837)

Status Inquiry (276)

Status Response (277)

Payment/Remittance (835)

Treasury

(835) Bank

Bank

(835) Treasury

Payer

Verification Function

Utilization Review

Claims Processing

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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.
Available at NACHA.ORG and Amazon.com