

A Special Edition of the Health Colloquium at Harvard

HIPAA Implementation & Planning

Lee Barrett, SVP Health Sector
Science Applications International Corp.(SAIC)
(858) 826-7369 Fax: (858) 826-2741
Email: Lee.Barrett@saic.com



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, credentialing, 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

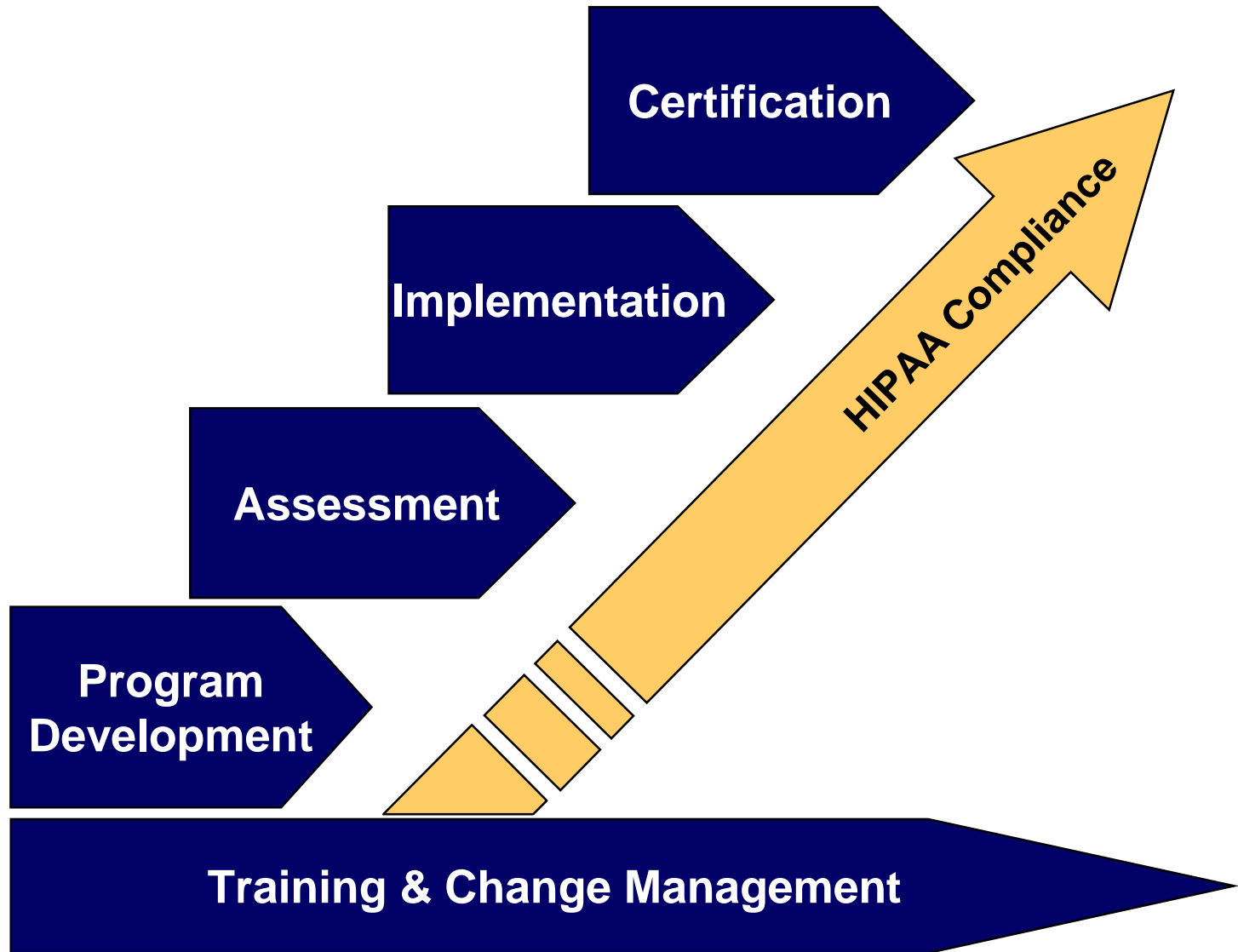
Electronic Transaction Stnds.

Transaction Type	Transaction Subtype	Standard
<i>Health Care Claim</i>	Retail drug	NCPDP
	Dental, Professional, Institutional	ASC X12N 837: Dental, Professional and Institutional
<i>Payment/Remittance Advice</i>	Retail Drug	NCPDP
	Dental, Professional and Institutional	ASC X12N 837: Payment/Advice
<i>Eligibility</i>	Retail Drug	NCPDP
	Dental, Professional, Institutional	ASC X12N 270/721
<i>Benefit Coordination</i>	Retail drug	NCPDP
	Dental claim, Professional claim, Institutional claim	ASC X12N 837: Dental, Professional, Institutional
<i>Claim Status</i>		ASC X12N 276/277
<i>Plan Enroll/Disenroll</i>		ASC C12 834
<i>Plan Premium Payments</i>		ASC X12N 270/271
<i>Referral Certification and Authorization</i>		ASC X12N 278

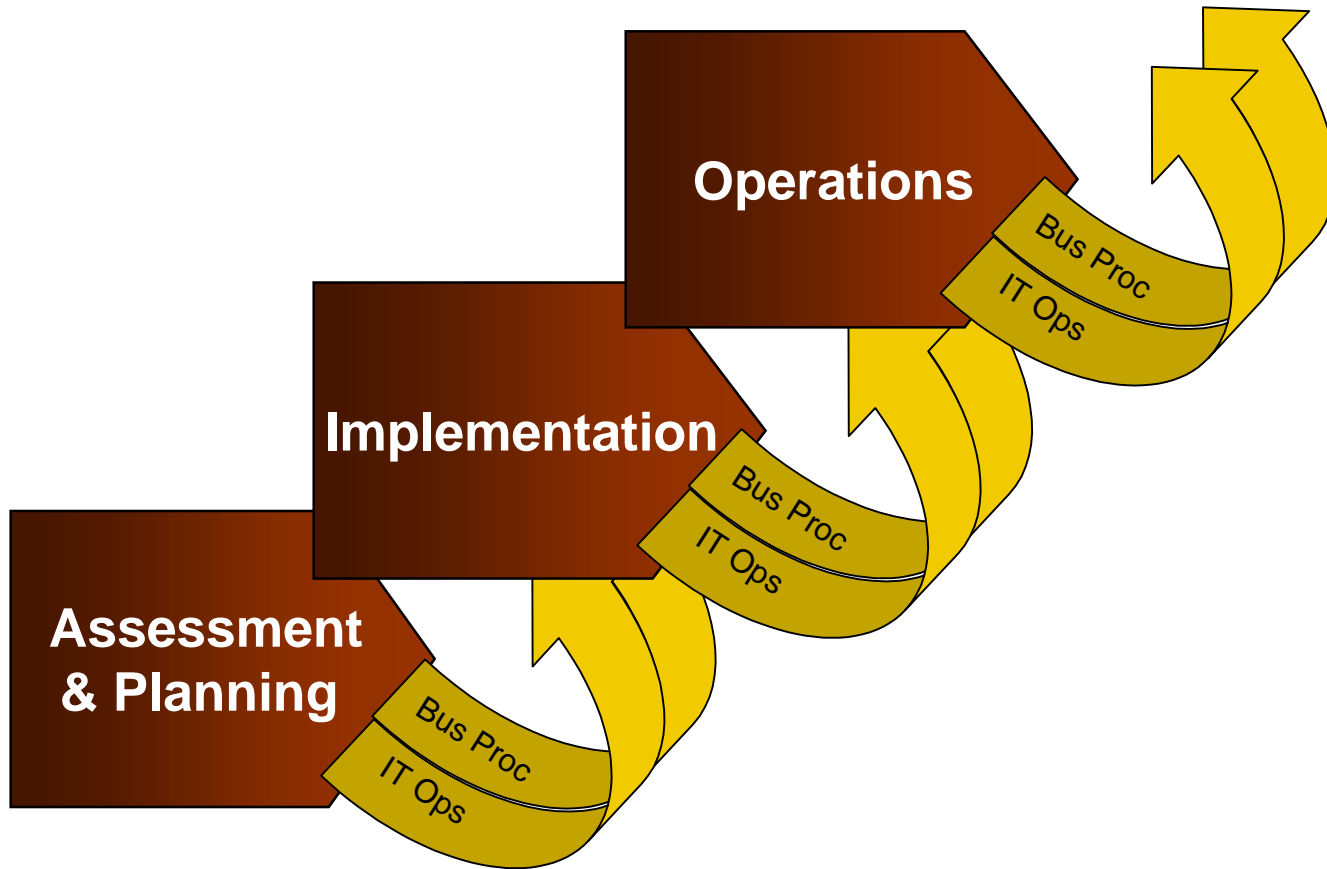
Code Sets

Medical Data Subtypes	Types of Medical Data	Code Sets
Disease and Cause of Injury		ICD-9-CM, Vol. 1 & 2
Procedures		
	Physician services	CPT
	Dental services	CDT
	Inpatient hospital services	ICD-9-CM, Vol. 3
Other Health Related Services		Modified HCPCS
Drugs		NDC
Other substances and equipment		Modified HCPCS

Compliance Process



Approaching HIPAA

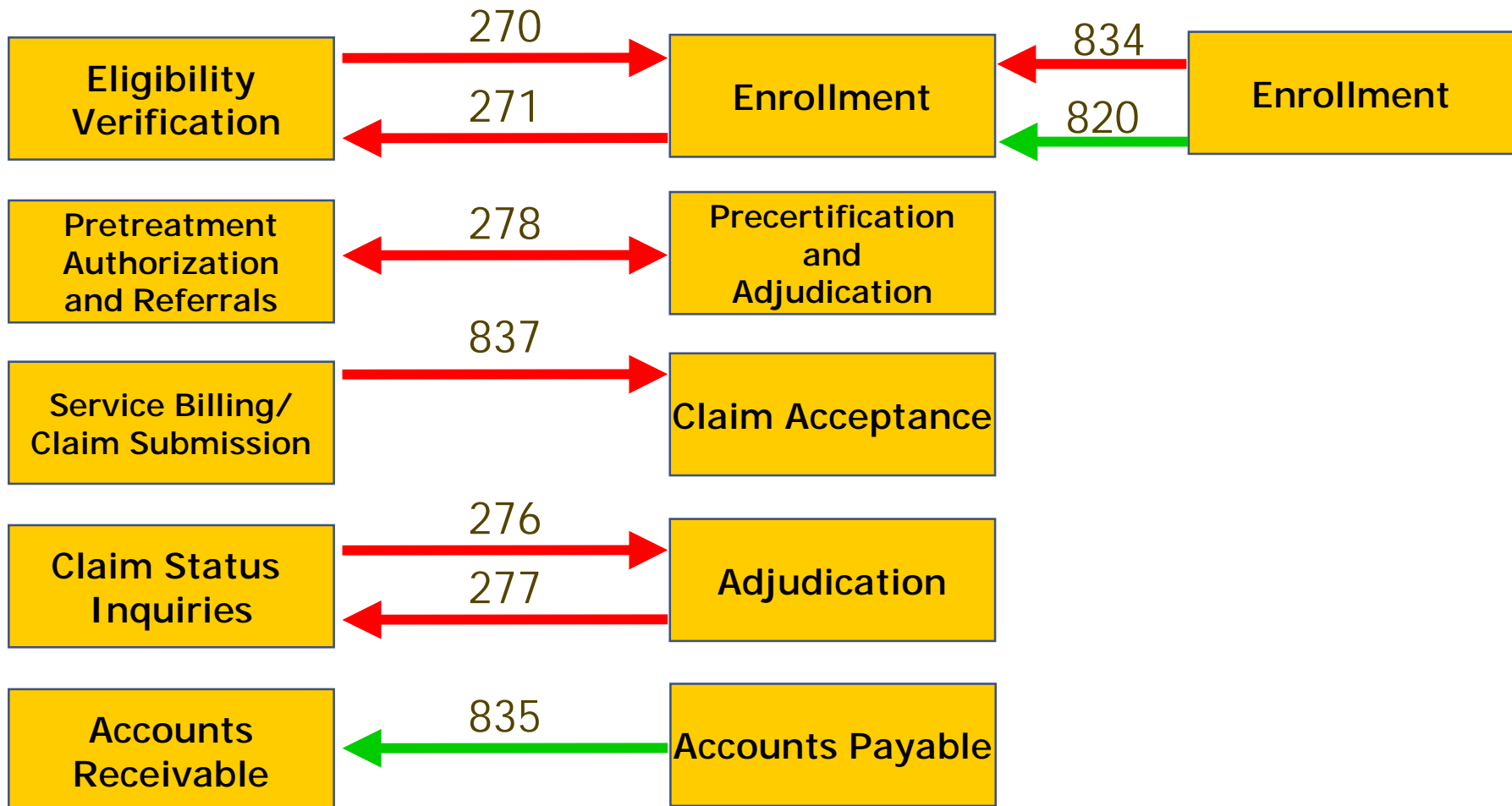


Electronic Transaction Standards

Providers

Plans/Payers

Employers



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

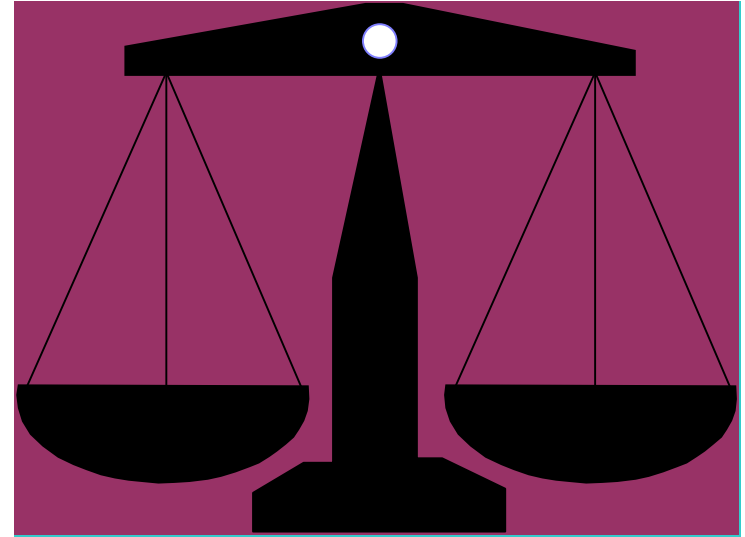
What are the Penalties for Non-compliance?

Transactions

\$100 for each violation

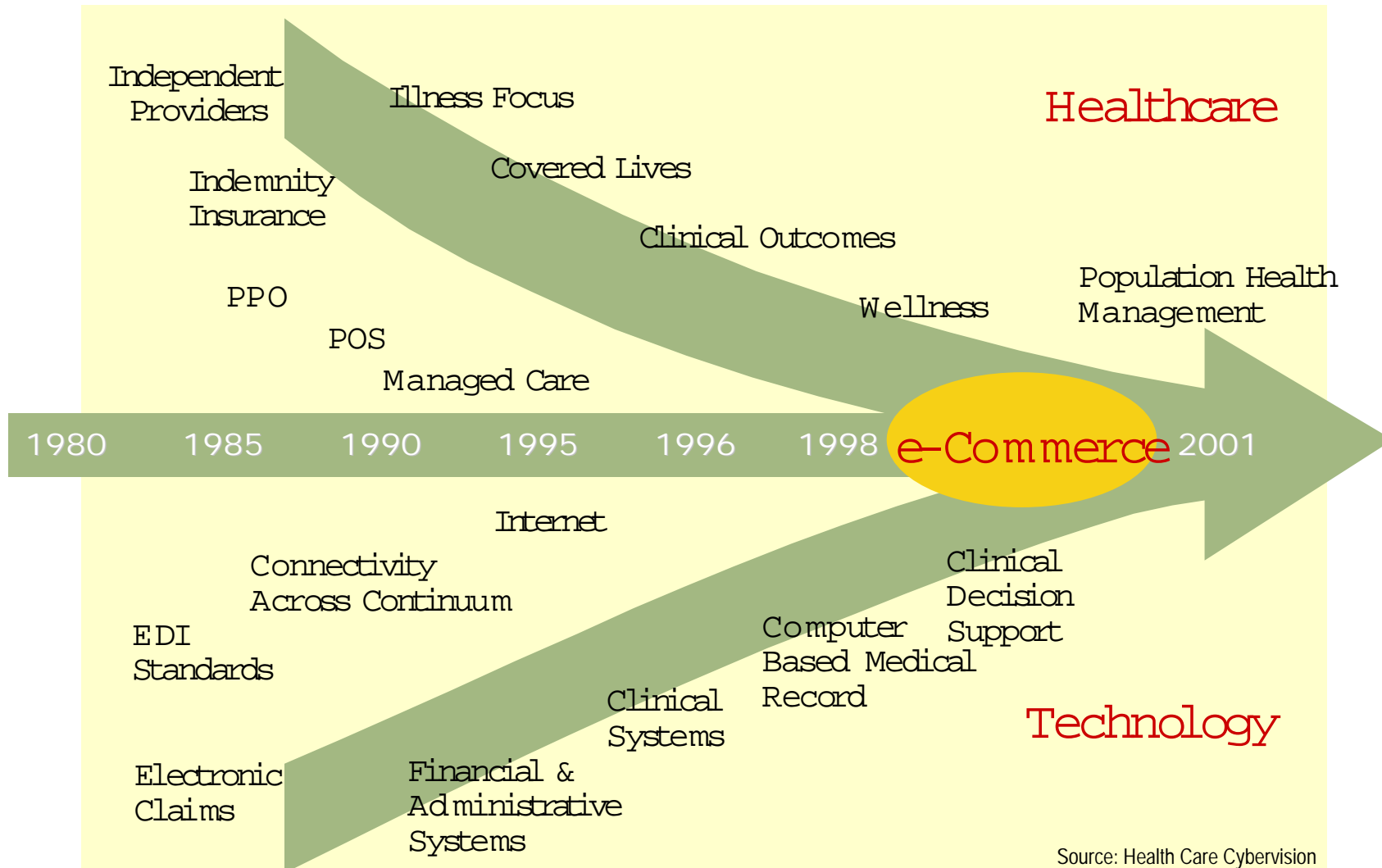
Maximum of \$25,000 per year

- Identical requirement
- Prohibition



Two Approaches

Health Care/Technology Convergence



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

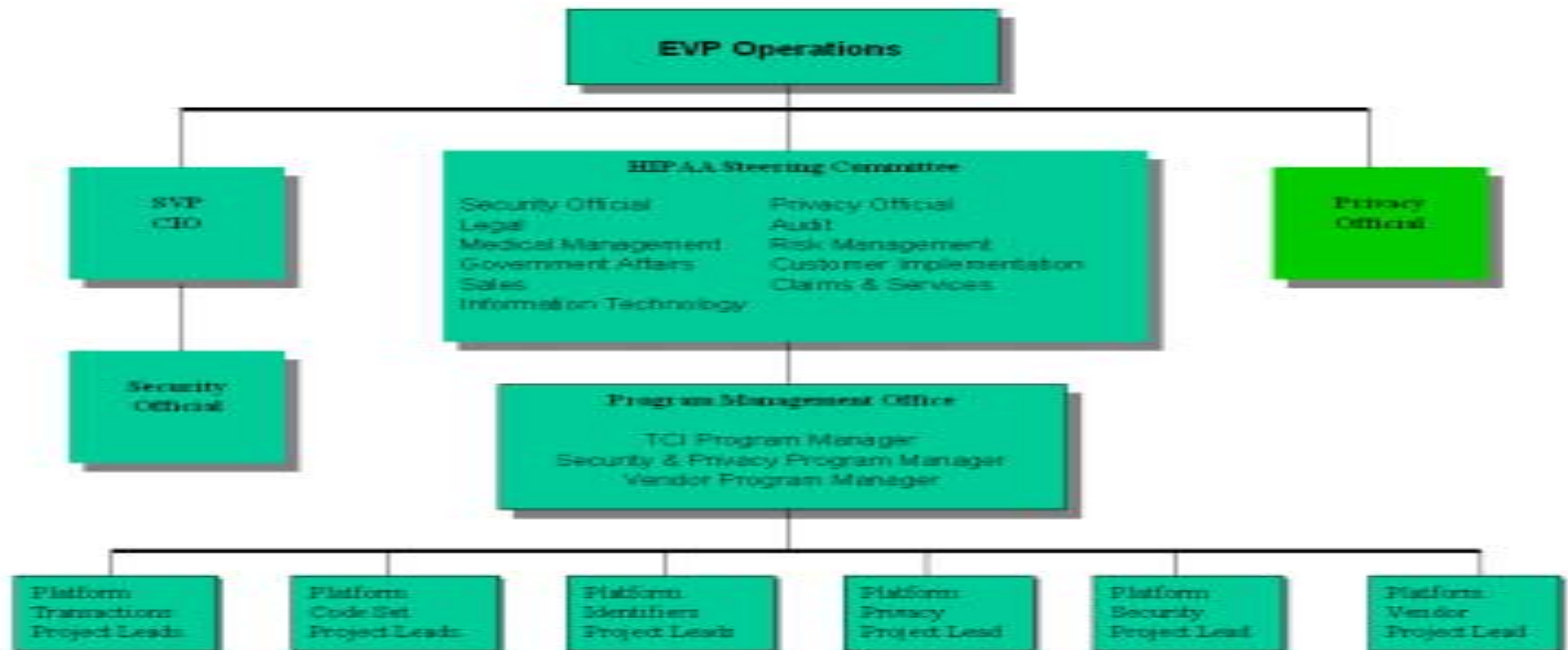
- Reliance on translation and auditing tools utilizing internal or external clearinghouse mapping technology
- Simplest and short-term cost-effective method to transaction compliance
- Few changes to back-end processing
- Does not address existing processing inefficiencies and costs
- Continued Clearinghouse vendor cost for translation

Key Implementation Strategies

Consider Establishing a HIPAA Program Management Office



Sample HIPAA Org. Structure



What Role Does EHNAC Have?



EHNAC

Clearinghouse/VAN
Accreditation

Standard Transaction
Format Compliance
System (STFCS)

Security/Confidentiality

[www:ehnac.org](http://www.ehnac.org)

Table 2. Sample ROI Analysis Matrix

Business Area	Activity	% Done	Volume	Current Time (min)	Annual Hours	Current Labor Costs	Future Time (min)	Potential Annual Savings	Future Transaction Costs	Net Annual Savings
Inpatient	Eligibility									
	Authorizations									
OP Surgery	Eligibility									
	Authorizations									
ASC	Eligibility									
	Authorizations									
ER	Eligibility									
Ancillary	Eligibility									

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



WEDITM

SNIP

Strategic National Implementation Process

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

Workgroup Deliverables	Due Date	Date Delivered
Data Code Set Compliance	01/15/01	Out for comment
Front-End Edits	Q1/01	Out for comment – 4/01
Public Infrastructure Funding	Q1/01	
Trading Partner Agreements & Companion Documents	01/15/01	Out for comment
HIPAA Impact on Direct Data Entry	01/15/01	Out for comment
Coordination of Benefits	Q2/01	
Clearinghouse Models	Q2/01	

Transactions Deliverables

Workgroup Deliverables	Due Date	Date Delivered
Sequencing Proposal	12/15/00	Published
Survey	12/15/00	Surveys received
837 IG Review Document	1-2Q 01	
Issues posted, tracked with Data Base	1-2Q 01	
Recommendations regarding identified issues	2Q 01	
Review of each IG – determine major issues	2-3Q 01	
Testing & Certification White Paper	1Q 01	Out for comment
Business-to-Business Testing White Paper	1Q 01	Out for comment
Technical & Business Test Case Scenarios	2Q 01	

Transactions Deliverables

Workgroup Deliverables	Due Date	Date Delivered
Test Plan Document	01/15/01	Draft white paper posted on the web for public comment
Test Assumptions and Scenarios	01/15/01	Combined with above
Test Plan Document	01/15/01	Draft white paper posted on the web for public comment
Test Assumptions and Scenarios	01/15/01	Combined with above

Transactions Deliverables

Workgroup Deliverables	Due Date	Date Delivered
Tracking Database	1Q 01	Database available; to be posted to the web; content in review
Crosswalk NDC (J) codes to HCPCS	1-2 Q 01	White paper posted for comment – 4/01
Crosswalk Taxonomy codes	1-2 Q 01	
Crosswalk Claim Status codes	1-2 Q 01	
Crosswalk Anesthesia & CPT4 codes	2-3 Q 01	

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 ?

