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
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Communications in Healthcare
Limitations & Concerns

- Timing
- Accuracy
- Handling
- Reconciliation
- Storage
OPTIONS

ANSI X12
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
COMPONENTS of EDI

✦ STANDARDS
✦ COMMUNICATION
✦ SOFTWARE/HARDWARE
Enrollment and disenrollment in a health plan.

- Benefit Enrollment and Maintenance (834)
- Health Plan premium payments.
  - Payment Order/Remittance Advice (820)
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)
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)
Three Important Things to Remember About X12 Standards

1. Unabridged
2. No Technical Answers
3. Series of Business Questions
STANDARDS VERSUS IMPLEMENTATION GUIDES

<table>
<thead>
<tr>
<th>Standards</th>
<th>Implementation Guide</th>
</tr>
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<tbody>
<tr>
<td>Mandatory</td>
<td>Required</td>
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<tr>
<td>Optional</td>
<td>Situational</td>
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<tr>
<td></td>
<td>Not Used</td>
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Implementation Alternatives

Provider

Client

HTML
JAVA
XML

Proprietary

Same Clearinghouse Representing Both Parties

WEB

Payer

Clearinghouse representing Providers

Clearinghouse representing Payer

Standard

Proprietary or Standard

Standard

Proprietary or Standard

Proprietary or Standard

Proprietary

Server
SOFTWARE / HARDWARE

Enrollment

Accounts Receivable

Managed Care

Standards
Mapping
Security
Communications
Quality Control

Claims Adjudication

Purchasing

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

![Bar chart showing percentage of accounts receivable days by paper and electronic methods.](chart.png)
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 ⇒ 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 Requirements

<table>
<thead>
<tr>
<th>Transactions</th>
<th>Identifiers</th>
<th>Codes</th>
<th>Privacy</th>
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</thead>
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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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