



HIPAA

Case Studies in HIPAA Compliance Critical Factors in Success or Failure

Jim Moynihan

McLure-Moynihan Inc.

www.mmiec.com

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HIPAA

What is Success?

- **Success is defined as achieving Administrative Simplification with measurable savings.**
- **Success is also design and implementation of HIPAA-compliant privacy and security policies and procedures.**



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Critical Factors for Success

- Regional Initiatives
- Internal Organization and Management
- Vendor Selection
- Metrics for Business and Compliance
 - Gap Assessment
 - Remediation Plan



Healthcare is Regional

- **National Trends matter but regional variations are crucial.**
 - **Utah (UHIN)**
 - **New England (NEHEN)**
 - **Washington State**
 - **California (CALINX)**



Utah Health Information Network

- **Not for profit, coalition of insurers, providers and other interested parties including State government.**
- **Provides transaction system used for claims submission and remittance delivery between payers and providers.**
- **Long term vision is for additional transactions including attachments.**



New England Healthcare EDI Network

- NEHEN is a consortium of regional payers and providers who have designed and implemented a secure and innovative electronic-commerce solution for reducing administrative costs in healthcare.

NEHEN
Membership,
Nov. 2001

 <p>NEHEN Founding Partners</p>	<p>Contract Affiliates</p> 	<p>Non-Member Payers with Secondary Connectivity Solutions</p> <ul style="list-style-type: none"> • BC/BS of Massachusetts • Massachusetts Medicaid • Medicare
<p>Additional Members</p> 		

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NEHEN: Key Features

- **NEHEN is jointly-owned by the participating payers and providers**
 - **External Program Manager (CSC) provides contracted technology, coordination, and program management services**
- **Ownership is open to qualified payers and providers, as defined by HIPAA**
 - **All other “agents” join as arms-length contract affiliates**
- **Governmental and regulatory participation has been voluntary and supportive**
 - **Example of public / private collaboration**
 - **Commonwealth of Massachusetts is an interested third party, considering a more formal involvement**
 - **Fiscal intermediaries are cooperative**
 - **Private sector has taken a voluntary, proactive approach to lowering administrative costs and improving patient service (to preclude legislative or regulatory action)**



Washington State

- Payers and providers cooperated in setting mutually agreed upon implementation priorities and deadlines.
- Unlike the UHIN clearinghouse or the NEHEN service provider Washington chose one preferred vendor and allowed other vendors to participate.
- Eligibility was chosen as the first transaction to implement.



California- Calinx

- **Not for profit, Foundation-funded effort to identify and resolve business issues of employers, payers and providers. Workgroups reviewed data issues and business rules of exchange.**
- **CALINX is a collaborative effort of the Pacific Business Group on Health (PBGH), the California Association of Health Plans (CAHP), the National IPA Coalition (NIPAC), the American Medical Group Association (AMGA), the California Healthcare Association (CHA) and the California Medical Association (CMA).**



California- Calinx

- No role in executing transactions.
- Mixed results across multiple areas both clinical and administrative.
- Leadership of University of California, CalPers and others made HIPAA-compliant use of the Enrollment and Premium Transactions a reality for most large payers in California.
- Web Site www.calinx.org contains the fruit of CALINX labors.
- No ongoing activity.



Transaction Standard Compliance

Size and Experience Matter!

- Larger Commercial Insurance, BCBS and HMO plans with EDI departments and a history of electronic claims processing are making progress.
- The multitude of unions, TPAs, regional PPOs and other organizations that have been totally paper-based are struggling.
- Many smaller payers may be forced to upgrade their claims systems.



Keys To Payer Success



- **BCBS of X**

- **Began compliance planning in 1999**
- **Expanded existing EDI team (responsible for both production and electronic provider relations)**
- **Developed maps from standards to existing systems**
- **Identified early implementers and tested in 2001.**
- **Developed roll out plan for testing in 2002**



Keys To Payer Failure

- **Health Plan Y**

- **Began compliance planning in 2000**
- **Chose clearinghouse based on price**
- **Bought \$250,000 translator which proved non-functional**
- **Staffed EDI team with novices**
- **Chose wrong transaction to implement first and after one year had one trading partner**
- **Fired EDI team and opted for unproven web-enabled vaporware offered by Claims Adjudication System vendor**



Keys To Payer Success

- **Organization.**
 - A dedicated Ecommerce team will be more successful than a series of IS compliance projects
- **Vendor Selection**
 - Chose the right banks, clearinghouses and consultants
- **Goals and Metrics set in terms of the business, not just compliance**



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Provider Success Story

- **The right transaction**
- **with the right trading partner**
- **with the right vendor**
- **at the right time**

- **consistent with a long term IT and business vision to re-design the business process while automating.**



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The Right Transaction

- **Memorial Sloan Kettering Cancer Center analyzed operations and realized that claims status, not eligibility should be its focus.**

The Right Trading Partner

- **MSKCC engaged its key trading partner, Empire Blue Cross and obtained commitment to proceed.**

At the Right Time

- **By being an early adopter HCFA/CMS funded implementation as part of its expense for piloting the transaction.**



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The Right Vendor

- **MXKCC rejected PA system and clearinghouse vendors before identifying correct vendor.**

Consistent with a Long Term IT and Business Vision

- **MSKCC integrated claims status messages into collection and tracking procedures. These include retrieval of attachment data for electronic transmission by Fax to Payers. This will be adapted to the Attachment Standard when that is supported by the Payers.**



IHDN Challenge

- **IHDNs may have Multiple Health Plans which increases the magnitude of non-compliance penalties.**
 - **Self-insured Health Plan for Employee Health Coverage**
 - **Medicaid HMO & Commercial HMO**
 - **Health and Life Insurance Company**



Major Opportunities

- **HIPAA-compliant ecommerce at IHDN offers significant opportunities.**
 - **Increased revenue, competitive advantage and lower costs at Health Plans.**
 - **Improved cash flow and lower costs in Hospital and Medical Group business offices.**
 - **Better customer service in the IHDN'S Healthcare Human Resource department.**



Major Recommendation

- Adopt major IT emphasis on linking key component organizations within IHDN.
- IHDN should become an integrated healthcare delivery network from both an organizational and data processing point of view.
- IHDN is in a unique position as a payer, provider and employer to adopt HIPAA transactions and benefit from internal as well as external efficiencies.



What Must You Do?

- **Implementation cannot be completely delegated to vendors.**
- **Providers must:**
 - **Plan and manage staged implementation.**
 - **Contact payers and coordinate testing and implementation with vendors and internal staff.**
 - **Train staff and develop new business processes.**
 - **Providers will have access to much more data than they have ever had –who will evaluate and manage newfound data? Where will it be stored?**



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- 1) Do you have an internal HIPAA team and budget?**
- 2) Is your Gap Assessment Complete?**
- 3) Is your Compliance Plan in Place?**
- 4) Have you or your vendor successfully implemented any of the 8 HIPAA transaction standards?**
- 5) Have you evaluated the business impact of doing business electronically, particularly in the HR and Patient Financial Services Departments?**
- 6) Do you have a long term plan to integrate HIPAA transaction processing into an automated, integrated business process?**