HIPAA Summit West II
A Case Study: Implementing HIPAA at Kaiser Permanente

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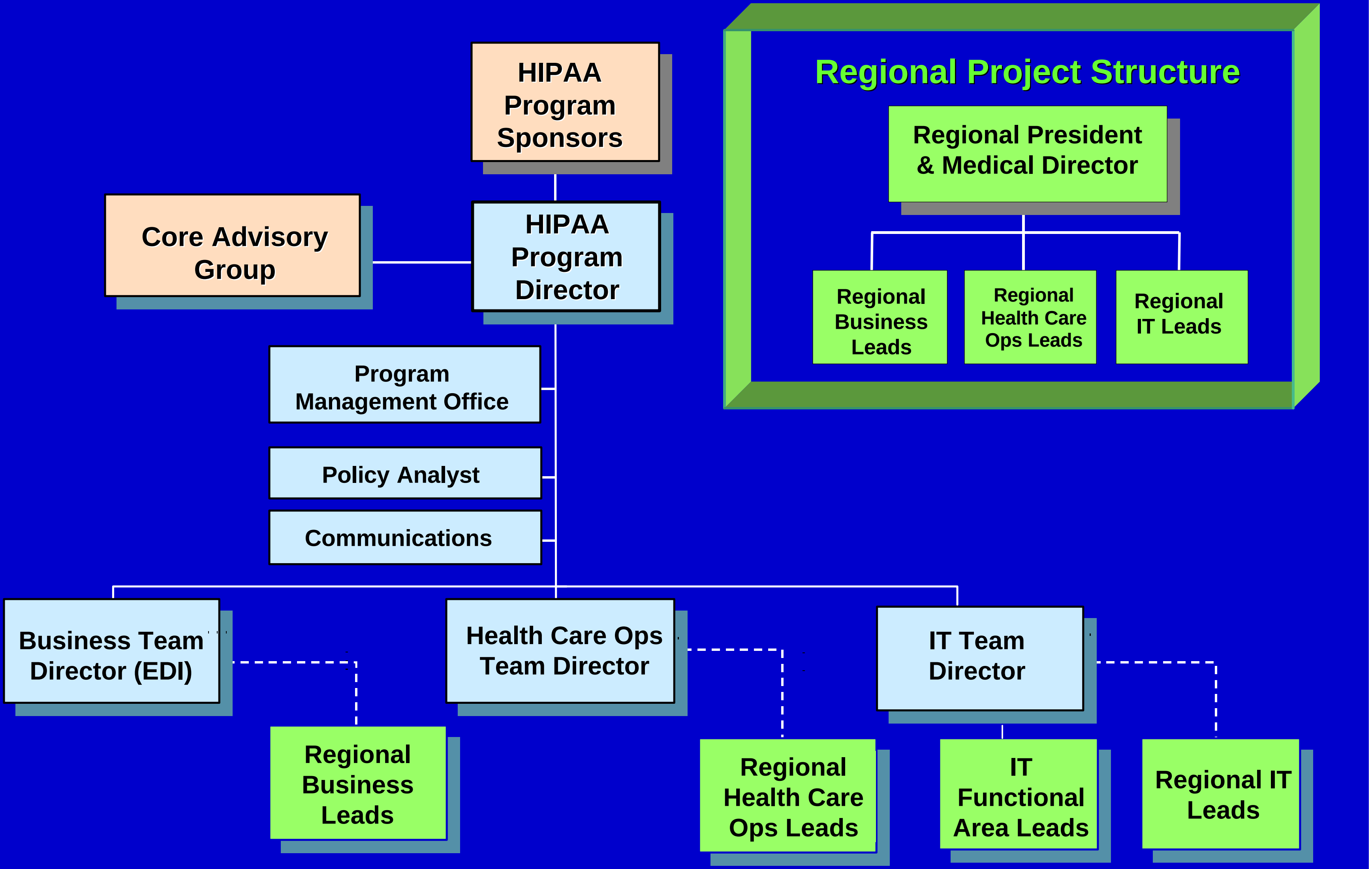
Kaiser Permanente: A Snapshot

- Kaiser Permanente has:
  - Regions in 9 states and Washington, DC
  - 8.3 million members
  - 29 Hospitals
  - 423 Medical Offices
  - 11,345 physicians
  - 122,473 employees
  - More than 3,000 applications that contain HIPAA relevant information

The KP HIPAA Approach

- National sponsorship: Health Plan, Hospitals, Medical Groups and IT
- Regional sponsorship: Regional Health Plan Presidents, Medical Directors
- Multi-disciplinary core advisory group: Legal and Government Relations, Internal Audit, Public Affairs, IT Security, Health care operations, Labor Relations, Others as needed
- National and Regional Teams: National directors for IT, Business, Health Care Operations; Regional leads for IT, Business, Health Care Operations; KP-IT Functional Leads
- Legal expertise: Internal and external
- Advocacy: To achieve favorable interpretations

National Team Organization



HIPAA Program Sponsors

Core Advisory Group

HIPAA Program Director

Program Management Office

Policy Analyst

Communications

Business Team Director (EDI)

Regional Business Leads

Health Care Ops Team Director

Regional Health Care Ops Leads

IT Team Director

IT Functional Area Leads

Regional IT Leads

Regional Project Structure

Regional President & Medical Director

Regional Business Leads

Regional Health Care Ops Leads

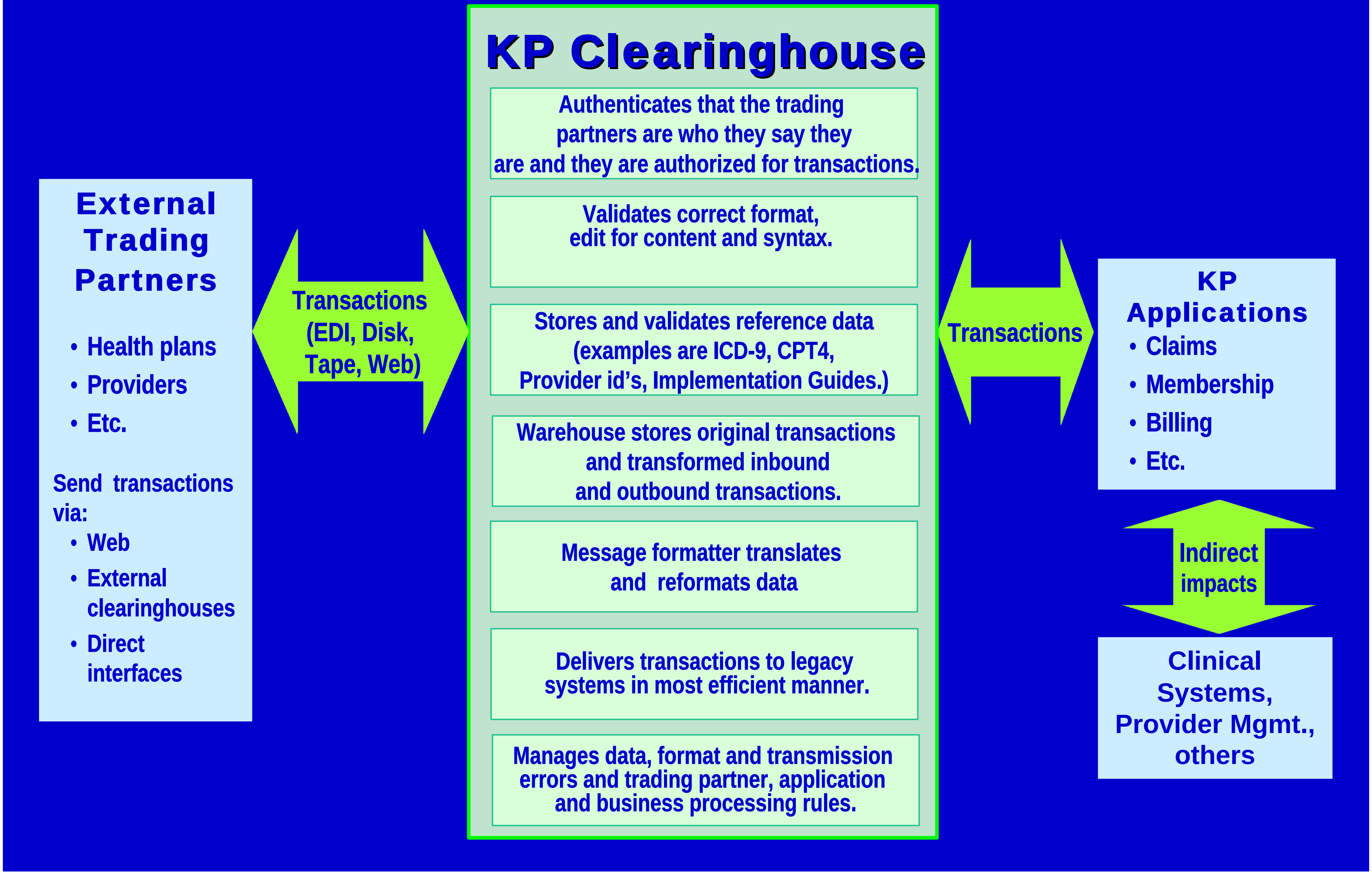
Regional IT Leads

HIPAA EDI

Kaiser Permanente’s EDI Approach

- **We are developing a “KP Clearinghouse” - a set of shared utilities - to translate specified information into HIPAA compliant format + modifying applications as needed.**
- **We chose the KPC approach because it is:**
  - ✓ significantly less expensive than modifying all applications affected,
  - ✓ achieves economies of scale in the short and long run,
  - ✓ allows for evolution of legacy systems and business processes, and
  - ✓ facilitates maintenance (e.g., the addition of new transactions and codes, changes to layouts)
- **We believe that the KPC has a long term value even as applications are replaced.**

Clearinghouse Utility for Achieving HIPAA Compliance:



External Trading Partners

- Health plans
- Providers
- Etc.

Send transactions via:

- Web
- External clearinghouses
- Direct interfaces

Transactions (EDI, Disk, Tape, Web)

KP Clearinghouse

Authenticates that the trading partners are who they say they are and they are authorized for transactions.

Validates correct format, edit for content and syntax.

Stores and validates reference data (examples are ICD-9, CPT4, Provider id's, Implementation Guides.)

Warehouse stores original transactions and transformed inbound and outbound transactions.

Message formatter translates and reformats data

Delivers transactions to legacy systems in most efficient manner.

Manages data, format and transmission errors and trading partner, application and business processing rules.

Transactions

KP Applications

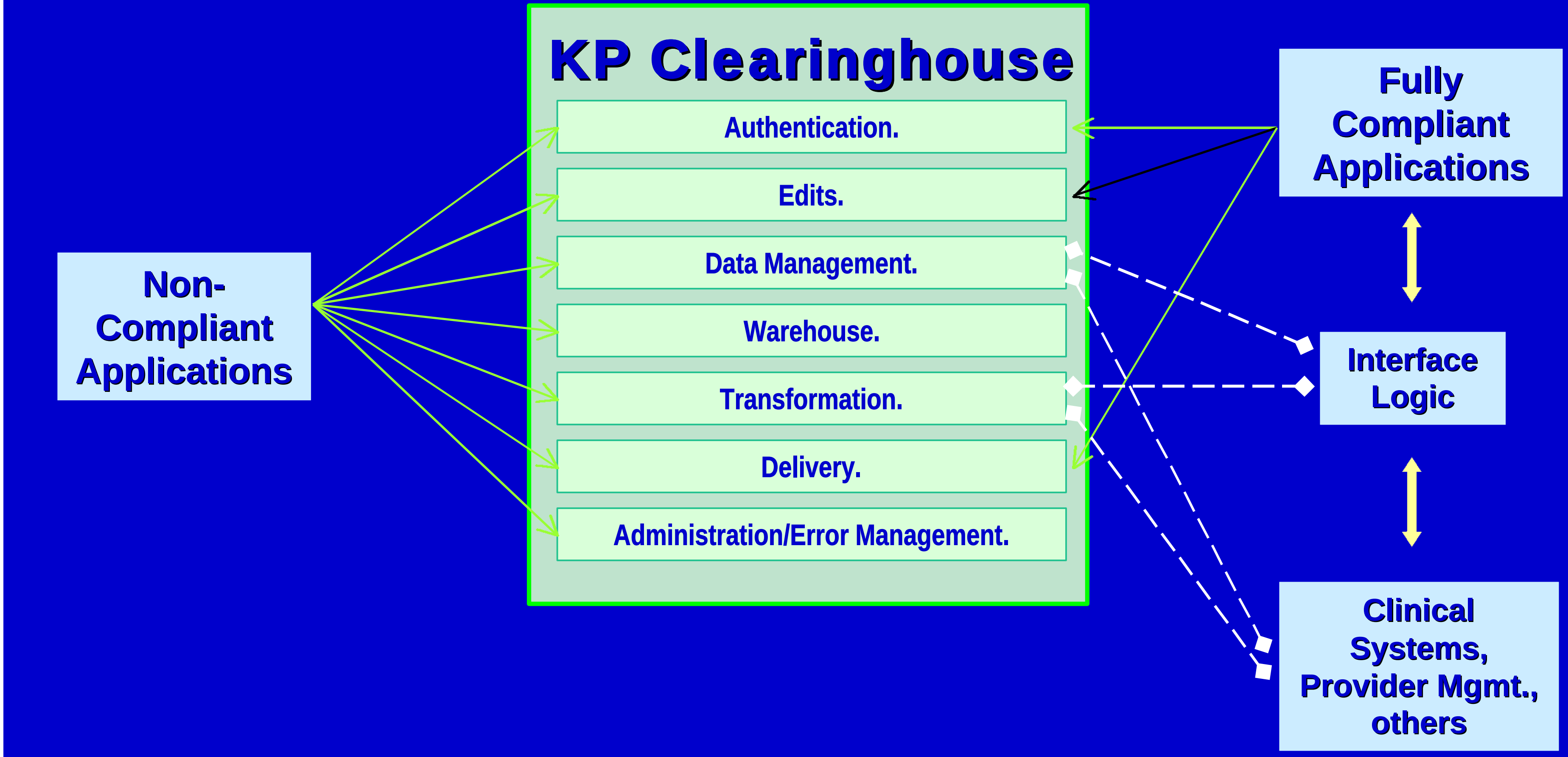
- Claims
- Membership
- Billing
- Etc.

Indirect impacts

Clinical Systems, Provider Mgmt., others

KP Clearinghouse:

- Supports Compliant/Non-Compliant Applications
- Enables interface between applications



KP Clearinghouse

Authentication.

Edits.

Data Management.

Warehouse.

Transformation.

Delivery.

Administration/Error Management.

Non-Compliant Applications

Fully Compliant Applications

Interface Logic

Clinical Systems, Provider Mgmt., others

◆-------◆ Represents an example of re-use of KP Clearinghouse utilities

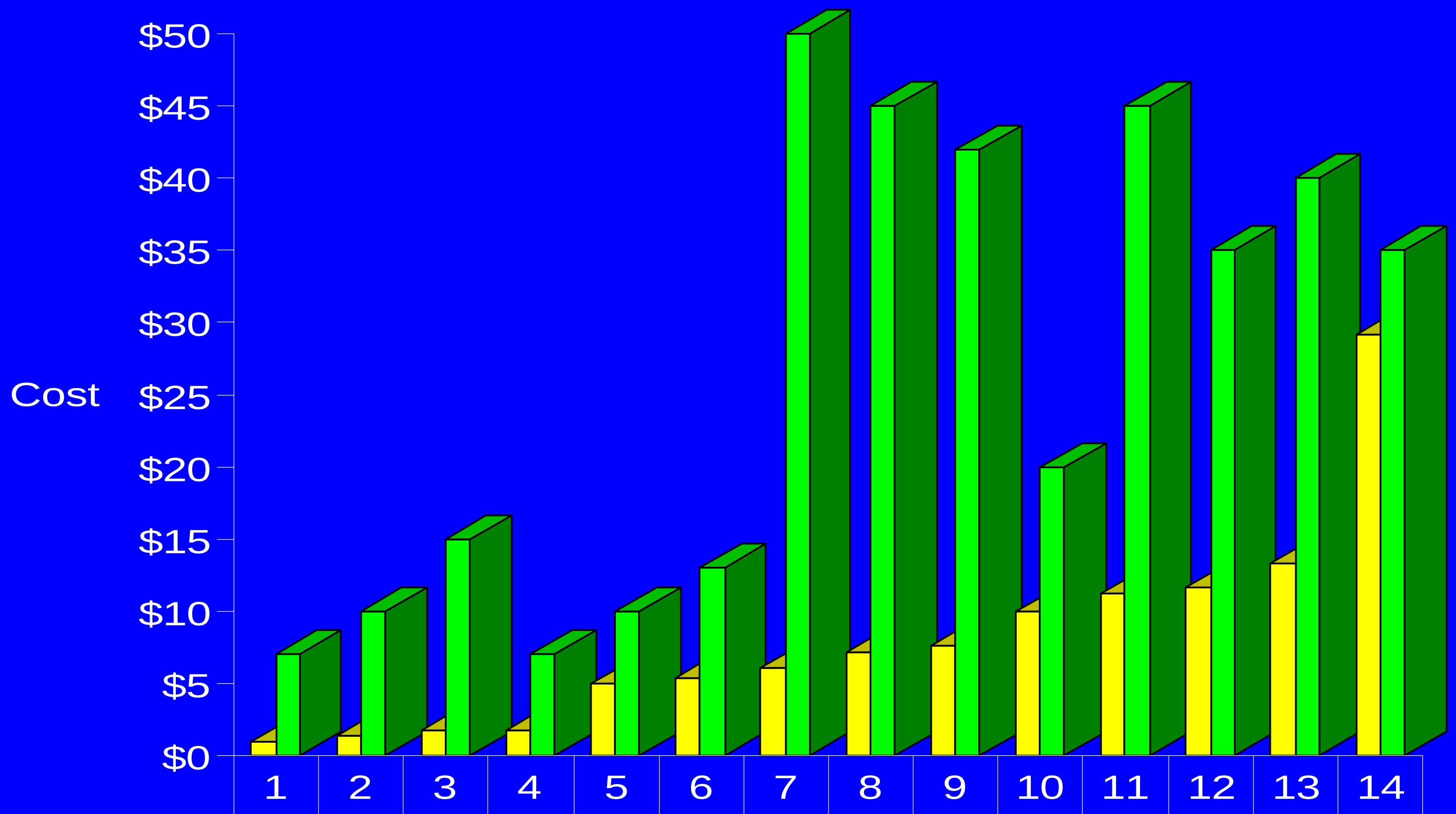
So What Are the Challenges of the EDI Extension for KP

- Applying for the extension
- Reminding executive leadership that HIPAA doesn’t go away
- Revising 2002 and 2003 budget plans
- Restructuring the work without losing momentum
- Redeploying staff
- Working with trading partners who want to send compliant transactions in Oct. 2002

And Benefits from the Extension

- Spreading EDI over an extra year = need for less $$ in 2002 budget
- More time to test our work
- Time to reevaluate our approach and identify opportunities the delay may provide (90-day study)
- With privacy deadline barreling our way, able to redeploy some staff to privacy work

HIPAA Compliance Cost Comparison



	1	2	3	4	5	6	7	8	9	10	11	12	13	14
🟨 Cost/ Member	$1	$1	$2	$2	$5	$5	$6	$7	$8	$10	$11	$12	$13	$29
🟩 Total Cost in $M	$7	$10	$15	$7	$10	$13	$50	$45	$42	$20	$45	$35	$40	$35

Value of Increased EDI Capabilities

- Potential cost reductions such as:
  - ✓ Reduced phone inquiries
  - ✓ Reduced processing of paper checks
  - ✓ Reduced manual keying of data and data verification
  - ✓ Reduction of other manual processes such as scanning, fax responses, mailroom handling, etc.

- Sets the technical environment which allows for broader benefits. Full benefit realization would require significant changes in business processes (e.g., linking contracts, referrals and claims to permit auto-adjudication of claims)

Where is KP Now on EDI?

- Almost finished with 90-day study
- Proceeding on the KPC - alpha build in May 2002; full build Sept. 2002
- Modifying some applications in 2002; delaying some to 2003
- Considering how to approach EDI extension request - one KP request or several (KP Regions)
- Planning for April 2003 test date
- Continuing to identify benefits

HIPAA Privacy and Security

Challenges of Privacy Regulations

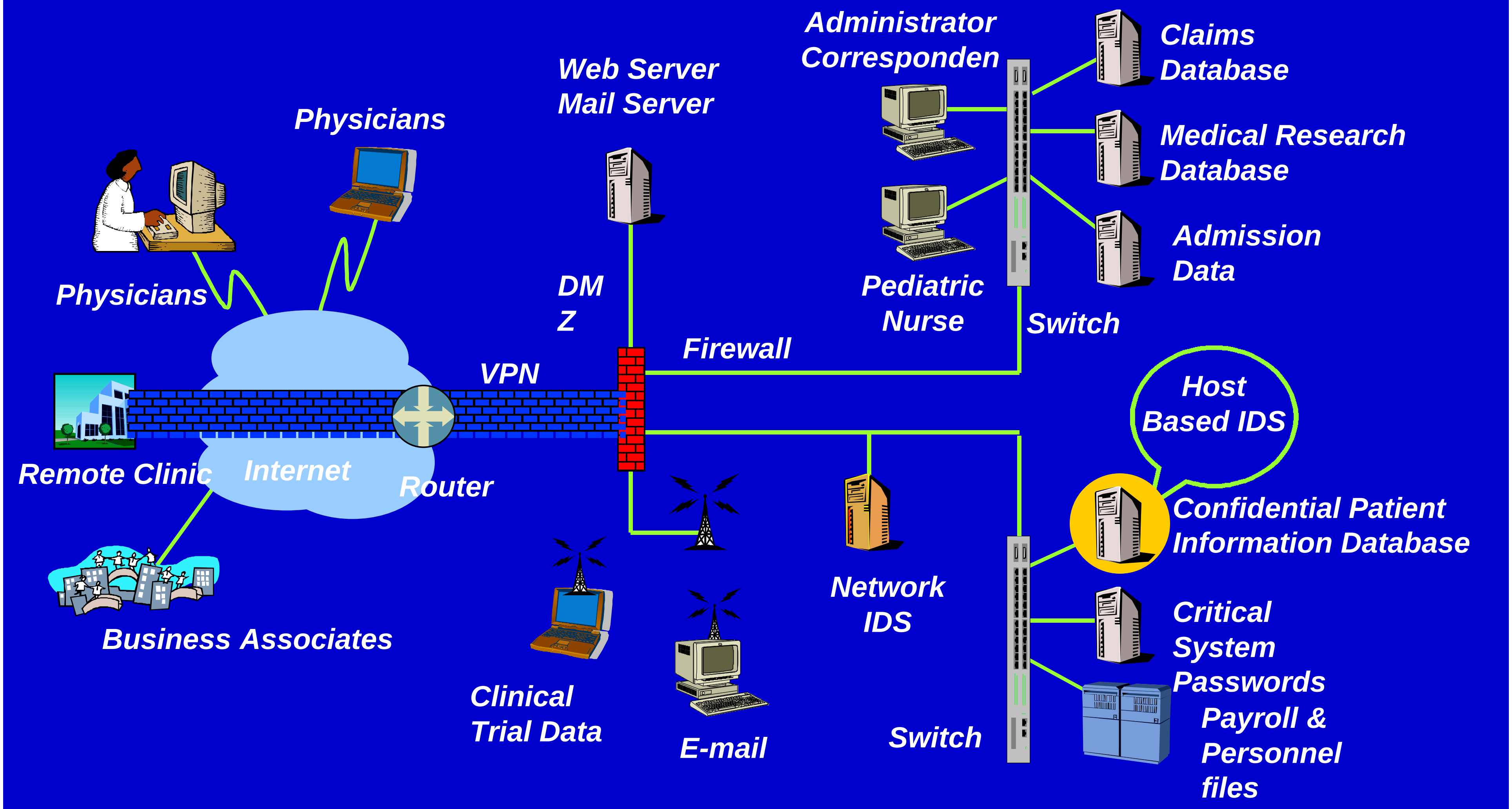
- Getting consent for treatment, payment and healthcare operations from all 8.3 million current members and patients Tracking consent, effective date, revocation
- Effectively and efficiently tracking disclosures
- Minimum necessary - how to use subset of paper or electronic chart
- Finding privacy officers
- Training staff prior to April 14, 2003

National and regional multidisciplinary KP Work Groups developing approaches

Challenges of Security Regulations

- Estimating/securing resources prior to final regs (probably most costly area of HIPAA)
- Understanding current situation (i.e., multiple regions and varying policies)
- Assessing risk and making policy decisions
- Finding security officers
- Adding an audit trail
- Dealing with overlapping elements between HIPAA Privacy (deadline April 2003) and Security (no deadline yet) e.g., training and business associate agreements

Privacy and Security: Perspective from the Frontline



Privacy and Security A Matter of…

- People
- Systems
- Technology
- Regulations
- Evolution

… And the Clock is Ticking

Privacy - For almost 5000 years

The patient tells another person:

- no documentation
- no privacy

“My left foot is numb and I have this incredible thirst.

I’ve been kind of depressed lately.”

Nevertheless…

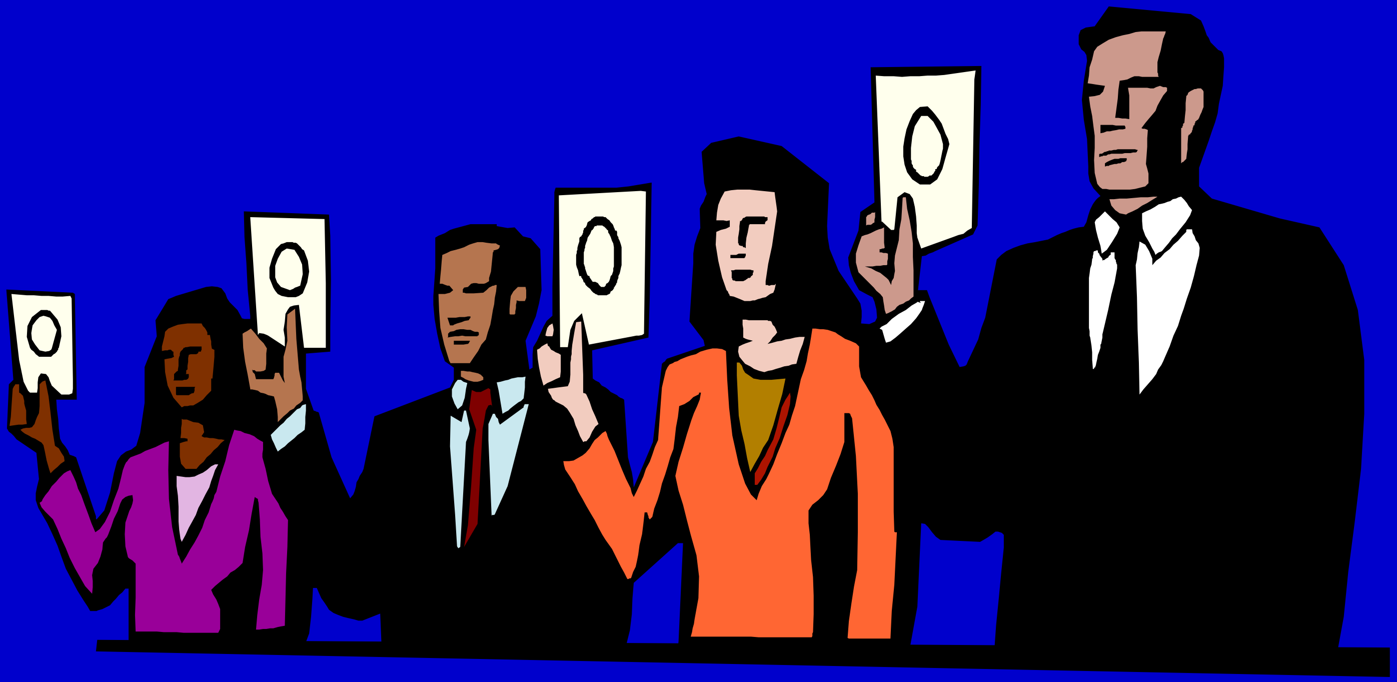
Privacy Fears

Steven—you are to begin therapy, as your blood test indicates 25% risk of teenage depression based on your genetic profile.

Father just got a telemarketing call from a home blood sugar monitoring service. But I don't think he ever followed up on that office visit to the doctor!

Over The Top

And now, Mr. Jones’ scores from our health insurance judges…



Elements of Privacy Management

- Admission
- Authentication
- Access controls
- Administration
- Accountability
- Audits (before not after)
- Apprehension

For example…

C

Audits

- Someone has to write the rules[1]
- Someone has to run the audits[2]
- Someone has to be accountable

[1] the rules have to be meaningful

[2] the audits have to be meaningful

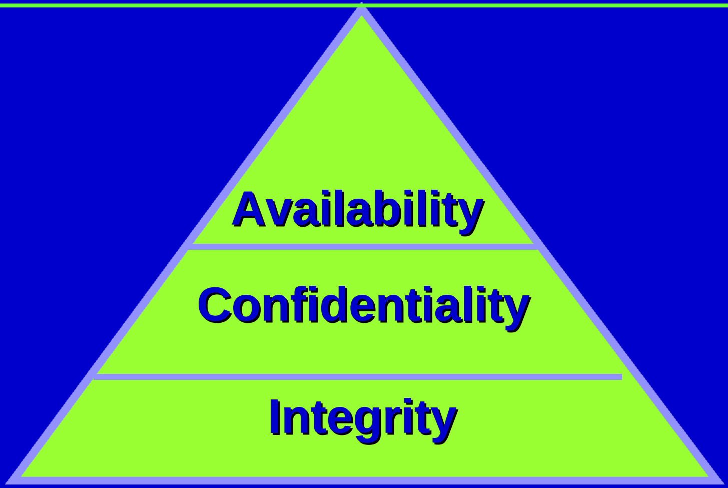
C

Privacy Officer Needed

- Necessary for the practice to be HIPAA compliant
- Necessary as a good business practice
- Making certain that the practice remains HIPAA compliant
  - ✓ Risk assessment
  - ✓ Gathering consents
  - ✓ Proper disclosures
  - ✓ Proper security
- Interface with patients
- Can be the “office manager”
- HIPAA expertise abounds (print, internet, consultants)

Keeping Health Information Secure

- Information is a health industry asset
- Information can be critical and/or sensitive
- Loss of confidentiality, integrity, or availability can have financial implications
- Loss of Integrity or availability *can cost a life!*



Donn Parker, SRI

How is Security Threatened?

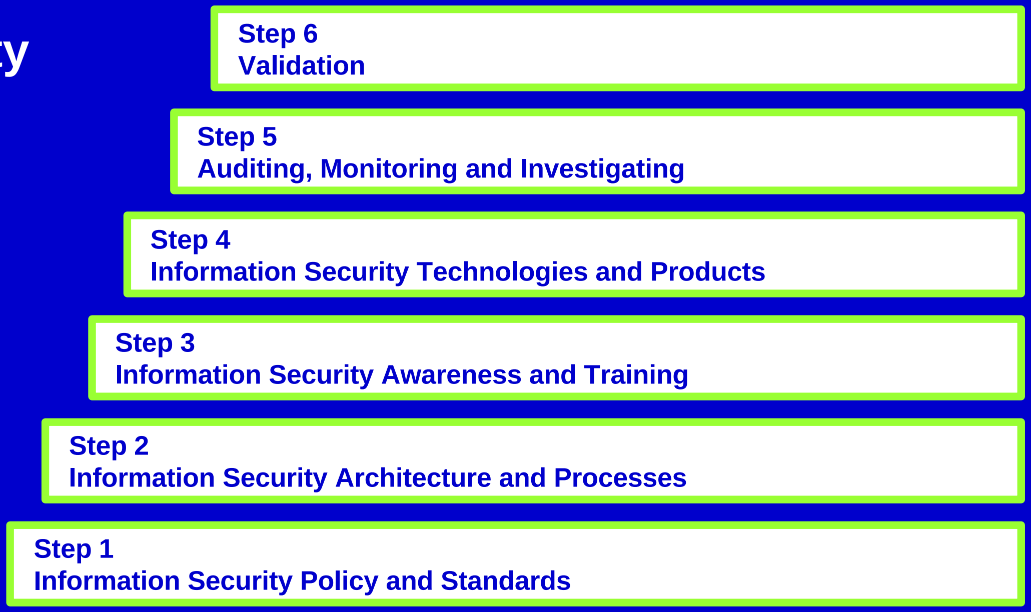
- **What is a threat?**
  - Possibility, or likelihood, of an attack against your organization
  - Potential for damage to your organization
- **Accidental vs. intentional threats**
- **Threat forms**
  - Human Errors
  - Malicious Acts
  - System Failures
  - Natural Disasters

Security ‘Vulnerabilities’

Item	Paper	Digital
Lack of policies and procedures	🗐	🗐
Incorrect policy implementation	🗐	🗐
No intrusion detection	🗐	🗐
Software bugs/ design flaws		🗐
No firewall or poor implementation		🗐
No virus protection/ poor implementation		🗐

Information Security Hierarchy:
Best Practices Approach

- Administrative
  - ✓ Policy & Procedure
  - ✓ Personnel Security
- Technical
  - ✓ Network Connectivity
  - ✓ Viruses
  - ✓ Authentication
  - ✓ Audit
  - ✓ Backup and Recovery
  - ✓ Encryption
  - ✓ Physical Security



Step 6
Validation

Step 5
Auditing, Monitoring and Investigating

Step 4
Information Security Technologies and Products

Step 3
Information Security Awareness and Training

Step 2
Information Security Architecture and Processes

Step 1
Information Security Policy and Standards

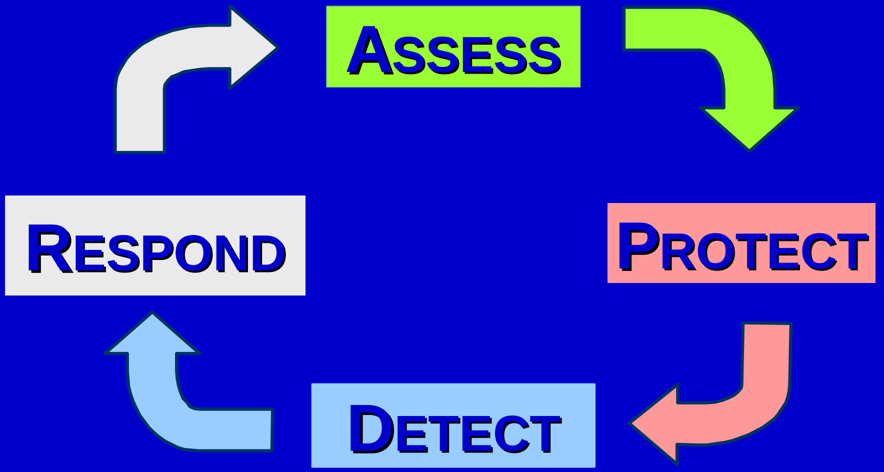
Top Ten ‘Reasons’ to Defer Security

“Compliance is in the eye of the beholder”

1. “We trust our staff and our physicians”
2. “Security expense cannot be cost-justified”
3. “Our software vendor is responsible for EDI security”
4. “We have a firewall!”
5. “Our IT Provider is handling our network security”
6. “Our information assets are not at risk”
7. “We can’t afford another Y2K of IT expenditures!”
8. “We have a solid consent and authorization process”
9. “If someone really wants to crack our system……”
10. *“The HIPAA Security Standard is not finalized!”*

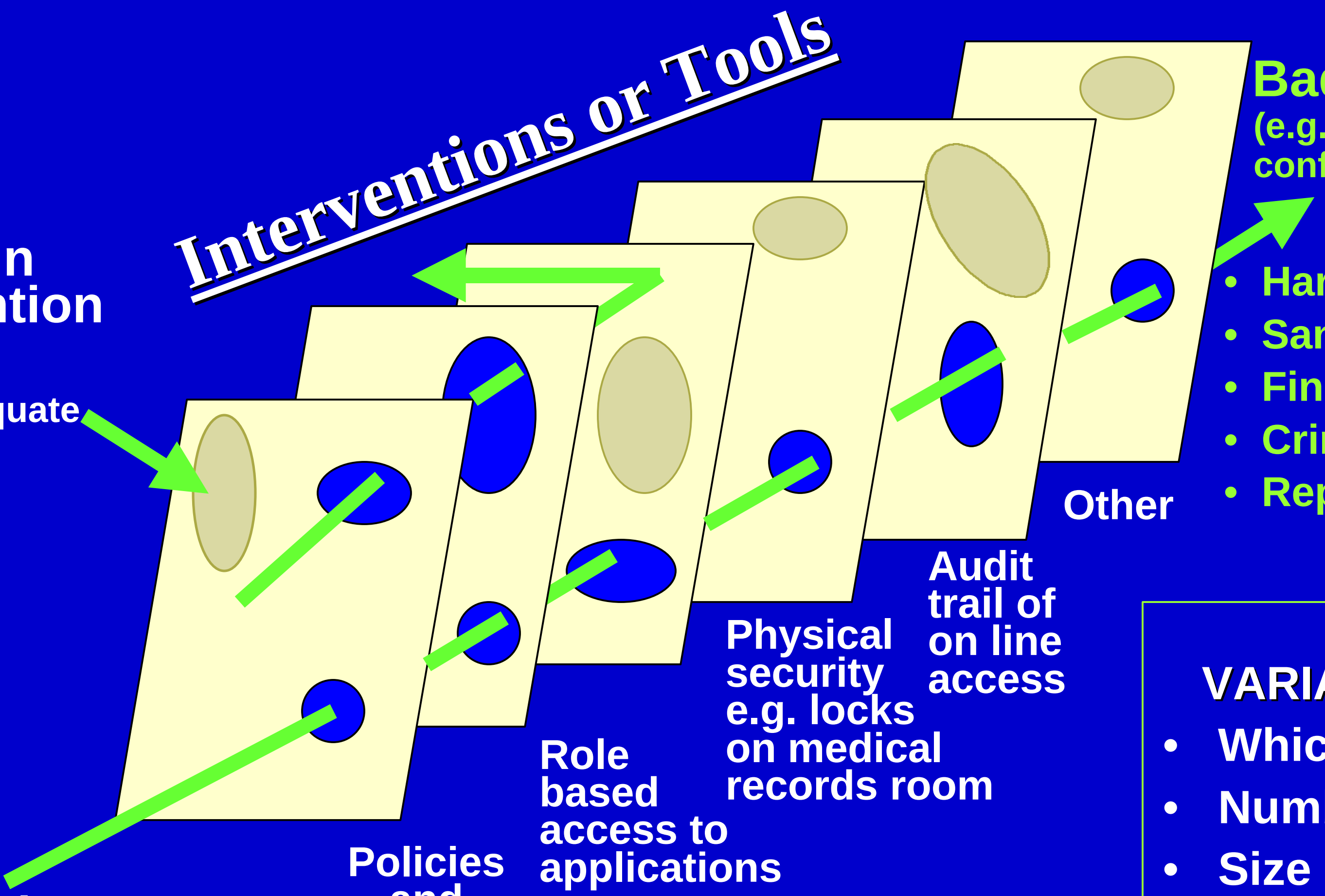
Recommended Security Response… NOW!

- Assessment Gap
- Establish Roadmap
- Implement appropriate administrative measures
  - ✓ Security policy
  - ✓ Information Classification
  - ✓ Security Awareness Training
- Undertake appropriate technical remediation
  - ✓ Configurations
  - ✓ Physical security



"Little pieces at at time"

Security and Privacy Regulations: Risk Management Challenge



Interventions or Tools

"Flaw" in intervention or tool

e.g., inadequate training

Risk Triggering Event

e.g., curious employee

Policies and Training

Role based access to applications

Physical security e.g. locks on medical records room

Audit trail of on line access

Other

Bad Outcome

(e.g. misuse of confidential info.)

- Harm to individual
- Sanctions
- Fines
- Criminal charges
- Reputation

Diagram modified from James Reason's

"Accident Causation Model"

VARIABLES

- Which events
- Number slices
- Size of holes
- Timing
- Risk/$$

HIPAA Risk Management Approach

- Provides a baseline of data and information for future initiatives
- Allows us to build a rational, replicable model for risk management
- Acknowledges that total elimination of risk may not be possible

Contributing to the Success of HIPAA at Kaiser Permanente

- HIPAA is in alignment with Kaiser Permanente values
- Active national and regional sponsorship
- Dedicated national and regional HIPAA Teams
- Multi-disciplinary approach
- KP is a “learning” organization
- Our 55-year history of providing high quality health care service to diverse populations

Questions?

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