

Case Studies in HIPPA Implementation:
Best Practices and Lessons Learned
in Other Industries
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Covered and Affected Entities

Table 1. Health Plan (1998-2002)

Large commercials	250
Smaller commercials	400
Blue Cross/ Blue Shield	75
Third-party administered	750
HMO/PPO	1,500
Self- administered	16,000
Other employer plans	3,900,000

Covered and Affected Entities

Table 2. Health Care (1998-2002)

Hospitals <100 beds - **2,850**
Hospitals 100+ beds - **3,150**
Nursing facility <100 beds - **27,351**
Nursing facility 100+ beds - **8,369**
Home health agency - **10,608**
Hospice - **1,191**
Dialysis facility - **1,211**
Specialty outpatient - **7,175**
Pharmacy - **70,100**
Medical labs - **9,000**
Dental labs - **8,000**
DME - **116,800**

Physicians solo and groups <3 - **337,000**
Physicians groups 3+ with mainframe -
17,000
Physicians groups 3+ with PCS - **15,000**
Physicians groups 3+ no automation -
2,000
Osteopaths - **35,600**
Dentists - **147,000**
Podiatrists - **8,400**
Chiropractors - **29,000**
Optometrists - **18,200**
Other professionals - **23,600**

QUALIFICATION and DISCLAIMERS

1. In terms of the healthcare industry, data collected originated from surveys being collected since 1997, which includes but not limited to conferences; seminars, trade shows; trade journals; books; whitepapers; postings on virtual mailing lists or electronic bulletin board services; websites; interviews; minutes of meetings; HIPAA and healthcare-related courses that we have been conducting at UC-Berkeley, UCLA, UC-Irvine, Georgetown University, University of New Mexico - Albuquerque, and, other institutions; onsite work; audits; etc.
2. In terms of other industries, we refer the audience to the lessons learned and best practices in: transportation, retail, manufacturing, semi-conductor, electronics, defense, aerospace, textile, grocery, automotive, utilities, telecommunications, taxation and others.

QUALIFICATION and DISCLAIMERS

3. To preserve the anonymity of those involved and affected parties, this presentation is mostly "SANITIZED", or using the industry parlance, "DE-IDENTIFIED".
4. This presentation is divided into 2 sections: FIRST, where data is available, a comparison between other industries enumerated above and the healthcare industry is highlighted; SECOND, findings on HIPAA covered and affected entities.
5. Take note that sampling in the survey might not have captured other developments in other parts of the country.

Current Deployment of Technology

Other Industries	Healthcare
<ul style="list-style-type: none">• lead mode	<ul style="list-style-type: none">• catch-up mode for most entities

Primary Triggers and Drivers

Other Industries	Healthcare
<ul style="list-style-type: none">• market forces	<ul style="list-style-type: none">• legislation, market forces, prosecution

Level of Regulations

Other Industries	Healthcare
<ul style="list-style-type: none">• minimal to moderate	<ul style="list-style-type: none">• heavy with the involvement of federal and state agencies

Standardization

Other Industries	Healthcare
<ul style="list-style-type: none">• standardized within purchasing blocs	<ul style="list-style-type: none">• heavily fragmented

Streamlined Processes

Other Industries	Healthcare
<ul style="list-style-type: none">• streamlined within purchasing blocs	<ul style="list-style-type: none">• heavily fragmented

Legal Contract

Other Industries	Healthcare
<ul style="list-style-type: none">• non-existent to minimal	<ul style="list-style-type: none">• required

Implementation by Phases?

Other Industries	Healthcare
<ul style="list-style-type: none">• normal	<ul style="list-style-type: none">• expected

Current Industry Consolidation

Other Industries	Healthcare
<ul style="list-style-type: none">• oligopoly	<ul style="list-style-type: none">• fragmented

Cost of Doing Business

Other Industries	Healthcare
<ul style="list-style-type: none">• after initial shock, stable	<ul style="list-style-type: none">• rapidly increasing primarily due to the aging of America

Financial Health Prior to Regulation or Deregulation

Other Industries	Healthcare
<ul style="list-style-type: none">• bad to good	<ul style="list-style-type: none">• a good number is in the borderline; very few are profitable

Volume of Transactions During Transition

Other Industries	Healthcare
<ul style="list-style-type: none">• average to increasing	<ul style="list-style-type: none">• exponentially increasing. In other industries, we have decent experience with 2-5 gorillas running around, but with HIPAA, one should expect myriad's of these running around (please refer to attached list of covered and affected entities)

Dependencies of Third Parties

Other Industries	Healthcare
<ul style="list-style-type: none">• minimal to average	<ul style="list-style-type: none">• highly dependent

Complexity

Other Industries	Healthcare
<ul style="list-style-type: none">• complex	<ul style="list-style-type: none">• extremely complex and getting worse

Timeline

Other Industries	Healthcare
<ul style="list-style-type: none">• 10-20 years	<ul style="list-style-type: none">• 6 years, but for most covered entities, it is less than 16 months. Testing window is extremely narrow

Preparations

Other Industries	Healthcare
<ul style="list-style-type: none">•	<ul style="list-style-type: none">• most payers surveyed appear to be heading in the direction; most providers are behind and missed critical steps

Learning and Experience Curve

Other Industries	Healthcare
<ul style="list-style-type: none">• gradual	<ul style="list-style-type: none">• steep and getting steeper

Current Experience Level

Other Industries	Healthcare
<ul style="list-style-type: none">• moderate to advanced	<ul style="list-style-type: none">• for the most part, in the beginning stages

Receivables

Other Industries

- In several industries, there are companies that delay payments to their vendors by as much as 6-9 months under the guise of non-compliance technicalities

Healthcare

- expected to happen, too

Incentive Programs by Upper Food Chain Entities

Other Industries	Healthcare
<ul style="list-style-type: none">• none to generous	<ul style="list-style-type: none">• none

Primary Beneficiary of the Legislation

Other Industries	Healthcare
<ul style="list-style-type: none">• top of the food chain	<ul style="list-style-type: none">• top of the food-chain, patients

Number of Surprises

Other Industries	Healthcare
<ul style="list-style-type: none">• moderate	<ul style="list-style-type: none">• expected to be high, particularly in the TCS and business associates sections of the mandate

Should This Be Done?

Other Industries	Healthcare
<ul style="list-style-type: none">•	<ul style="list-style-type: none">• the earlier, the better (demographic shift) to control runaway costs

SURVEY

1. Lack of awareness and preparations primarily in the provider and third-party services sectors. Questions that should have been asked 4 years ago, are either not being asked at all, or just being asked recently.
2. Organizationally, a good number of covered and affected entities is not organized, provisioned, prioritized and tracked properly.
3. There are numerous HIPAA programs that are Privacy-centric or Security-centric at the expense of TCS. Rightfully or wrongfully, there appears to be a mind-set that lawsuits are more visible than financial strangulation.
4. Budget is limited in most cases; for public health plans, there might be a need to pass additional legislation and raise bonds.

SURVEY

5. The impact of TCS implementation is grossly underestimated. For TCS there are at least 2 critical milestones: FIRST, HIPAA compliance; and, SECOND, for each trading partner, application and transaction set, complete adjudication testing and migration covering key business scenarios. On the Gap Analysis models, there are serious gaps. There needs to be the equivalent of a Y2K Questionnaire signed off at the highest levels of covered and affected entities.
6. The cost of TCS infrastructure, its transition and maintenance to the next level could hardly justify limited traffic or lack of critical mass. Because cost of implementing a trading partner is expensive, switching trading partners is not a trivial process. In several industries, this is used to lock in a customer.

SURVEY

7. Compared to the upper-tier covered entities, the middle to lower-tier entities might find ROI to be less attractive.
8. Impact of electronic technology - OTHERS: once the major players are electronically enabled utilizing standards, it becomes the default for conducting business within the trading bloc. Refer to Japanese watches/closed-loop trigger spawned by enabling technologies. Over the long-term, one cannot use a smoke and mirror approach and get away with it. HEALTHCARE: This is expected to occur, too.