



# CMS HIPAA TRANSITION WORKSHOP

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*Just When You Thought You Were  
Getting Close....*

**CMS HIPAA Steering Committee Presentation**

**May 17, 2002**



# Concept

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- Present principles distilled from a two-day CMS workshop
- Encourage sharing of the pain and solutions
- Focus on final stage of preparation for the transition to compliant standards



# Topics

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- Readiness:

- Implementation Organizational Structure
- Readiness and Contingency Plans
- Readiness Issue Resolution
- Trading Partner Agreements

- Testing:

- Compliance Certification
- Business to Business
- Applications/Operations

- Transition:

- Transition Plan
- Sequencing Issues
- Twisted Sisters



# Readiness and Transition

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- Readiness is a phase within the HIPAA master work plan that begins when assessment is done and remediation strategies are under way. It includes issue resolution, testing, strategic decisions, and partner agreements.
- Transition begins when the MMIS starts accepting live HIPAA transactions and ends when all HIPAA required transactions are cut-over to compliant processing.

# READINESS PLAN AND SCHEDULE



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*If You Don't Know Where You Are  
Going, Any Direction Will Do*



# Definition of a Readiness Issue

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- A Readiness Issue Is a HIPAA Implementation Problem That:
  - Jeopardizes compliance strategy
  - Significantly impedes progress on the project, and
  - Requires external responses or risk based decisions



# Examples of Readiness Issues

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- Large number of requests for national codes to replace local codes
- Status of encounter data (require 837 or not; seeking DHHS direction)
- Determination of covered entity status, ambiguity between provider and health plan roles
- Local Code: no replacement, no workaround
- Information currently transmitted for MCO enrollment contains more data than the 834
- Inability to meet deadline for one or more transactions



# Plan Description

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- Portion of overall project plan
- Covers activities to demonstrate that systems and staff are ready to process HIPAA EDI
- Specifies each major activity
- Describes tasks, sequence, relationships, resources, schedule, and accountability
- It is NOT just an Information Systems plan





# Documenting Readiness

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- Why Document?
  - HIPAA is a federal law
  - Justify funding and/or costs
  - Demonstrates due diligence
  - State law and federal regulations may conflict
- Risk
  - Critical to defending during litigation, complaints, and audits
  - It may be used against you
  - Mitigate risk: Establish guidelines and involve legal counsel to ensure appropriate documentation is maintained



# Strategy for Issue Resolution

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- Document a strategy to resolve issues
- Determine when external issues become internal
- Meet deadlines for resolution
- Obtain external guidance
- Demonstrate due diligence
- Conduct a cost benefit, risk, or other analysis
- Inform trading partners

# TRADING PARTNER AGREEMENTS



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*Are We All on the Same Page?*



# Trading Partner Agreement (TPA) – Description & Purpose

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- Description
  - Agreement between parties related to exchange of electronic transactions
  - Establishes duties and common expectations between trading partners
  - TPA cannot introduce additional or different non-standard data requirements
  - Can be a basic agreement with an attached Billing Instruction
- Purpose - HIPAA transaction standards allow some payer discretion in situational fields or choice of data content. NOTE: IGs encourage development of TPAs



# Trading Partner Agreement Contents

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- Connectivity and Testing requirements
- Acceptance/rejection criteria
- Transmission charges and who should pay
- Data clarifications where guides provide options
- Specification of:
  - Level of service
  - Current/interim security measures and requirements
  - Non-standard uses of standard transactions
  - Timing of processing cycles and responses to queries



# TESTING ZONES

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- Zone 1 - Compliance Testing
- Zone 2 Applications, Operations, and Interface Testing (Testing within the Medicaid Agency and with Business Associates)
- Zone 3 - Business-to-Business Testing

# BUSINESS-TO-BUSINESS (B2B) TESTING—Can We Talk?



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- Structured test between payer and data trading partners, post compliance certification
- Ensures that partners' in-bound transactions can be received, validated, and processed
- Ensures that partners can receive out-bound transaction
  
- Note: Some payers believe that compliance certification is all that is needed



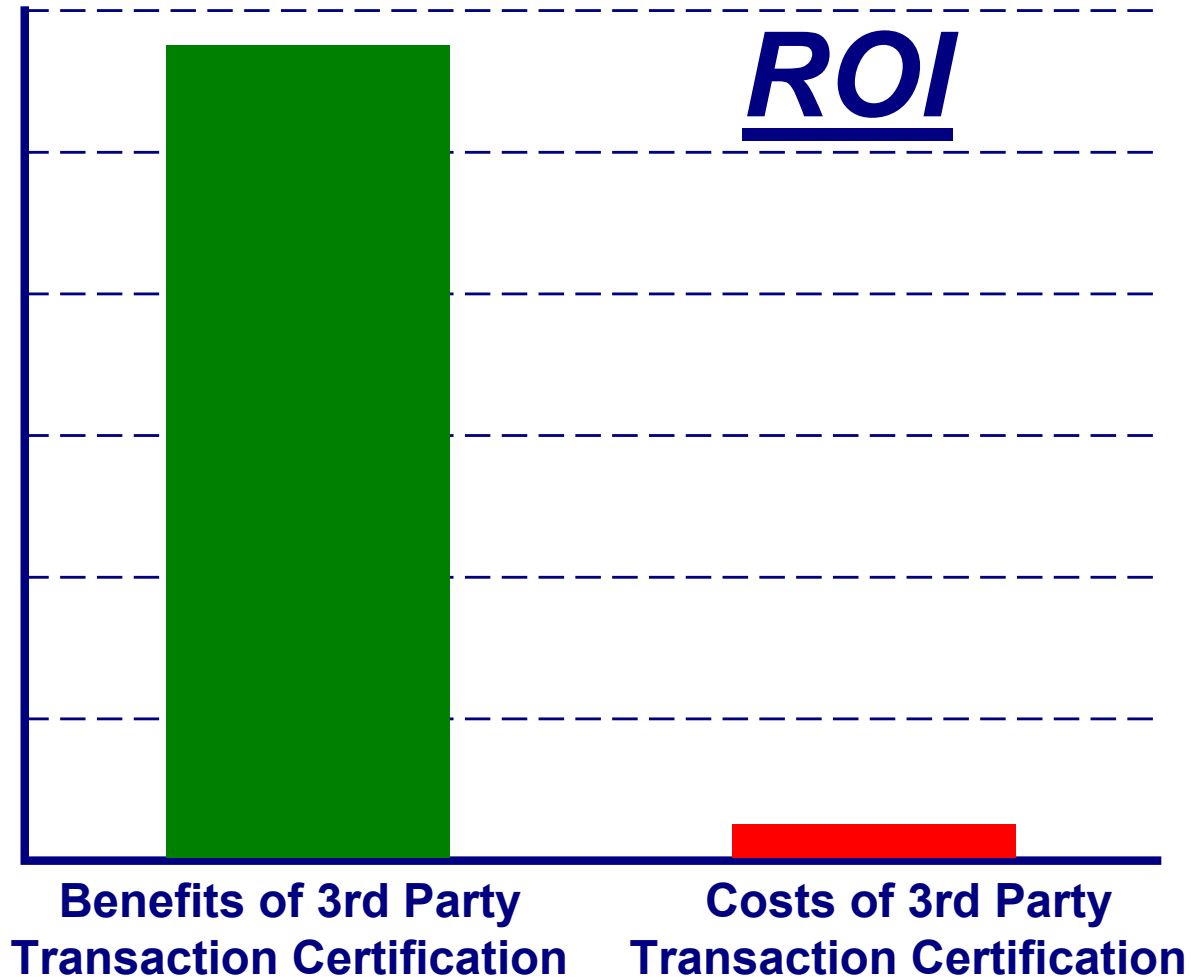
# COMPLIANCE TESTING

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*Making Sure Our Language is Pure*



# TRANSACTION TESTING AND CERTIFICATION



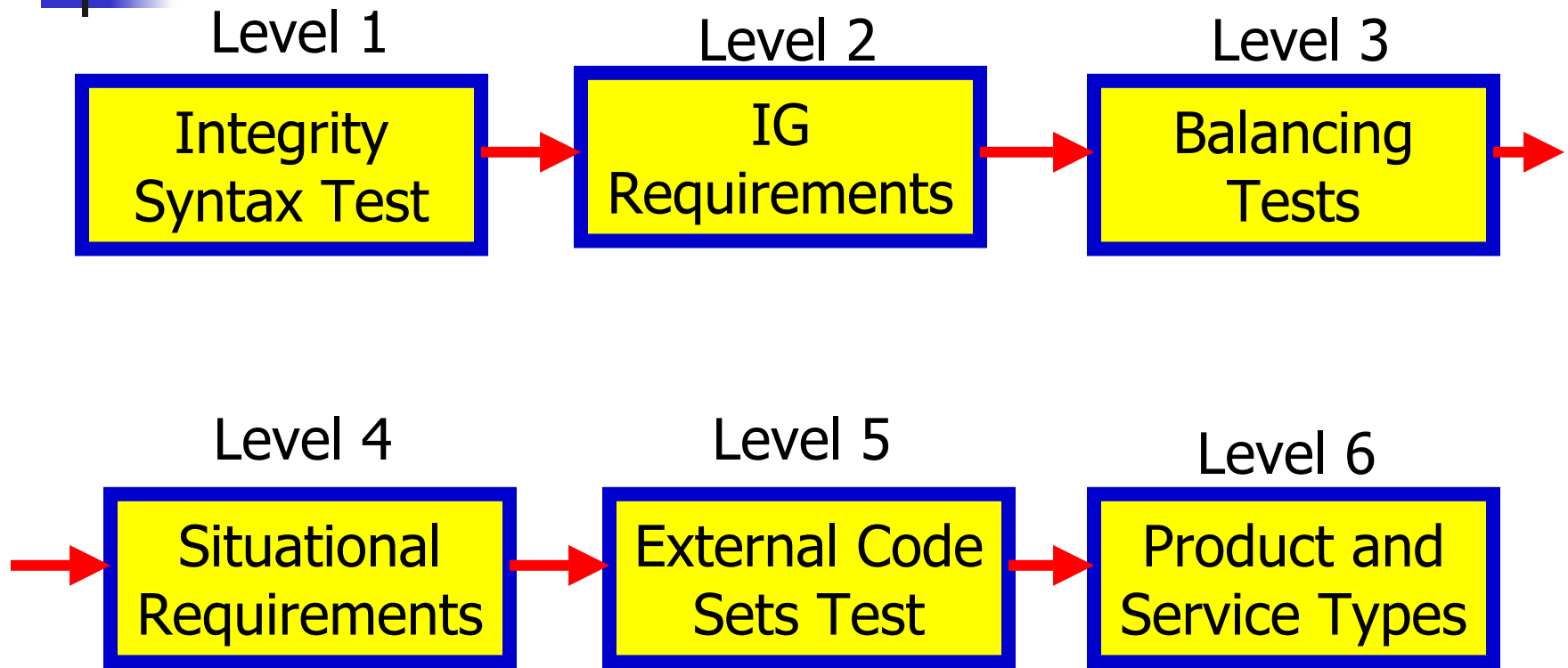


# Testing Alternatives

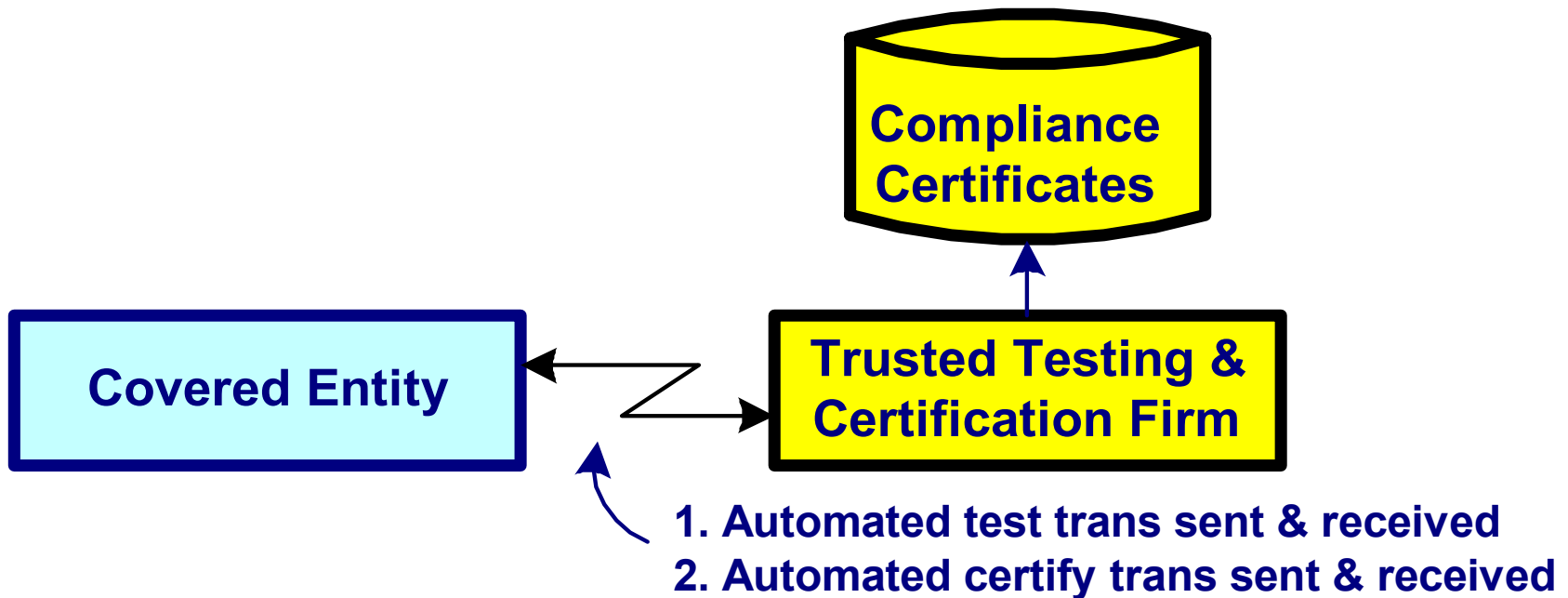
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- Do it yourself. Test own systems in-house, then test one-on-one with partners.
- Contract to test your systems, then test one-on-one with partners
- Use trusted third-party certification.
  - Test own systems against the middle
  - Partners test their systems against the middle
  - Then go one-on-one, ready for production.

# SNIP 6 Levels of Compliance Testing



# What is Third-Party Transaction Certification?



## Third-party Transaction Certification



# Recommendations

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- Use WEDI/SNIP guidelines for B2B testing
- Use regional SNIP guidelines
- Consider combining B2B testing with applications and interface testing to complete an End-to-End test



# APPLICATIONS, OPERATIONS, AND INTERFACE TESTING

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*Your Old Friend —  
With a Few New Habits*



# What Needs To Be Tested - Applications

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## Front-end Edits and New Conversion Routines

- Front-end edits not handled by translator; edits to weed out “HIPAA nonsense”
- Logic to build data elements that are no longer carried on the claim and are not part of the translator functions
- Conversion routines to process information entering the MMIS via routes other than EDI



# What Needs To Be Tested – Applications (2)

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## All Other Application Functions

- Incoming information – edits and associated logic to process system inputs through adjudication, prior authorization, etc.
- Maintenance and management – e.g., reference files, history files
- Outgoing information – production of system outputs, including derived values and retrieval of stored values (previously stripped)





# What Needs to be Tested – Operations and Interfaces

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- Re-engineered, newly developed (including work-arounds), and all manual business processes
- Staff's ability to work with HIPAA compliant data, especially new standard codes
- External interfaces with other agencies, other payers, other trading partners
- Internal interfaces with all business associates, e.g., FA, enrollment broker, prior auth agent, and other independent systems within the enterprise



# Testing Methodology

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- Current testing procedures can be used as baseline
- Initiate test team(s) early in development
- Additional incremental/iterative testing may be necessary due to complexity of HIPAA
- Thorough testing includes end-to-end tests
- System areas more heavily impacted by HIPAA will require more intensive testing
- Develop test data in increments by transaction, by provider type, by portion of the MMIS (subsystem, interface)
- Develop Business Scenarios to test HIPAA transactions, lines of business, complex business rules, etc.

# TRANSITION PLAN AND SCHEDULE



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*It All Works,  
Now Let's Get It in Use!*



# Plan Description

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- Defines the sequence and schedule for the phase-in of all transactions for all provider types
- Depicts the migration of providers from current processes to the new HIPAA standards
- Shows the cut-over date after which pre-HIPAA path is discontinued

# TRANSACTION SEQUENCING PLAN



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*Who's On First?*



# Sequencing Plan Description

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- Sequence and schedule for the phase-in of each transaction or set
- Start date for accepting new transaction (on or before deadline)
- Cut-over date (date after which prior format will be rejected)
- Separate transition dates for provider types
- Separate transition dates for data submission type: EDI, DDE, Web, Paper

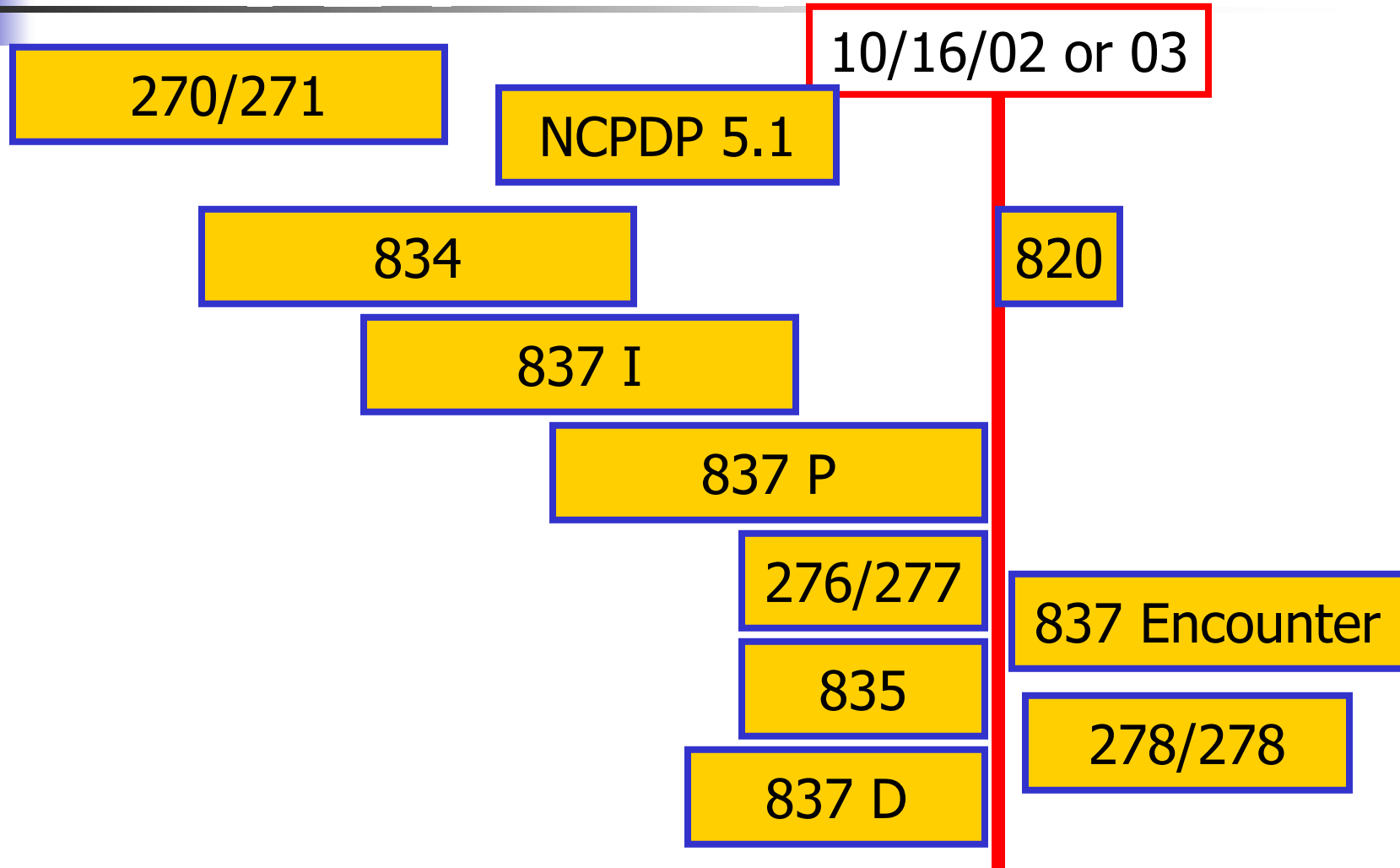
# Example of Phase-in Plan per WEDI/SNIP (Adapted)

## Schedule and Sequence Implementation Proposal \*\*

	Group 1	Group 2	Group 3	Group 4	Group 5
<b>Transaction Groups</b>	837 835	270/271 834	276/277	278	820
<b>Pilot/Testing Period</b>	Jul 1, 2002	Nov 1, 2002	Feb 1, 2003	Mar 1, 2003	April 1, 2003
<b>Payer Readiness Date</b>	Oct 2002 14 <sup>th</sup> month	Mar 1, 2003 19 <sup>th</sup> month	May 2003 21 <sup>st</sup> month	June 2003 22 <sup>nd</sup> month	Aug 2003 24 <sup>th</sup> month
<b>Final Implementation</b>	Oct 17, 2003	Oct 17, 2003	Oct 17, 2003	Oct 17, 2003	Oct 17, 2003

\*\*This chart is shown only as an illustration of a logical grouping of transactions. The original WEDI/SNIP dates are shown updated by one year to illustrate potential schedule for an entity that has filed for the extension. The date for Pilot/Testing Period has been changed from May to April to conform with the requirement of the law that testing must begin by April, 2003.

# Example of Phase-in Plan







# Sequencing Considerations and Operations Start Dates

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- Criteria for determining sequence of transactions
- Possible criteria for determining sequence of provider types
- Factors to consider when determining the operations start date of each transaction



# TRANSITION ISSUES

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*The Time Before...*  
*The Time After Cut-Over...*  
*And The Space In Between*



# Transition Issue Description

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- A transition issue occurs when a business process is supported by data that may be required to be in two different formats
  - Transactions and files that may be subject to two sets of requirements for format and content
  - Transaction pairs that straddle the compliance date



# Transition Issues Examples

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- Date of service determines data content, date of transmission determines EDI format
- Some transactions come in pairs
- Some transactions are dependent on others
- Files, both Reference and History, used after transition must support both standard and non-standard code sets and/or differing sets of information
- Reporting that covers dates straddling the transition start date must process data in both standard and non-standard formats

# Twisted Sisters: Transaction Pairs That Straddle the Compliance Date Line

**NON-STANDARD EDI TRANSACTIONS  
PRIOR TO COMPLIANCE DEADLINE**

**OCT 16\*\***

**STANDARD TRANSACTIONS  
AFTER DEADLINE**

**NON-STANDARD CLAIM SUBMITTED**

**ELECTRONIC RA (835)**

**NON-STANDARD CLAIM SUBMITTED**

**CLAIM STATUS REQUEST**

**CLAIM STATUS RESPONSE**

**SERVICE PROVIDED**

**EDI CLAIM SUBMITTED**

**CLAIM STATUS REQUEST SENT**

**CLAIM STATUS RESPONSE**

**CLAIM SUBMITTED**

**SUPPLEMENTAL CLAIM SUBMITTED**

**\*\*October 16, 2002 or 2003 or any earlier date the entities agree on for implementation**

# Twisted Sisters: Transaction Pairs That Straddle the Compliance Date Line

**NON-STANDARD EDI TRANSACTIONS  
PRIOR TO COMPLIANCE DEADLINE**

**OCT 16\*\***

**STANDARD TRANSACTIONS  
AFTER DEADLINE**

**ENCOUNTER SERVICE PROVIDED**

**ENCOUNTER SUBMITTED**

**BATCH EVS REQUEST**

**ELIGIBILITY RESPONSE**

**PRIOR AUTHORIZATION REQUEST**

**PA RESPONSE**

**ENROLLMENT TRANSMITTED**

**DISENROLLMENT/CHANGES**

**CLAIM RECEIVED**

**MORE INFORMATION REQUESTED**

**RESPONSE TO REQUEST**

**\*\*October 16, 2002 or 2003 or any earlier date the entities agree on for implementation**

# Twisted Sisters: Transaction Pairs That Straddle the Compliance Date Line

**NON-STANDARD EDI TRANSACTIONS  
PRIOR TO COMPLIANCE DEADLINE**

**OCT 16\*\***

**STANDARD TRANSACTIONS  
AFTER DEADLINE**

**CLAIM SUBMITTED**

**DUPLICATE CLAIM SUBMITTED;  
DUP CHECK PERFORMED**

**CLAIM SUBMITTED**

**MORE CLAIMS SUBMITTED;  
REMITTANCE ADVICE SENT**

**CLAIM SUBMITTED**

**CLAIM ADJUSTMENT SUBMITTED**

**\*\*October 16, 2002 or 2003 or any earlier date the entities agree on for implementation**



# TRANSITION: OPERATIONS & MONITORING

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*All Roads Lead to Rome*





# Begin Parallel Operations

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After validating that the parallel environment is ready:

- Notify all affected parties
- Ensure trading partner readiness
- Process HIPAA compliant claims
- Begin monitoring phase
- Verify effectiveness of business process training



# Monitoring The Transition

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- Monitor problems – meter TPs onto system, track problems including those reported by TPs
- Monitor trading partners migration- establish criteria for permanent migration or to move a TP who is not ready, back to the current system
- Monitor workload moved – monitor percentage of workload on new system to achieve a desired rate of transfer, rate of increase must meet schedule
- Monitor system capacity use – HIPAA system has new functions, efficiency of software not known, ensure that system can handle projected HIPPA workload



# Conclusions

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- Overall planning and scheduling is necessary to ensure a smooth transition
- Following the plan is necessary to achieve compliance
- Documenting the decisions, processes, and results is important to be able to substantiate and provide proof of due diligence