



Implementing and Enforcing the HIPAA Transactions and Code Sets

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Compliance
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Your worlds



Our people

- Health Insurance Portability and Accountability Act of 1996

Administrative Simplification



“Be careful what you ask for -- you just might get it....”

(Dr. William Braithwaite, Senior Policy Advisor, DHHS)

Where did we come from?



The Drivers

- Industry recognized need for controlling cost of healthcare administration
- Industry acknowledged need for government participation
- Early 1990's – Louis Sullivan, Secretary of HHS under President Bush, works with industry to form the Workgroup for Electronic Data Interchange (WEDI)
- WEDI report of 1993 – effects of EDI standards
 - ✓ Projected implementation costs between \$5.3 - \$17.3 billion
 - ✓ Projected annual savings (transaction standards) from \$8.9-\$20.5 billion

The Barriers

- No industry group to push standardization
- Technology standards without implementation standards – no commonly adopted implementation guides
- 400+ electronic claim formats
- Chicken and egg technology investment dilemma
- Managed care and the quest for more data
- Limited and expensive technology tools

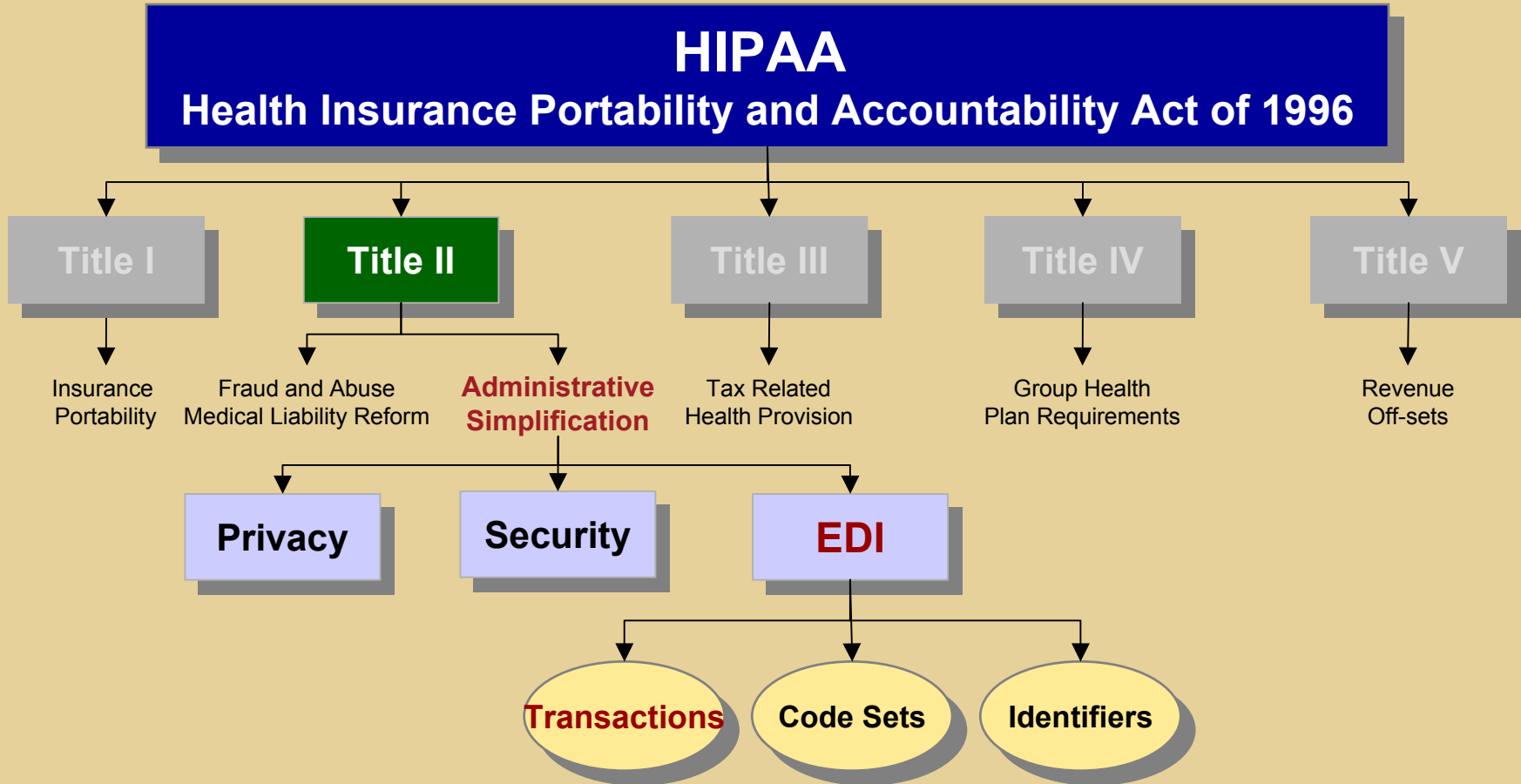
HIPAA before it was called HIPAA

- Community Health Information Networks (CHIN)
- X12 Health Care Task Group initiatives to develop national implementation guides
- Early administrative simplification legislation efforts
- Rapid advances in computer networking
- Electronic transactions beyond claims

Where are we now?



HIPAA - Overview



Key Committees Consulted

- National Committee on Vital and Health Statistics
NCVHS- (External Advisory Committee to HHS)
- HHS Data Council (Internal Advisory Committee to HHS)
HHS MUST rely on recommendations from the NCVHS & the HHS Data Council
- Advisory Committees as named in HIPAA Law:
 - ✓ American Dental Association (ADA)
 - ✓ National Uniform Billing Committee (NUBC)
 - ✓ National Uniform Claim Committee (NUCC)
 - ✓ Workgroup for Electronic Data Interchange (WEDI)

Who is Required to Use the Standards ?

- Health plans
- Healthcare clearinghouses
- Healthcare providers that choose to submit or receive the specific transactions electronically

Administrative Simplification - Impact

- Health Plans that perform a business function today (e.g. referrals, remittance) must be able to support that business function using the HIPAA standards if a standard transaction has been named for that business function
- Healthcare Providers no longer permitted to use non-standard electronic transaction formats (UB92, etc.)
- Standardized Implementations – unambiguous data dictionary, formats and content;
- ALL Code Sets *internal and external* to the standard

HIPAA Technology Provisions

Three Categories of Technology Requirements:

- Identifiers
 - ✓ Uniform data values used to uniquely identify the key participants in the standard transactions
- Transactions
 - ✓ Address the key business interactions among health care providers, health plan payers and health plan sponsors
- Code Sets
 - ✓ Where applicable, define the data element values used in the standard transactions

National Identifiers

Universal identifier for:

- Health Care Providers (NPI - National Provider Identifier). Originally proposed to be an eight digit alphanumeric identifier, though some modifications expected – e.g. change to 10 digit.
- Employers (EIN) - Employer Identification Number). Adopted as the nine digit IRS Taxpayer Identification Number.
- Health Plans (HealthPlanID) - Identifier yet to be announced. Likely to be a nine-digit number assigned to all health plans.
- Individuals (Individual Identifier) – Currently on hold.

Medical Code Sets

<u>Codes</u>	<u>Standard</u>
➤ Diseases, injuries & impairments	ICD-9 v. 1&2
➤ Prevention, diagnosis, treatment and management	ICD-9 v. 3
➤ Services/procedures	CPT-4
➤ DME, transportation, supplies, injections, etc.	HCPCS
➤ Dental	CDT-2 HCPCS
➤ *Drugs & Biologics	

**pending NPRM*

Supporting Code Sets

- In addition to the major code sets, there are dozens of supporting code sets for both medical and non-medical data. An example are those embedded in the data elements identified by the standard 837 Professional Claim:

Adjustment Reason Code
Agency Qualifier Code
Amount Qualifier Code
Ambulatory Patient Group Code
Attachment Report Type Code
Attachment Transmission Code
Claim Adjustment Group Code
Claim Filing Indicator Code
Claim Frequency Code
Claim Payment Remark Code
Claim Submission Reason Code
Code List Qualifier Code

Disability Type Code
Discipline Type Code
Employment Status Code
Entity Identifier Code
Exception Code
Facility Type Code
Functional Status Code
Hierarchical Child Code
Hierarchical Level Code
Hierarchical Structure Code
Immunization Status Code
Immunization Type Code

Place of Service Code
Policy Compliance Code
Product/Service Procedure Code
Prognosis Code
Provider Code
Provider Organization Code
Provider Specialty Certification Code
Provider Specialty Code
Record Format Code
Reject Reason Code
X-Ray Availability Indicator Code

Standard Transactions: What & Why

- Final Rule defines “transactions” as the exchange of information between two parties to carry out financial and administrative activities with standard data elements in a single format
- Simplify and enhance electronic data interchange
- Health plans may not refuse to accept, delay or adversely affect electronic transactions received in standard formats

Standard Transactions: Additional Rules

- Transmissions within a corporate entity would generally have to comply with the standards including the submission of a claim to another health plan
- Covered healthcare entities may use clearinghouses to accept non-standard transactions for translation into the standard transaction formats

Transaction Standards adopted for HIPAA

Transaction standards: ASC X12N and NCPDP

- | | |
|--------------------------------|---------------------------|
| 1. Claims: | ASC X12N 837 |
| 2. Enrollment/disenrollment: | ASC X12N 834 |
| 3. Eligibility: | ASC X12N 270/271 |
| 4. Payment and remittance: | ASC X12N 835 |
| 5. Premium payment: | ASC X12N 820 |
| 6. Claim status: | ASC X12N 276/277 |
| 7. Coordination of benefits: | ASC X12N 837 |
| 8. Referral and authorization: | ASC X12N 278 |
| 9. Retail Pharmacy: | NCPDP |
| – <i>**Claims Attachments</i> | <i>ASC X12N 275 / HL7</i> |

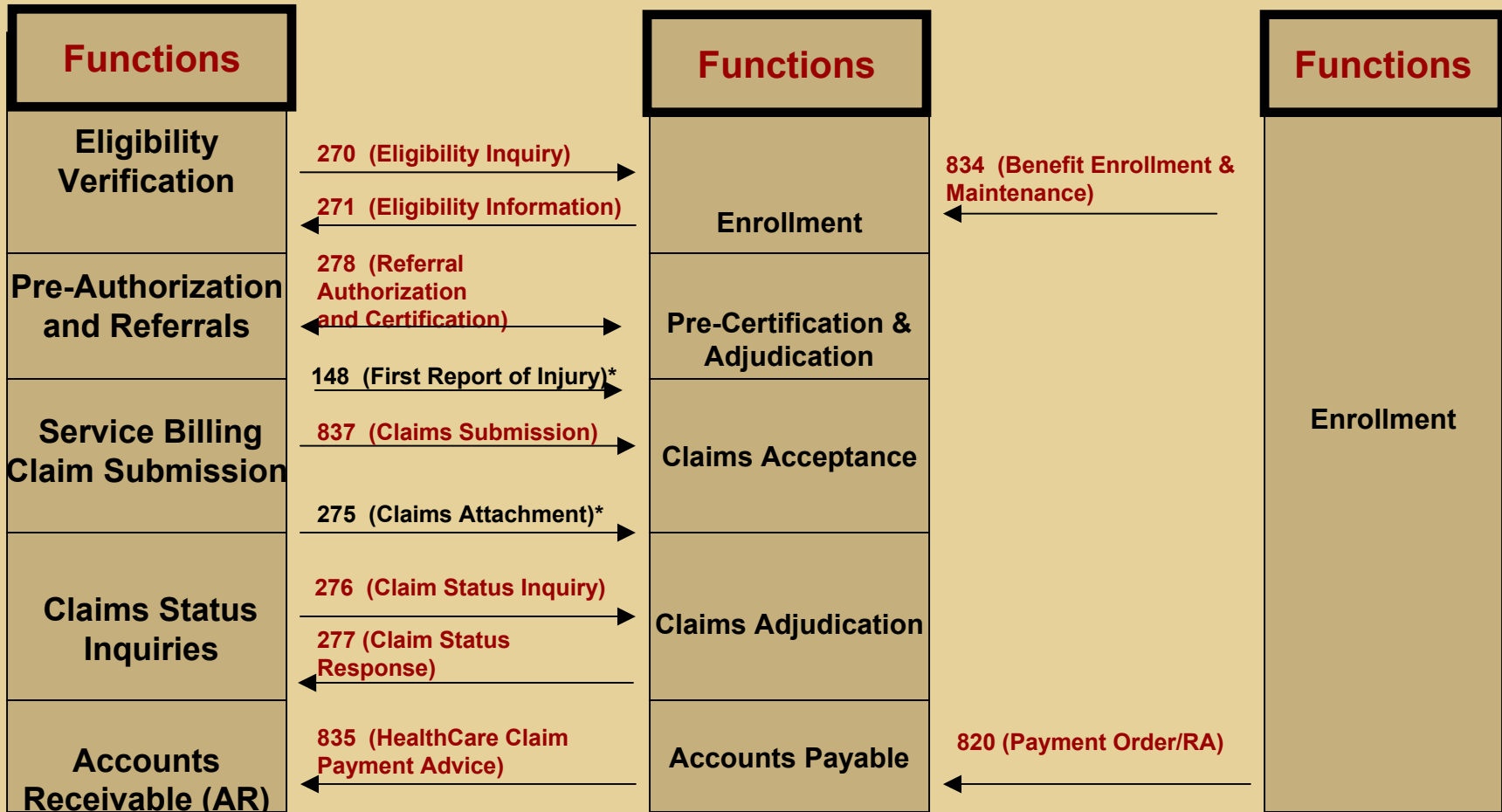
***proposed standards for claims attachments not yet published*

Standard Transaction Flow

Providers

Payers

Sponsors



These are not contained in the initial Transactions and Code Sets Final Rule*

Issues with implementing the transactions

- Providers –
 - HIPAA did not standardize business processes or policies – payer specific data requirements
 - Companion guides
 - Difficulty in interpreting “situational” data requirements
 - Over reliance on system vendors
 - Lack of integrated systems leads to higher implementation costs
 - Lack of information from payers
 - Limited “skilled” resources
 - Focus on compliance – lack of understanding of the information model and process improvement opportunities

Issues with implementing the transactions

- Payers –
 - Mandate to implement new electronic processes
 - Legacy systems – modify, replace or work around?
 - Need to revise business processes based upon the unavailability of data
 - Lack of involvement in the standards making – “it doesn’t work for me”
 - Direct data entry exception
 - Small payers – employer self-administered, Taft-Hartly plans
 - Limited “skilled” resources
 - Focus on compliance – lack of understanding of the information model and process improvement opportunities

Issues with implementing the transactions

- THE BIG PROBLEMS –
 - Y2K fatigue
 - Underestimation of the complexity of implementation
 - “It is IT’s problem”
 - “They aren’t serious”
 - The lack of collaboration between payers and providers

In the eye of the beholder?

Transaction Compliance

- Easy stuff–
 - Transaction structure
 - Required data elements
 - Code set valid values
- Hard stuff –
 - Interpretation of situational data
 - Does the situational apply?
 - Do I care?

Transaction Compliance

- Testing – WEDI Recommended Approach
 - EDI syntax integrity testing
 - HIPAA syntactical requirement testing
 - Balancing
 - Situation Testing
 - External code set testing
 - Product types or line of services
 - Implementation Guide-Specific *Trading Partners*

Transaction Compliance

- Certification
 - No sanctioned certification
 - Point in time
 - Who pays?
- Technical Limitation
 - Transaction level rejection
 - Limited error reporting capabilities
 - Future options

Transaction Compliance

- The transactions standards apply only when data are transmitted electronically
- Data may be stored in any format as long as it can be translated into the standard transaction when required
- Allows for internal mapping to and from the standard formats within a provider or payer system
- Challenges for storing / capturing data
- Payer - Legacy systems not capable of accommodating additional data elements...Operational Data Store (ODS)?
- Provider - Are vendors ready? How many releases will have to be installed? How long for testing – both internal and with trading partners?

Compliance Enforcement

- HHS announces the CMS will enforce the Transactions Standards
 - ✓ CMS will establish a new office to do this
- Complaint form available for industry use
- HHS states HIPAA is a 'new process', be 'reasonable'
- Likely enforcement will be initiated by trading partner complaints, leading to audits, investigations

What happens if I do not comply?

- Payers are easy targets for complaints from trading partners: *complaint-audit-penalty*
- Providers current electronic formats will not be accepted at the end of the implementation period: *cash flow problems*
- Provider reverts to paper; Payer experiences workload bottlenecks: *service and cycle time problems*

What about Penalties?

- May not be more than \$100 per person, per violation of a provision
- May not be more than \$25,000 per person, per violation of an identical requirement or prohibition for a calendar year
- Financial penalties unlikely to drive compliance
 - Payers will be motivated by marketplace – customer service concerns and competitive disadvantage
 - Providers will be motivated by cash flow concerns – Medicare participation and avoiding paper processing alternative

Where are we going?



Will HIPAA Fail?

- The Nays
 - Some payer and provider organizations are already ready
 - Clearinghouses are the solutions for providers
 - The critical transactions – claims and remittance advice – will be operational
- The Yeahs
 - Many major players will not be ready on time
 - There will be inadequate testing
 - Major pieces – identifiers, security, etc. – are missing
- The ANSWER –

TOO EARLY TO CALL

The Future

- Expanding the model
 - Additional transactions
 - Attachments
 - Unsolicited Status
 - More detailed error reporting
 - Provider registration
 - Insurance verification
 - Additional business functions
 - Workers compensation
 - Property and casualty
 - Additional standards
 - Provider and health plan identifiers
 - Security

The Future

- Improving the transactions
 - Clearer and more consistent implementation guides
 - New versions to address industry issues
- Improving the technology
 - Open standards – XML
 - Better communications – direct transmissions
 - Better integration of the transactions into information systems
- Improved business practices
 - Experience dealing with the transactions and code sets
 - More payer to payer transactions
 - More consistency across the entire system

Critical Success Factors

- Ensure business goals drive HIPAA
- Assure education and awareness of staff
- Build HIPAA into existing change initiatives (do it once)
- Gain savings/benefits via HIPAA EDI and greater risk management controls
- Establish a clear governance structure to manage business unit complexities and interdependencies
- Integrate HIPAA into day-to-day operations
- Continually raise awareness of HIPAA and its potential impacts on the organization and its stakeholders

Achieving the Promise

- Integrating the entire transaction model
- Using the HIPAA transactions as a foundation for end-to-end e-Health implementation
- Incorporate into organization's strategic and tactical planning
- Use as an impetus to business transformation
- **COOPERATE AND COLLABORATE WITH BUSINESS PARTNERS**

Resources

- PwC Health Care
www.pwcglobal.com/healthcare
- WEDI
www.wedi.org
- AFEHCT
www.afehct.org
- EHNAC
www.ehnac.org
- DHHS – Office of Civil Rights
www.hhs.gov/ocr/hipaa/
- DHHS Data Council
aspe.dhhs.gov/datacouncil/
- NCVHS
ncvhs.hhs.gov
- Washington Publishing
www.wpc-edi.com

Questions



Discussion

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