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# HIPAA

## Transactions Rule

### 45 C.F.R. Part 162

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HHS/OGC

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# Inventory of Available Standards

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- ◆ The ANSI Health Informatics Standards Board (HISB) surveyed all its members to identify all standards that were candidates for adoption.
- ◆ HISB published the Inventory of Health Care Information Standards
  - January, 1997
  - available at on HISB and HHS web sites

# Inventory showed:

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- ◆ Standards were available for all section 1173(a)(2) transactions except “first report of injury”
- ◆ Standards were not available for
  - identifiers
  - security
  - electronic signatures
  - privacy

# NCVHS Hearings

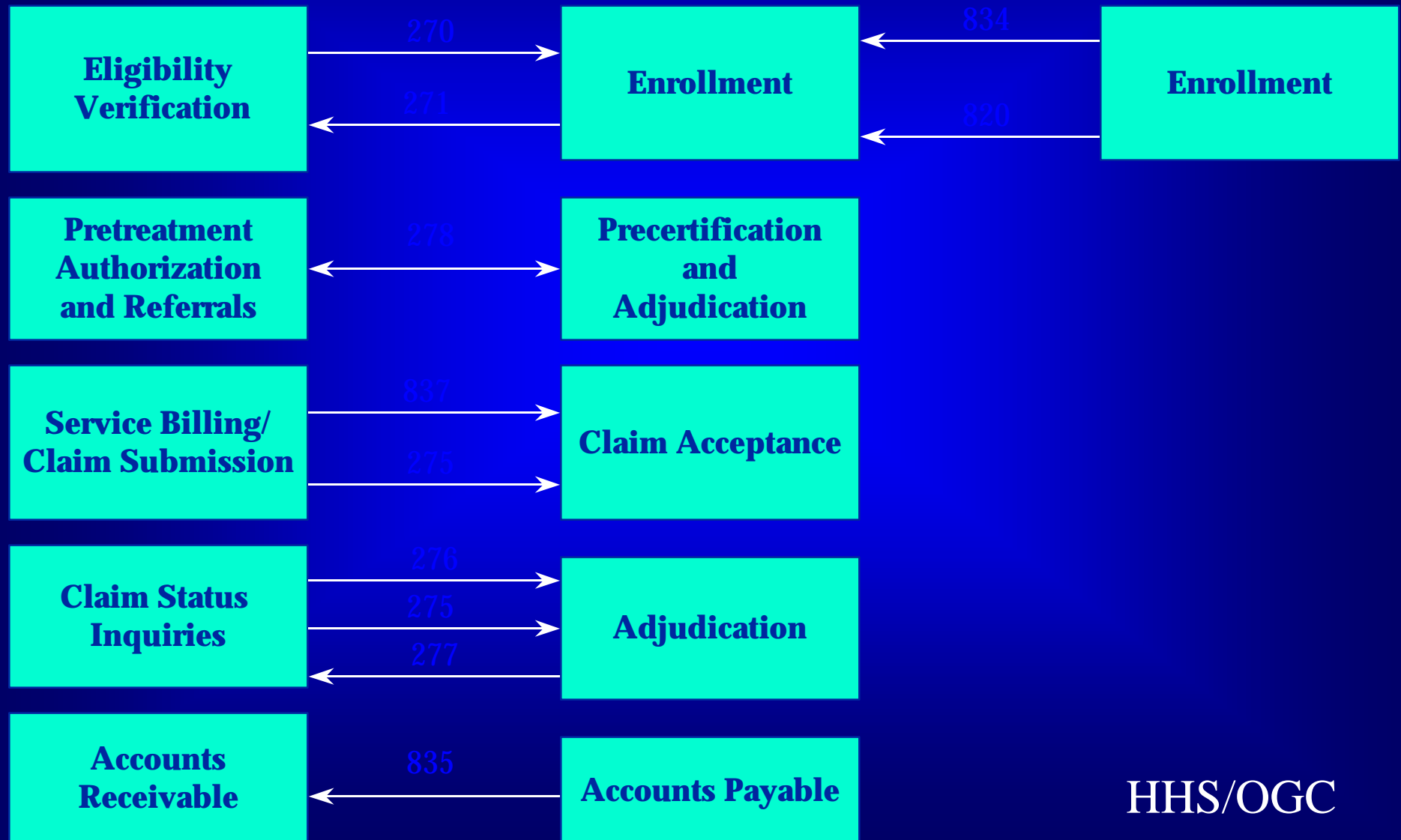
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- ◆ NCVHS held hearings on each category of standards needed.
- ◆ Great range of versions and implementations
- ◆ Many available and currently used standards were not developed by ANSI accredited SDOs
  - Medicare
  - Blue Cross/Blue Shield
  - Various Medicaid State standards

## PROVIDERS

## INSURANCE AND PAYERS

## SPONSORS



# Notices of Proposed Rulemaking published summer of 1998 for:

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- ◆ National Provider Identifier
- ◆ National Employer Identifier
- ◆ Transactions and Code Sets
- ◆ Security and Electronic Signatures

# Transactions Rule

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- ◆ Final published on August 17, 2000
  - 65 Federal Register 50312
  - Effective date: October 16, 2000
  - Compliance date: October 16, 2002 or 2003
- ◆ Framework for all HIPAA requirements
- ◆ Definitions
- ◆ Process for updating standards



# Minimum/Maximum Data Sets

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- ◆ Must accept the maximum Data Set
  - Ignore what you don't need. Set it aside.
- ◆ Must accept the minimum Data Set
  - Cannot require an additional data element not required by the Implementation Guide.
- ◆ Optional data elements
  - Follow rules in Implementation Guide

# Expanded Definitions of Code Sets and Transactions

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- ◆ Transaction: “the exchange of information between two parties to carry out financial or administrative activities related to health care. It includes...”. (§ 160.103)
- ◆ Code set: “any set of codes used to encode data elements, such as tables of terms, medical concepts, medical diagnostic codes, or medical procedure codes...”. (§ 162.103)

# Part 162

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- ◆ Subpart A--General Provisions
- ◆ Subpart I--General Provisions for Transactions
- ◆ Subpart J--Code Sets
- ◆ Subparts K--R: Claims, Eligibility, Referrals, Claim Status, Enrollment & Disenrollment; Payment & Remittance Advice, Premium Payments, and Coordination of Benefits

# HIPAA standards apply to covered entities:

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- ◆ Health plans
- ◆ Health care clearinghouses
- ◆ Health care providers that conduct designated transactions electronically
- ◆ AND to their Business Associates
  - functions for covered entities
  - services to covered entities

# Covered Entities Required To:

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- ◆ Use HIPAA standards for designated transactions no later than appropriate compliance date
  - Compliance via restructuring internal systems
  - Compliance via clearinghouse
  - Compliance via business associate
- ◆ Use appropriate code sets in transactions
- ◆ Content-only exception for direct data entry

# Business Associates

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- ◆ Privacy Rule: 164.502(e) and 164.504(e)
- ◆ Covered entity required to obtain “satisfactory assurance” from associate that it will safeguard protected health information
- ◆ Key step is determining which activities are transactions and which are uses or disclosures between a covered entity and its associates

# Trading Partner Agreements - § 162.915

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- ◆ A trading partner agreement may not
  - Change a standard definition, data condition, or use of a data element or segment
  - Add data elements or segments to a maximum defined data set
  - Use non-included or not used code or data elements
  - Change the meaning or intent of the implementation specification

# Special Requirements Health Plans

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- ◆ Must accept standard transactions
- ◆ Must maintain current and past code sets
- ◆ May not delay, reject or attempt to adversely affect transaction because it is in standard form
- ◆ May not refuse to accept transaction with additional standard information
- ◆ May not provide incentives for direct data entry



# Subparts K-R: Two-Part Format

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- ◆ Defines transactions in terms of
  - Action or purpose
  - Party or parties
- ◆ Adopts a particular implementation guide
  - generally
  - for each of several specific sectors (e.g., retail pharmacy, institutional)
  - batch, real-time or interactive

## § 162.1101: Definition

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- ◆ The health care claim or equivalent encounter information transaction is the transmission of either
  - (a) A request to obtain payment, and the necessary accompanying information from a health care provider to a health plan, for health care.
  - (b) If there is no direct claim, because the reimbursement contract is based on a mechanism other than charges or reimbursement rates for specific services, the transaction is the transmission of encounter information for the purpose of reporting health care.

# § 162.1102: Standard Adoption

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- ◆ – The Secretary adopts the following standards for the health care claims or equivalent encounter information transaction:

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(c) *Professional Health Care Claims*. The ASC X12N 837 – Health Care Claim: Professional, Volumes 1 and 2, Version 4010, May 2000, Washington Publishing Company, 004010X098. The implementation specification is available at the addresses specified in § 162.920(a)(1).

# Analyzing Transactions Issues

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- ◆ Is the transaction being conducted by a covered entity or its business associate for the covered entity?
- ◆ Is the transaction in question one for which the Secretary has adopted a standard?
- ◆ Does the transaction meet the definition of the standard transaction in § 162.1x01?
- ◆ Is the transaction being conducted electronically?

# General Requirements for Code Sets

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- ◆ When conducting a standard transaction, a covered entity must use the appropriate standard code set
- ◆ *Medical data code sets*: use the appropriate code set valid at the time the health care is furnished
- ◆ *Non-medical data code sets*: use the appropriate code set valid at the time the transaction is initiated

# Standard Code Sets: Medical

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- ◆ Expressly adopted by the Secretary
- ◆ ICD-9-CM Volumes 1, 2 (diagnosis)
- ◆ ICD-9-CM Volume 3 (inpatient procedures)
- ◆ CPT-4 (outpatient procedures)
- ◆ CDT (dental procedures)
- ◆ HCPCS (therapy, radiologic, laboratory, etc.)
- ◆ National Drug Codes (drugs and biologics)

# Standard Code Sets: Non-Medical

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- ◆ Set by SDOs in Implementation Guides
- ◆ Examples:
  - State abbreviations and ZIP Codes
  - Telephone area codes
  - Race and ethnicity data
  - Measurement systems
  - And many more

# Maintaining and Updating Standards

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- ◆ Designated Standard Maintenance Organizations (DSMOs)
- ◆ Standard setting organizations responsible for the standards chosen as national standards
- ◆ Open process for receiving and processing complaints and requests for updates
- ◆ Recommendations to the NCVHS
- ◆ Adoption of changes via rulemaking



# Guidance

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- ◆ Websites
- ◆ Frequently Asked Questions
- ◆ WEDI: Strategic National Implementation Program (SNIP)

# Implementation Options

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- ◆ Integrate standard transactions into operations
- ◆ Continue to use own systems internally
  - convert outgoing transactions to standard format
  - receive incoming transactions in standard and convert to internal format
- ◆ Use clearinghouse to translate from internal format(s) to standard and vice versa
- ◆ Use business associates for transactions

# Related HIPAA Rules

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- ◆ Final Privacy Rule
  - Amended and added all-HIPAA definitions
  - Preemption
  - Privacy enforcement
- ◆ Final Security Rule
- ◆ Final Employer Identifier Rule
- ◆ Final Provider Identifier Rule
- ◆ Final Electronic Signatures Rule

# Regulations under development:

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- ◆ Standard for national plan identifier
- ◆ Standard for claims attachments
- ◆ Standards for supplemental transactions
- ◆ Enforcement
- ◆ Modifications to Transactions Rule
- ◆ Modifications to Privacy Rule

# Standard on hold:

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- ◆ Congress has ordered work on the national individual identifier standard suspended
- ◆ Assorted bills before Congress to repeal the national individual identifier

# Resources

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- HHS Administrative Simplification Web Site
  - <http://aspe.hhs.gov/admnsimp/Index.htm>
- OCR Privacy Website:
  - <http://www.hhs.gov/ocr/hipaa.html>
- NCVHS Web Site
  - <http://aspe.hhs.gov/ncvhs>

# More resources

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- Washington Publishing Company Web Site
  - [http://www.wpc-edi.com/hipaa\\_40.asp](http://www.wpc-edi.com/hipaa_40.asp)
- ◆ Workgroup for Electronic Data Interchange:  
[www.wedi.org](http://www.wedi.org) (SNIP links)
- ◆ AHLA Health Information and Technology Committee and Listserv:  
<http://HIT@HealthLawyers.org>

# HIPAA Standards Glossary

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- ◆ ANSI--American National Standards Institute
- ◆ Business Associate: a person (other than an employee or other workforce member) who
  - performs, for a covered entity, a function requiring use or disclosure of protected health information or
  - provides a service (e.g., accounting, legal, data processing) that requires disclosure of PHI



# Glossary, continued

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- ◆ Covered Entity: A member of one of three groups subject to administrative simplification: health plans, clearinghouses or providers that conduct transactions electronically
- ◆ DSMO--Designated Standard Maintenance Organization: An SDO sponsoring one or more standards adopted as national standards responsible for maintenance and coordination of such standards.

# Glossary, continued

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- ◆ HIPAA--Health Insurance Portability and Accountability Act of 1996 (Pub. L. 104-191)
- ◆ HISB--Health Informatics Standards Board: private coordinating group for health standards
- ◆ HL7--Health Level Seven: a private SDO that develops format and content for electronic health text messages

# Glossary, continued

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- ◆ NCPDP--National Council on Prescription Drug Programs: SDO that develops electronic standards for retail pharmacy transactions
- ◆ NCVHS--National Committee on Vital and Health Statistics: Group organized as a Federal Advisory Committee Act committee to advise the Secretary on health data issues, including HIPAA standards

# Glossary, continued

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- ◆ NTTAA--National Technology Transfer and Advancement Act of 1995, Pub. L. 104-113
- ◆ OCR--Office for Civil Rights: agency delegated responsibility for implementation and enforcement of HIPAA privacy requirements
- ◆ SDO--Standard Development Organization

# Glossary, continued

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- ◆ Trading Partner Agreement: contract or similar document establishing rules for exchange of electronic information between two or more persons
- ◆ X12: ANSI committee responsible for electronic transactions
- ◆ X12N: Insurance subcommittee of X12