Improving Efficiency and Increasing Patient Satisfaction by Leveraging HIPAA Standards, Including Privacy and Transactions and Data Code Sets

Presented by:

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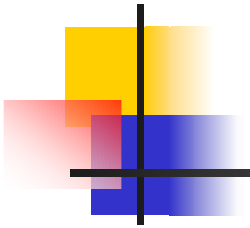
BIG
BOUNDARY INFORMATION GROUP

BOUNDARY INFORMATION GROUP

- Virtual Consortium of health care information systems consulting firms founded in 1995
- Internet-Based
  - Company website: www.boundary.net
  - BIG HIPAA Resources: www.hipaainfo.net
- Senior Consultants with HIPAA Leadership Experience Since 1992
- Clients include:
  - Hospitals and multi-hospital organizations
  - Medical groups
  - Health plans
  - Vendors

Workgroup on Electronic Data Interchange

- Nonprofit Trade Association, founded 1991
- 190 organizational members
  - Consumers, Government, Mixed Payer/Providers, Payers, Providers, Standards Organizations, Vendors
- Named in 1996 HIPAA Legislation as an Advisor to the Secretary of DHHS
- Website: www.wedi.org
- Strategic National Implementation Process (SNIP) – snip.wedi.org
- WEDI Foundation formed in 2001
- Steven Lazarus, WEDI Past Chair and Foundation Trustee



1. Improving Efficiency with the Transactions and Data Code Sets

STANDARDS FOR ELECTRONIC TRANSACTIONS AND CODE SETS

- Health Claims or equivalent encounter information
- Enrollment and Disenrollment in a Health Plan
- Eligibility for a Health Plan
- Health care payment and remittance advice
- Health Plan premium payments
- First Report of Injury
- Health Claim status
- Referral certification and authorization
- Health Claim attachments
- Coordination of Benefits
- NCPDP Transactions for Pharmacy

The Major Provider Benefits

- Reduce staff in business office and registration
- Reduce IS support for interface engine and EDI communication
- Reduce staff that manage enrollment, referral, and eligibility by phone and paper
- Collect most accounts at time of service; health plan and sponsor payments within ten days
- Reduce bad debt
- Reduce medical errors with data standards

Quick and Dirty HIPAA Administrative Simplification Provider Benefit Calculation Estimator

Assumes implementation of all standard transactions, code sets, and identifiers; excluding cost of implementation and operations	(1) Number of Staff	(2) 50% of (1)	(3) Salaries, benefits & overhead for (2) per yr
1. Business Office -- Staff posting paper insurance remittance -- Patient & insurance collections staff -- Error correction and insurance rebilling staff			$
2. Managed Care Coordination -- Precertification/ preauthorization staff -- Eligibility and benefit verification			$
3. Cash to bottom line -- Patient bad debt in dollars x 25% -- Insurance denials for lack of preapproval or timely filing x 25% -- 50% of postage and fees for patient statements	N/A	N/A	$
Total annual operation saving potential (excluding EDI setup and transaction fees)	N/A	N/A	$

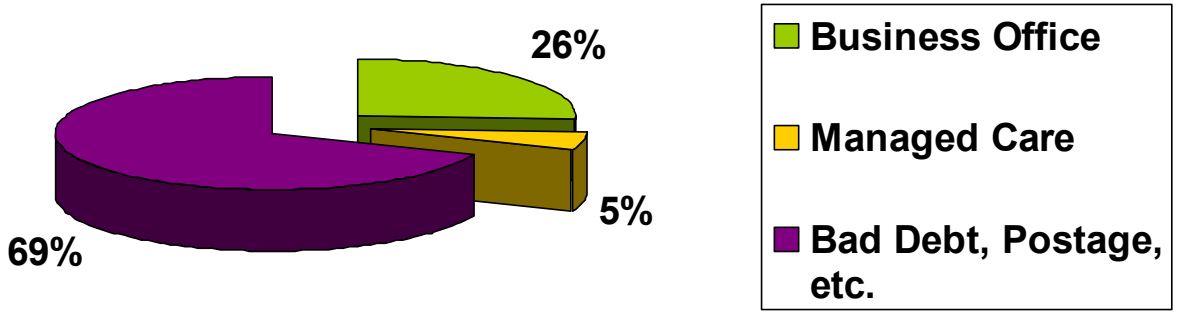
Tool available with instructions at www.hipaainfo.net

"BIG" Estimated Transactions and Code Sets Benefits for Hospitals

- Sample Demographic
  - 16 Hospitals (CA and NV)
  - 1,407 hospital beds
  - $1B in revenue ($62M average)
- Average Annual Savings
  - $1.1M per hospital
  - $2.4% percent of revenue (range 0.9% to 7.5%)
- Five Year Impact (assume four years of benefits)
  - $4.4M per hospital (excluding costs)
  - $1.2M in the business office

"BIG" Estimated Transactions and Code Sets Benefits for 16 Hospitals

- Business Operations Savings Areas



- Business Office Benefit Sources
  - Increased electronic claims
  - Electronic remittance
  - Eligibility (registration)
- Improve Collections Policy and Practice

"BIG" ESTIMATED TRANSACTIONS AND CODE SETS BENEFITS FOR MEDICAL GROUPS

- Sample Demographics
  - 20 medical groups
  - 19 groups of 8 or more physicians
  - 1000 physicians
- Average Annual Savings (excluding cost)

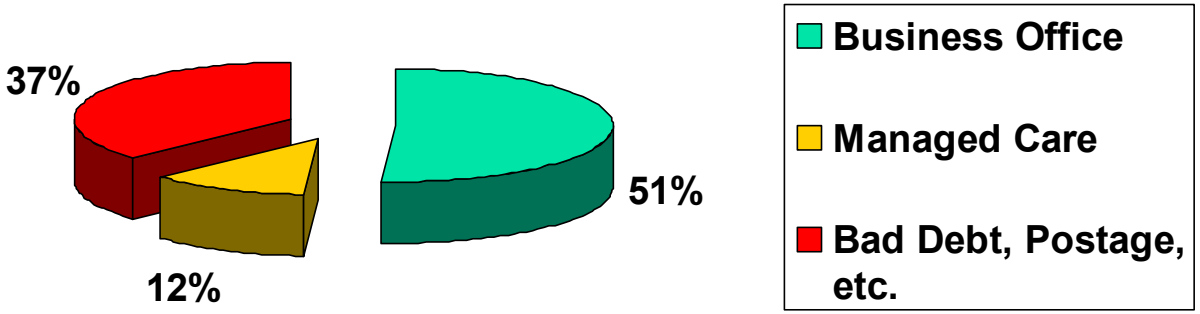
  $360,000 per medical group

  $7,200 per provider

  2.9% of revenue (range 0.6% to 6.0%)
- Five Year Impact (assume four years of benefits)
  - $1.4M per medical group
  - $0.7M in the business office

"BIG" Estimated Transactions and Code Sets Benefits for 20 Medical Groups

- Business Operations Savings Areas



- **Business Office Benefit Sources**
  - -- Increased electronic claims
  - -- Electronic remittance
  - -- Eligibility (registration)

The Big Deal for Providers: Eligibility (270/271)

- Eligibility with:
  - Dates of eligibility
  - Need benefit detail, not only yes/no option
  - Need a real-time response
  - Ideally integrated into practice management/patient billing system
  - Direct Data Entry (DDE) (exception permitted)
  - Automated DDE may or may not be permitted

Benefits for the Provider with Real-Time Eligibility Standards

- Let the patient know at the time of appointment scheduling/preadmitting their coverage and precertification/ referral requirements
  - Ability to arrange payment terms for the patient portion of the bill prior to providing service
  - Avoid the lapsed insurance syndrome
  - Increase cash flow to the bottom line
  - Reduce billing costs and errors
  - If integrated into practice management/patient accounting application, can achieve billing error reduction and automated work flow

Eligibility Benefits for the Patient

- Know at the time of appointment scheduling/pre-admission what is covered and what referrals are required
- Avoid hassle of denied coverage after the service has been provided
- Be better informed to make choices before services are provided, such as choosing a provider in the HMO or PPO network
- May have fewer new employee's, terminated employee's hassles with benefits (if enrollment/disenrollment is timely)

Impact of Eligibility on the Health Plan

- Fewer misdirected claims to process
- Fewer phone calls about eligibility
- Payment on more claims (fewer denials due to timely filing criteria)
- May incentivize sponsors/employer to process enrollment/disenrollment promptly

Health Care Services Review and Response (278) for Precertification and Referral Authorization

- Benefit for Patient and Provider
  - Faster approval (denial) if health plan implements automatic adjudication
  - Less anxiety for the patient
  - Fewer phone calls and faxes
- Benefit for the Health Plan
  - Fewer phone calls and faxes
  - Can choose to implement automatic adjudication

Health Care Claim (837)

- Benefit for the Provider
  - Faster payment from **all** payers
  - Fewer errors
  - (Negative) Companion Guide situational variable use deviates from basic standard. Could be a barrier to EDI volume increase
- Patient Impact
  - Fewer errors on balances owed
  - Fewer coordination of benefits hassles

Health Care Claim Payment (835)

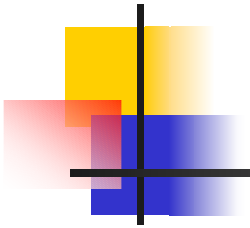
- Benefit for the Providers
  - Faster payment posting
  - Fewer payment posting errors
  - Faster billing to secondary insurance and patient for self-pay balance
- Impact on Patient
  - Fewer errors on patient statements
  - Self-pay balance is due sooner

Health Care Claim Payment (835)

- Impact on Health Plans
  - Administrative savings from electronic instead of paper remittance advice
  - Payment information received faster
    - Fewer customer service calls
    - Less interest earned on the "float"
  - Fewer balance errors

Health Care Claim Status Request and Response (276/277)

- Benefits to the Provider and Patient
  - "Lost" claims identified sooner
  - Faster claim adjudication
  - Can refile claims sooner if "lost" by health plan
- Impact on the Health Plan
  - Fewer provider phone calls
  - Pay some claims faster



2. Improving Patient Satisfaction with HIPAA Privacy Standards

Will the Impact be Positive or Negative on Patient Satisfaction?

- It depends on:
  - The Covered Entity's policies and procedures
  - Communication with the patient
  - Setting and meeting expectations
  - Workforce training

Pre-HIPAA Workforce Concerns

Pre HIPAA, hospital employees and their family members frequently went to other facilities for care because of privacy concerns

What Patients do not Like Pre-HIPAA

- Providers discussing patients in open areas
  - Elevators
  - Waiting rooms
  - Corridors
  - On the phone in front of the public
- Patient data on the Internet
  - University of Montana, University of Minnesota, Children's Hospitals (Minnesota)
  - No security standards to limit unauthorized access to electronic data or posting on the Internet

What Patients do not Like Pre-HIPAA

- Covered Entity's refusal to let patient's see his/her own record (or minor child's record)
  - Right to access to inspect and obtain a copy of PHI about the individual
- Having to fill out new forms when revisiting the hospital and doctors office
  - Authorization for medical records release for payment
  - Notice of Privacy Practice
- Not knowing who has their protected health information for use other than for treatment and payment
  - Accounting for disclosures

References

- Benefit Estimator Template and Instructions
  - http://www.hipaainfo.net
- WEDI SNIP
  - http://snip.wedi.org

HIPAA READINESS

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