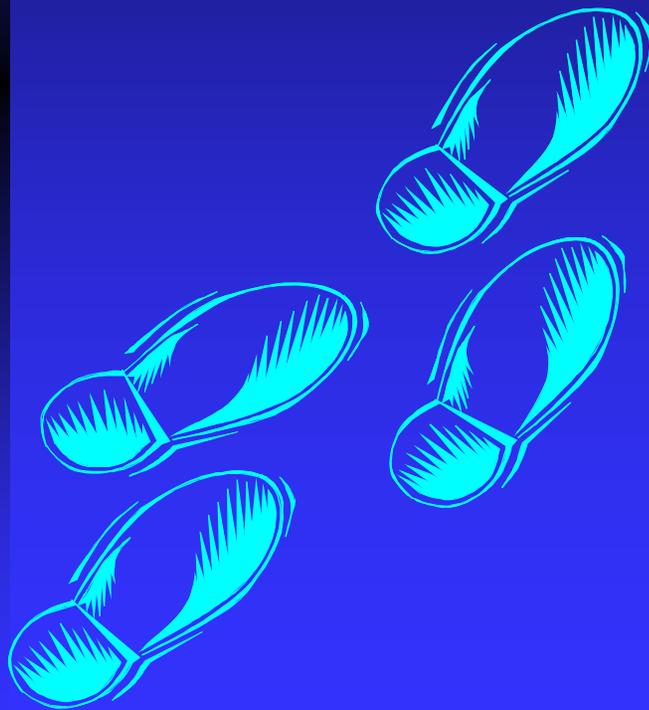# Introduction and Overview Transition to Healthcare EDI

HIPAA Standard Transactions and Code Sets

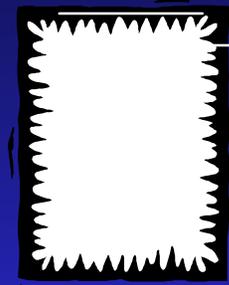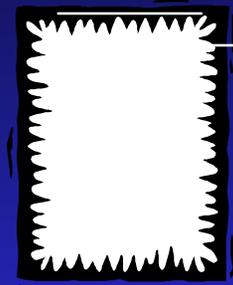The Future of Healthcare Technology and EDI: Healthcare Privacy, Data Security and HIPAA Compliance

August 20, 2001
Annenberg Hall
Harvard University
Cambridge, MA

Gary Beatty
gary@wpc-edi.com
Washington Publishing Company
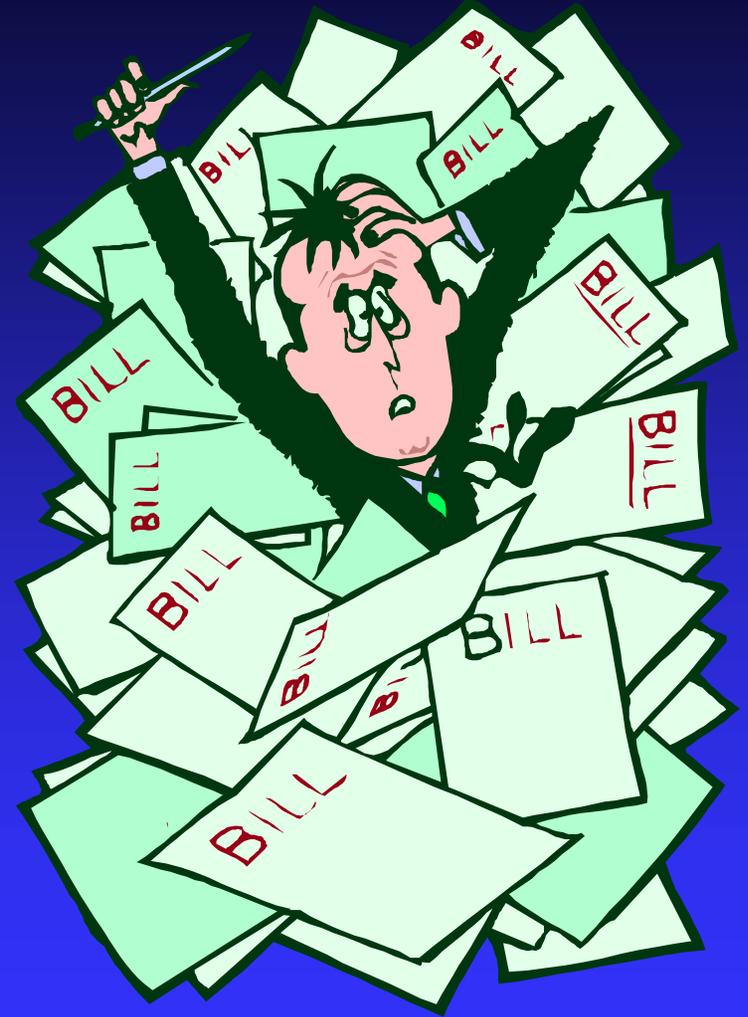Chair X12 Insurance Subcommittee
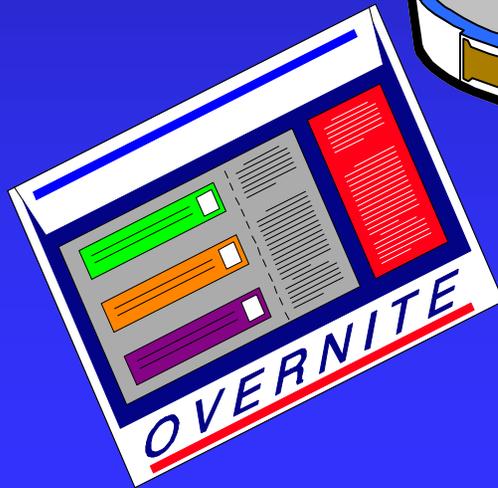
WPC

Communications in Healthcare

Limitations & Concerns

- Timing
- Accuracy
- Handling
- Reconciliation
- Storage

OPTIONS

ANSI X12

OVERNITE
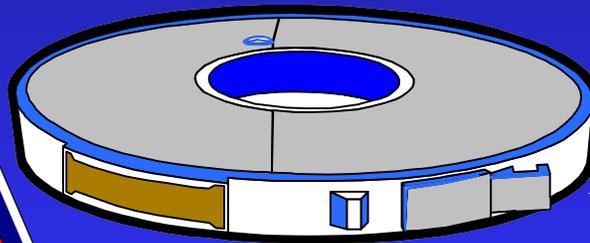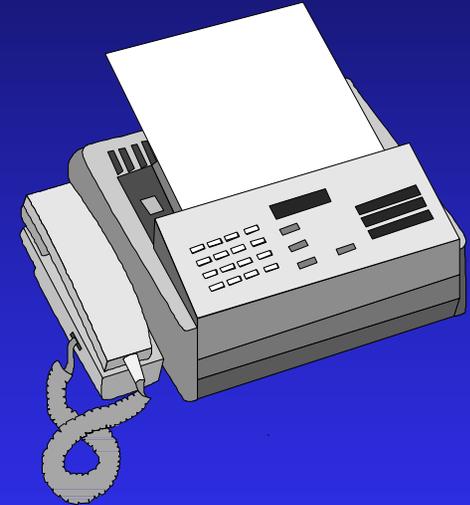
Health Insurance Portability and Accountability Act of 1996 (HIPAA) Public Law 104-191

TITLE II, SUBTITLE F
Administrative Simplification

❖   **9 EDI Transactions**

❖ **Code Sets**

❖ **Identifiers**

❖ **Security/Privacy**

Electronic Data Interchange - EDI

The exchange of business Transactions in a **standardized format** between multiple organizations business **computer systems**.

Electronic Commerce - EC

The application of technology toward the automation of business transactions and workflow

Kalakota & Whinston, 1997

EDI

Internet

Email

Imaging

Intranet

Fax

PROVIDERS　　INSURANCE AND PAYERS　　SPONSORS

Eligibility Verification		Enrollment		Enrollment

- Elig. Inquiry →
- ← Elig. Response
- ← Enrollment
- Invoice →
- ← Payment Order

Pretreatment Authorization and Referrals		Precertification and Adjudication

- Health Care Services Delivery ←→

Service Billing/ Claim Submission		Claim Acceptance

- Claim →
- Patient Info. →

Claim Status Inquiries		Adjudication

- Claim Status Inq. →
- Patient Info. →
- ← Claim Status Rsp

Accounts Receivable		Accounts Payable

- ← Claim Payment

COMPONENTS of EDI

✧ STANDARDS

✧ COMMUNICATION

✧ SOFTWARE/HARDWARE

ANSI ASC X12 STANDARDS
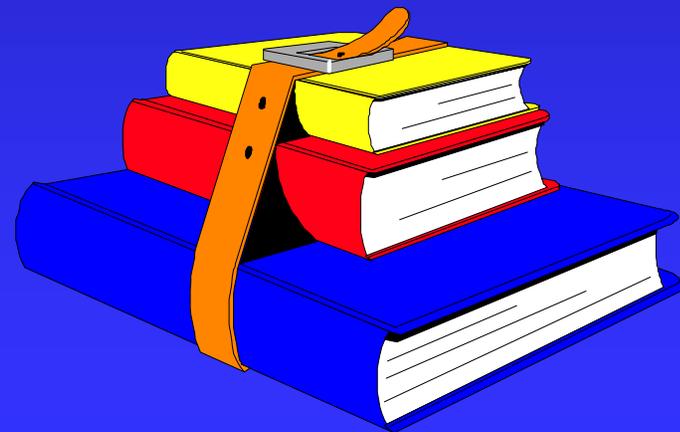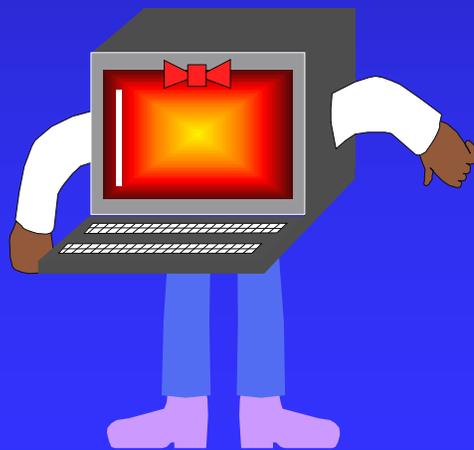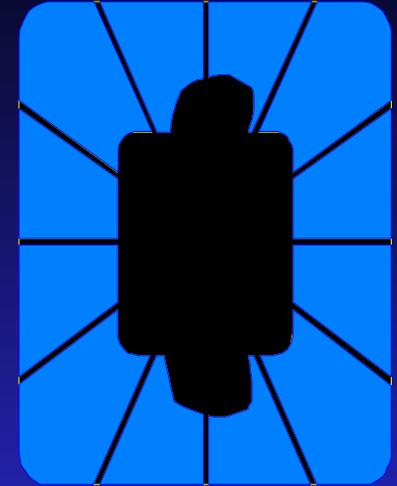
INSURANCE AND PAYERS　　**SPONSORS**

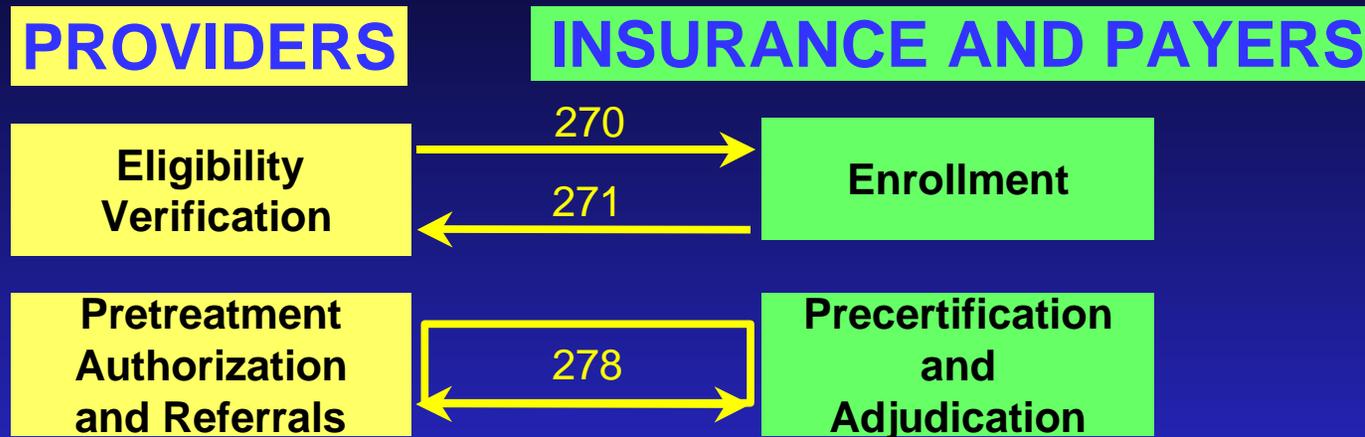| Enrollment	← 834	Enrollment
	← 820	

❖ Enrollment and disenrollment in a health plan.

　▸ **Benefit Enrollment and Maintenance (834)**

❖ Health Plan premium payments.

　▸ **Payment Order/Remittance Advice (820)**

ANSI ASC X12 STANDARDS

PROVIDERS　　　　**INSURANCE AND PAYERS**

Eligibility Verification	→ 270 → ← 271 ←	Enrollment
Pretreatment Authorization and Referrals	← 278 →	Precertification and Adjudication

❖ Eligibility for a health plan.
  ‣ **Health Care Eligibility / Benefit Inquiry (270)**
  ‣ **Health Care Eligibility / Benefit Information (271)**

❖ Referral, certification and authorization.
  ‣ **Health Care Service Review Information (278)**

ANSI ASC X12 STANDARDS

PROVIDERS	INSURANCE AND PAYERS

**Service Billing/ Claim Submission** → 837 → **Claim Acceptance**

→ 275 →

Claim Status Inquiries → 276 →

→ 275 → **Adjudication**

← 277 ←

Accounts Receivable ← 835 ← **Accounts Payable**
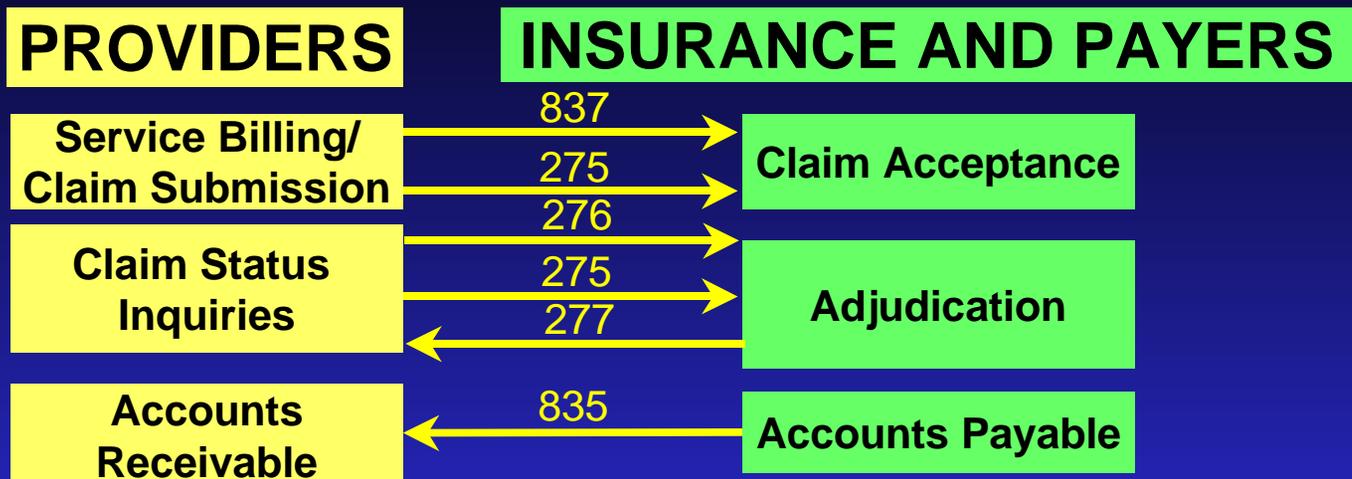
❖ Health claims or equivalent encounter information.
  ▶ **Health Care Claim (837)**
❖ Health claim attachments.
  ▶ **Patient Information (275)**
❖ Health claim status.
  ▶ **Health Care Claim Status Request (276)**
  ▶ **Health Care Claim Status Notification (277)**
❖ Health care payment and remittance advice.
  ▶ **Health Care Claim Payment/Advice (835)**
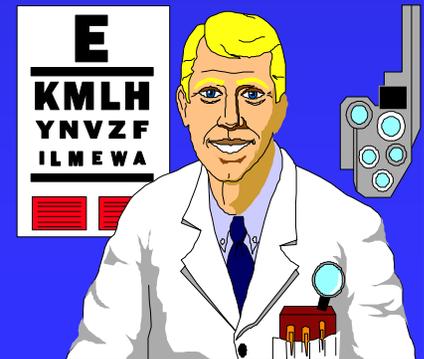
STANDARDS VERSUS IMPLEMENTATION GUIDES

Three

Important Things to Remember About

X12 Standards

1. Unabridged
2. No Technical Answers
3. Series of Business Questions

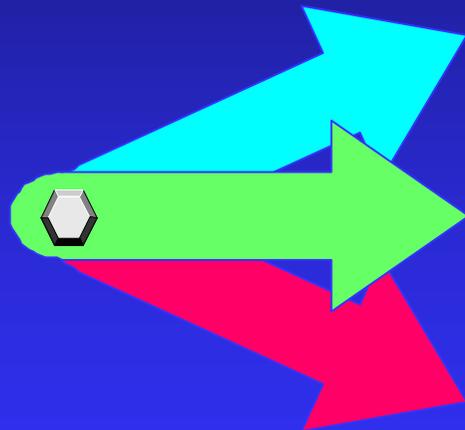# STANDARDS VERSUS IMPLEMENTATION GUIDES

Standards

Implementation Guide
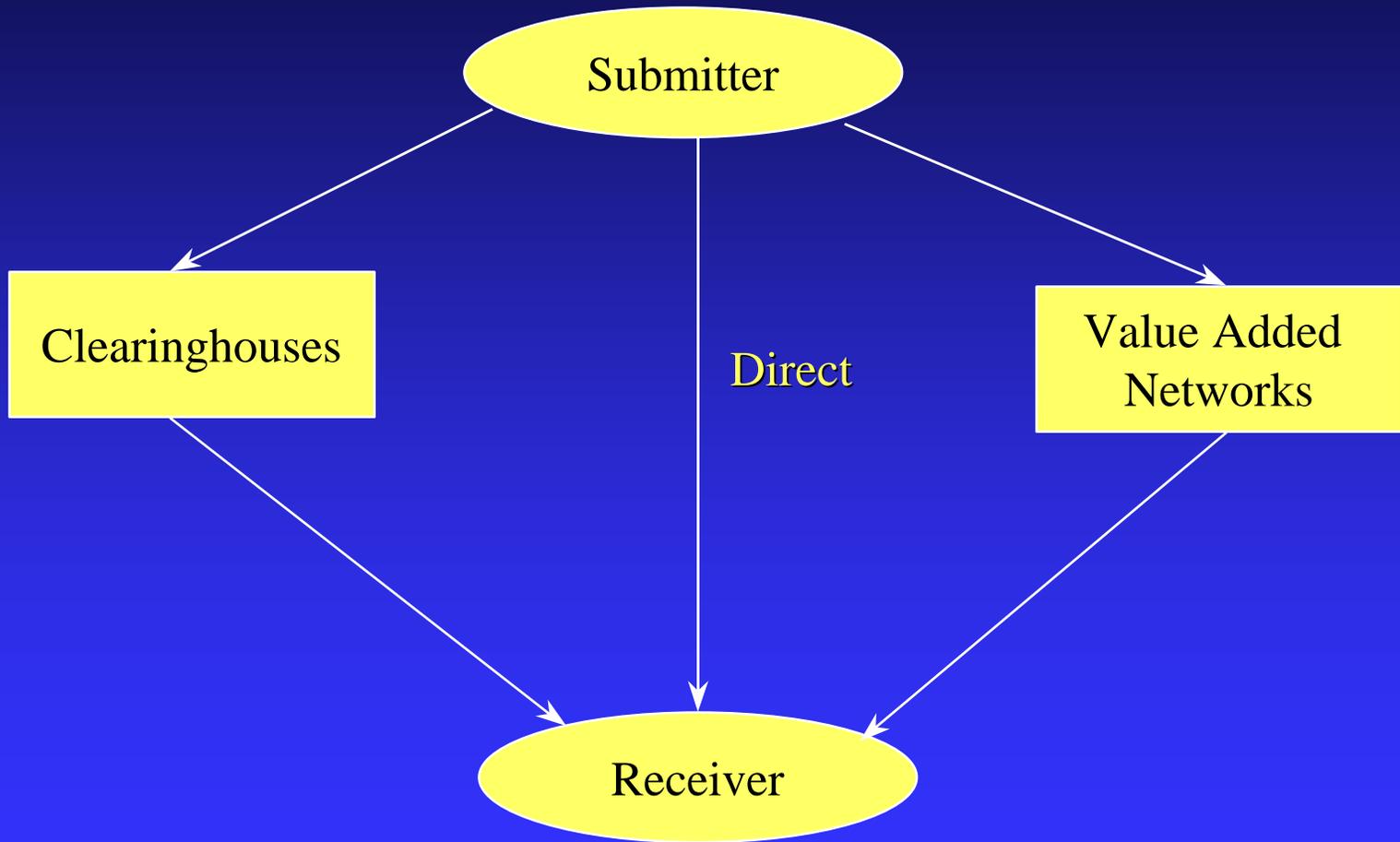
Mandatory → Required

Optional → Situational

Not Used

Communications

```
                    ┌──────────────┐
                    │  Submitter   │
                    └──────────────┘
              ↙            ↓             ↘
  ┌──────────────────┐         ┌──────────────────┐
  │  Clearinghouses  │  Direct │   Value Added    │
  │                  │         │    Networks      │
  └──────────────────┘         └──────────────────┘
              ↘            ↓             ↙
                    ┌──────────────┐
                    │   Receiver   │
                    └──────────────┘
```

Implementation Alternatives

WEB

Proprietary

Proprietary

HTML
JAVA
XML

Proprietary

Same
Clearinghouse
Representing
Both Parties

Proprietary

Client

Server

Provider

Payer

Standard

Standard

Standard

Proprietary
or Standard

Proprietary
or Standard

Clearinghouse representing Providers

Clearinghouse representing Payer

Standard

SOFTWARE / HARDWARE

Enrollment

Accounts Receivable

Managed Care

Standards

Mapping

Security

Communications

Quality Control

Purchasing

Claims Adjudication

Accounts Payable
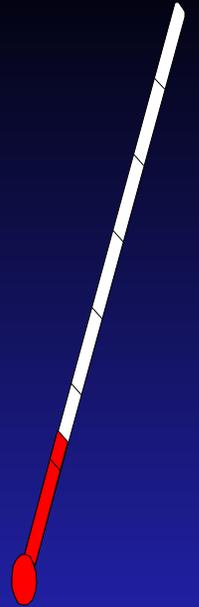
BENEFITS OF EDI

Tactical – Reduced Direct and Overhead Costs

- ❖ Reduce the Accounts Receivable Cycle
- ❖ Improve Accuracy (5% data entry errors)
- ❖ Reduced Data Entry Time
- ❖ Smaller/Faster Transmissions at Lower Cost
- ❖ Reduce/Eliminate Rework
- ❖ Avoid/Reduced Data Entry FTE
- ❖ Reduce Operational Costs (office supplies, postal costs, and telephone charges)

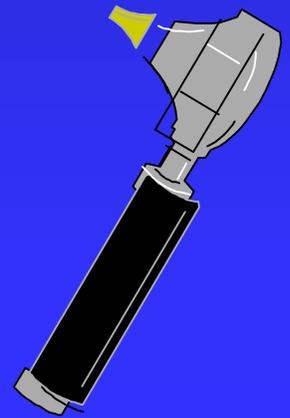# BENEFITS OF EDI

Tactical – Reduced Direct and Overhead Costs

❖Reduce the Accounts Receivable Cycle
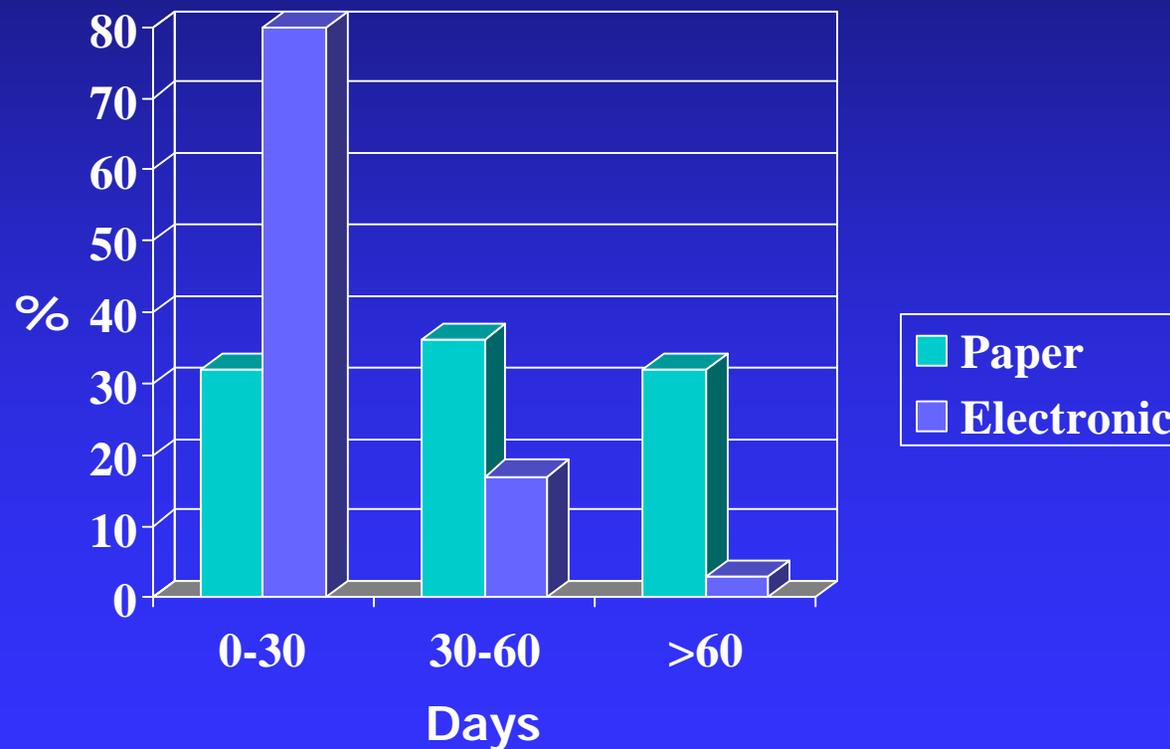
BENEFITS OF EDI

Strategic – Improve Process that directly impacts healthcare stakeholders

- ➢ Improved patient, provider, and payer support
- ➢ Efficient information delivery
- ➢ Improved quality
- ➢ Fosters "Good Will" with patients
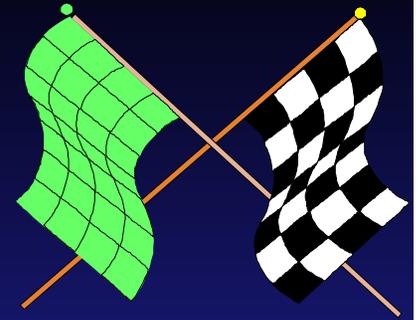- ➢ Fosters closer working relationship between organizations

BENEFITS OF EDI

Cultural – Creating a Competitive Advantage

- ❑ Increase responsiveness between healthcare stakeholders
- ❑ Penetration of new markets
- ❑ Easier to do business with
- ❑ Improved relations with other organizations
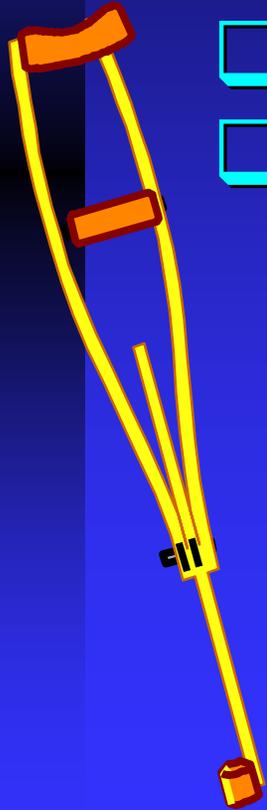
Other X12 Transactions in Healthcare

Healthcare Administration

- 277: Healthcare Payer Unsolicited Claim Status
- 274: Healthcare Provider Information
- 269: Healthcare COB Verification
- 270: Healthcare Eligibility/Benefit Roster

Healthcare Procurement

- 832 Price/Sales Catalog
- 850 Purchase Order
- 855 Purchase Order Acknowledgement
- 869/870 Order Status Inquiry/Response

Getting Organizational Buy In
Step One

- **HIPAA Has Happened!**

- **Delays – Delays - Delays**

- **Will there be any changes?**

Getting Organizational Buy In
Step Two

- Requires Top Down Management Support
- HIPAA will impact all aspects of Health Care
- Overcome Internal Politics
- ROI is Real
- Opportunity for Re-engineering
- Cost is Real $\Rightarrow$ Investment

Getting Organizational Buy In

Step Two

- Financial Penalties Exist
- Biggest Penalty ?

   Bad Press & Litigation

Aligning HIPAA Strategies
Step 3

IT / Web Strategy

Corporate Strategy   HIPAA Compliance Strategy

HIPAA Strategy

HIPAA Requirements
Not all black and white

HIPAA			
Transactions	Identifiers	Codes	Privacy

REQUIREMENTS

HIPAA Assessments – Identify/Leverage Options

Your HIPAA Team

Step 4

Who needs to be involved

- Business / Administrative Staff
  - ◆ Management Support
  - ◆ Line(s) of Business Staff
  - ◆ Quality Control / Audit
  - ◆ Legal
  - ◆ Human Resources
- Technical Staff
  - ◆ EDI Analyst/Programmers
  - ◆ Network Support
  - ◆ Security
  - ◆ System Operations

EDI Resources / Education
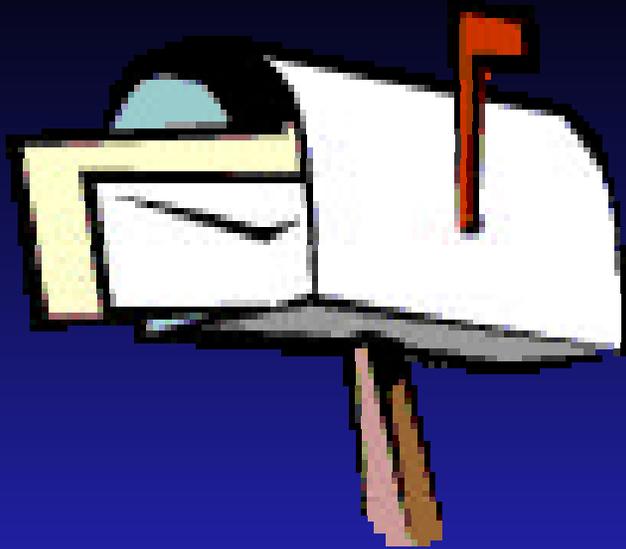## Step 5

- **Skill Set Requirements**
  - ◆ Health Care Knowledge
  - ◆ EDI Knowledge
- **Resources with Both are very Scarce**
  - ◆ Find people with healthcare knowledge
  - ◆ Training
    - ◆ EDI Basic
    - ◆ EDI Tools

Responding to Consumerism in Healthcare

- Our product is HIPAA Compliant!
- Mergers / Acquisitions / Consolidation
- Business Partners

Thank You!

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aspe.hhs.gov/admnsimp