A Special Edition of the Health Colloquium at Harvard

HIPAA Implementation & Planning

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AGENDA

I. HIPAA Vision
II. HIPAA Overview
III. HIPAA Transactions
IV. HIPAA Code sets
V. Approaches
VI. Key Implementation Strategies
VII. WEDI SNIP
VIII. Conclusion/Next Steps
Imagine...

- A scheduling system that automatically determines eligibility before committing an appointment
- Receiving authorization for specialist services before the patient leaves your facility
- A clinical information system that automatically submits claims when you record your observations and diagnosis
- Having service costs reimbursed the same day services are rendered -- even for patients with multiple payers!

HIPAA Makes All This Possible!
Imagine...

- Home First Aid (Doc-in-the-chip replaces doc-in-the-box)
- Electronic Medical Records that can be accessed by any physician and any provider
- Enhanced sharing of information for research leading to advances in medical care
- Medical protocols
- Choice of providers
- Biotechnology advances: blood scans, surgery robots

HIPAA Makes All This Possible!
Benefits from HIPAA

- Electronic attachments will increase the claims volume that will be processed electronically, reduce the amount of photocopying and reduce A/R
- Reduce Fraud and Abuse
- Protect Security and Privacy
- Reduce Paperwork
- Advance Research Improve Quality Assurance
- Enhance Patient Care
Benefits from HIPAA con’t

- Increased availability of standard electronic remittance advice will reduce FTEs needed to post payments and reduce errors
- Increased availability of standard eligibility verification will reduce A/R and billings
- Standard electronic referral transactions will increase timeliness of authorization processing
- Reduce Costs
Benefits from HIPAA con’t

• Fewer errors and FTE in Patient Accounting, IT, credentialling, and case management/ referral management/eligibility functions
• Establishment of a Security Standard enables the use of the Internet for communication among providers and between provider and payer
• Protect Security and Privacy
Electronic Transactions & Code Sets
## Electronic Transaction Stnd.s.

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<thead>
<tr>
<th>Transaction Type</th>
<th>Transaction Subtype</th>
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## Code Sets

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<tr>
<th>Medical Data Subtypes</th>
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<td>Disease and Cause of Injury</td>
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<td>ICD-9-CM, Vol. 1 &amp; 2</td>
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<td>Drugs</td>
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<td>Other substances and equipment</td>
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<td>Modified HCPCS</td>
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</table>
Compliance Process

Program Development

Assessment

Implementation

Certification

Training & Change Management

HIPAA Compliance
Approaching HIPAA

- Assessment & Planning
- Implementation
- Operations

Bus Proc, IT Ops
Electronic Transaction Standards

Providers

- Eligibility Verification
- Pretreatment Authorization and Referrals
- Service Billing/Claim Submission
- Claim Status Inquiries
- Accounts Receivable

Plans/Payers

- Enrollment
- Precertification and Adjudication
- Claim Acceptance
- Adjudication

Employers

- Enrollment
- Accounts Payable

Transaction Codes:

- 270
- 271
- 276
- 277
- 278
- 279
- 270
- 271
- 276
- 277
- 834
- 835
- 820
Coding-ICD10 and CPT
Code Sets

Establish standards for code sets
- Developed by private and public entities
- Create codes sets where none are available

Adopts code sets in common use:
- ICD-9 coding for diagnoses and inpatient services
- CPT-4 for professional services
- CDT-3 for dental services
- NDC for drugs
- HCPCS for other substances, equipment, supplies

Does away with ‘local’ codes
Probable Coding & Classification Standards Changes

ICD-9-CM, 5 digits or less, will become ICD-10-CM, 6 digits

Current and future systems should be made more flexible to accommodate future changes
What are the Penalties for Non-compliance?

Transactions

$100 for each violation
Maximum of $25,000 per year

- Identical requirement
- Prohibition
Two Approaches
Health Care/Technology Convergence

Source: Health Care Cybervision


e-Commerce

Healthcare

Population Health Management

Technology

internet Connectivity Across Continuum

Electronic Claims

Clinical Decision Support

Computer Based Medical Record

Clinical Systems

Financial & Administrative Systems

EDI Standards

Internet Connectivity

Clinical Outcomes

Managed Care

PPO

Covered Lives

Illness Focus

Indemnity Insurance

Independent Providers

Managed Care

PPO

POS

Wellness

Population Health Management

e-Commerce 2001

Clinical Decision Support

Computer Based Medical Record

Clinical Systems

Financial & Administrative Systems

EDI Standards

Internet Connectivity Across Continuum

Electronic Claims

Source: Health Care Cybervision
Strategic

- Improved data models and business processes
- Catalyst for better healthcare outcomes and new business opportunities
- Includes business process re-engineering
- Benefits include:
  - More consistent and reliable internal data model
  - Quicker adjudication, customer response, reporting, and improved successes with web initiatives.
  - Minimizes or eliminates clearinghouse costs and/or resource commitment
  - External data can be more easily integrated
Tactical

- Reliance on translation and auditing tools utilizing internal or external clearinghouse mapping technology
- Simplest and short-term cost-effective method to transaction compliance
- Few changes to back-end processing
- Does not address existing processing inefficiencies and costs
- Continued Clearinghouse vendor cost for translation
Consider Establishing a HIPAA Program Management Office
Sample HIPAA Org. Structure
What Role Does EHNAC Have?

Clearinghouse/VAN Accreditation
Standard Transaction Format Compliance System (STFCS)
Security/Confidentiality
www.ehnac.org
### Table 2. Sample ROI Analysis Matrix

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<th>% Done</th>
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<th>Current Time (min)</th>
<th>Annual Hours</th>
<th>Current Labor Costs</th>
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# TCI Approach

## Sample Implementation Plan

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27

SAIC PROPRIETARY and CONFIDENTIAL
Conducting the EDI Review

Evaluate existing business practices related to the HIPAA mandated EDI Transactions

Develop a 3 year ROI Analysis on the current EDI environment using interviews, observation, vendor compliance readiness information, health insurer compliance readiness information, and industry benchmark data

Develop a Compliance Readiness Report
Review Relevant Strategic & Administrative Data

Strategic Business Plan

Strategic Information Technology Plan

Application Vendors contact/contract data (support, consulting, licensing), or Y2K data that identifies all vendor-supported applications (both installed and interfaced to)

Trading Partner contact/contract data for insurance companies, intermediaries, and clearinghouses.
Review Relevant Information System Documentation & Key Applications

Providers

Admission, Discharge & Transfer
Billing Systems and Managed Care Systems
Registration Systems
Retail Pharmacy Systems
Radiology & Imaging Systems (Billing)
Interface Engine
Enterprise Scheduling Systems
Laboratory Systems (Billing)
Review Relevant Information System Documentation & Key Applications

Payers

Operations:
- claims processing,
- membership/eligibility,
- payment systems/processes,
- provider eligibility systems/processes, UR, IS planners
- Translator.mapper, interface engine
- Communications (Mktg., Provider etc.)
- IS/IT Infrastructure & Planning

EDI Operations
- Security Officer
- Finance
- Marketing
- Legal
- Network Services
- Audit
- Actuarial/Underwriting Service
Planning for HIPAA

Establish a HIPAA task force
Assign a Project Manager
Develop Impact Assessment & Migration Plan
Obtain the Implementation Guides
Understand & get involved in ASC X12 process
Establish User Groups & promote piloting and benchmarking
Leverage vendors and develop partnerships
Develop a set of “best practices” and guidelines
Utilize industry forums, HIAA, WEDI, & others
WEDI - SNIP

- The WEDI Strategic National Implementation Process (SNIP) is a voluntary, non-profit industry solution to the very real, very practical issues of HIPAA implementation.
- SNIP is a collaborative opportunity for early implementers to assure their interpretation is 'correct' (the industry 'best fit') and not another proprietary solution.
WEDI - SNIP

- SNIP targeted deliverables will include: best practices recommendations, identification of health information security tools and techniques, educational opportunities, a web site with a comprehensive listing of HIPAA information and resources, national conferences and teleconferences, clearinghouse for regional/state HIPAA efforts, and on-going outreach to HIPAA implementers.
Key Accomplishments
1st Quarter

Transactions:

- New white papers ready to be posted on BlueWeb:
  - Front End edits
  - Coordination of Benefits (COB)
  - Clearinghouse models
# Transactions Deliverables

<table>
<thead>
<tr>
<th>Workgroup Deliverables</th>
<th>Due Date</th>
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### Transactions Deliverables

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<td>Recommendations regarding identified issues</td>
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## Transactions Deliverables

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<td>Test Assumptions and Scenarios</td>
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<td>Test Plan Document</td>
<td>01/15/01</td>
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<td>Crosswalk NDC (J) codes to HCPCS</td>
<td>1-2 Q 01</td>
<td>White paper posted for comment – 4/01</td>
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<td>Crosswalk Taxonomy codes</td>
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<td>Crosswalk Claim Status codes</td>
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<tr>
<td>Crosswalk Anesthesia &amp; CPT4 codes</td>
<td>2-3 Q 01</td>
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Get Involved

- FREE WEDI SNIP informational listserv
- visit web site at www.wedi.org/SNIP
- contact Jim Schuping the Executive VP of WEDI at 703-391-2716 or send an e-mail to contact@wedi.org.
Where to get more Information?

Workgroup for Electronic Data Interchange (WEDI)
  • http://www.wedi.org

NCVHS Web Site
  • http://aspe.os.dhhs.gov/ncvhs/

Electronic Healthcare Network Accreditation Commission (EHNAC)
  • http://www.ehnac.org

X12N Home Page
  • http://www.disa.org/x12/x12n

X12N Insurance Industry Implementation Guides
  • http://www.wpc-edi.com

Administrative Simplification Web Site
  • http://aspe.os.dhhs.gov/admnsimp
Thank you! & Questions?