



Validating HIPAA in a Live Production Environment

The Next Generation of HIPAA
Transaction Compliance



Overview

Create a Real HIPAA ROI with Live Validation and Filtering

HIPAA: what has it done for you lately? This new approach to transaction compliance promises to give something back: a return on your investment (ROI). As understanding of the complexity and subtlety of HIPAA standards takes hold, health care organizations are recognizing that each instance of a HIPAA transaction can fail to pass HIPAA business rules in hundreds of unpredictable ways. But a new capability has emerged that is quickly changing how transaction compliance is attained: validating HIPAA in your live production environment with built-in filtering against noncompliant transactions. The new technique minimizes claims rejections, protect applications against noncompliant HIPAA data, and offers a real opportunity for ROI.



Train for HIPAA Audioconference Agenda

- 1:00 pm Audioconference Check in and Introduction
- 1:05 pm Overview of Audioconference
- 1:10 pm The Drive Toward HIPAA Validation in a Production Environment
- 1:20 pm Challenges in the Implementation of the HIPAA Transactions and Code Sets
- 1:35 pm Case Study 1
- 1:50 pm Case Study 2
- 2:05 pm Functionality of a Production Validation Environment and Key Integration Topics
- 2:15 pm Questions and Comments
- 2:30 pm Audioconference Adjournment



Moderator

Alan S. Goldberg, JD, LLM

Partner, Goulston & Storrs, Adjunct Professor, Suffolk University Law School and University of Maryland School of Law, Moderator, AHLA HIT Listserve, AND Director, ABA Health Law Section HIPAA & State Law Project, Washington DC (Moderator)



Validating HIPAA in a Live Production Environment

Robert A. Fisher

Chief Executive Officer
Foresight Corporation
Columbus, OH

A decorative graphic on the left side of the slide consisting of overlapping colored squares (yellow, red, blue) and a vertical black line.

As HIPAA evolves HCOs learn...

Spot testing doesn't cut it because:

- Pre-production testing is only as good as the instances tested
- Changes are never-ending: new partners, transactions, addenda, system & application changes, etc.
- Risk of non-compliance goes beyond mandate:
 - (Providers) Rejected batches hurt cash flow
 - (Payers) Adjudication failures are expensive
- Needed: Permanent, production-level validation to protect systems and optimize processing



Production Validation

- Real-time filtering of 100% of live transactions
- Identify *and remove* non-compliant data on the fly
- Eliminates Provider concern about payers seeking “perfect” batches
- Eliminates payer expense of adjudication errors
- Eliminates the ongoing resource required for continual spot testing and change testing
- Positions the industry to adopt more transactions sooner



Production Validation

- Speakers that follow have been early adopters of this concept
- Ed will provide more detail of the different contexts of production level validation, the challenges involved, and the key features of this type of solution
- Post Oct. 16, we expect the industry to migrate to a philosophy of “filter instead of test” for all but the most major of changes
- Ongoing: production validation should prove to be a key component of making HIPAA maintainable and affordable



Contact Information

Robert A. Fisher

Chief Executive Officer

Foresight Corporation

4950 Blazer Parkway

Dublin, OH 43017

(614) 791-1600

bfisher@foresightcorp.com

Website: www.foresightcorp.com



HIPAA Transactions and Code Sets

Overview of Provider Needs and Steps Going Forward

Steve Lazarus, Ph.D.

President, Boundary Information Group, Vice Chair,
Train for Compliance, Inc., Immediate Past Chair,
Workgroup for Electronic Data Interchange (WEDI)

Denver, CO



Boundary Information Group

- Virtual consortium of health care information systems consulting firms founded in 1995
- Company website: www.boundary.net
- BIG HIPAA Resources: www.hipaainfo.net
- Senior Consultants with HIPAA, administrative and clinical system experience: Margret Amatayakul, RHIA, CHPS, FHIMSS; Tom Walsh, CISSP
- Services include:
 - Strategic planning
 - Systems selection and implementation management
 - Workflow improvement
 - EHR, clinical and financial IS selection and operating improvement
 - HIPAA policies, procedures, and forms
 - Expert witness
- Steven Lazarus received the “Extraordinary Achievement Award” presented by Jared Adair, October, 2002.



Agenda

- (1) Where is the industry?
- (2) How do we minimize the October train wreck?
- (3) What went wrong?
- (4) How do we get back on track?



Where is the industry?

- 1993 - WEDI issues report recommending administrative simplification
- 1996 – August 21: HIPAA becomes law
- 1998 – May 7: Standards for Electronic Transactions and Code Sets NPRM issued
- 2000 – August 17: Final rules published
- 2001 – December 27: ASCA becomes law
- 2002 – October 15: Deadline for filing ASCA extension
- 2003 – February 20: Addendum to final rule published
- 2003 – April 16: ASCA Testing deadline
- 2003 – October 16: Compliance implementation of HIPAA TCS standards



Where is the industry?

- Providers
 - Many have under estimated the amount of work needed to be ready and in production with all payors
 - Focused on claims
- Vendor Upgrades
 - Many not delivered until after March 1, 2003
 - Some vendors require the use of their clearinghouse
- Payors
 - Some payors have published their testing and production schedules
 - Many have not published their Companion Guides
 - Some payors have established deadlines for testing
- General Industry
 - Lots of activity
 - Not much testing or production yet



How do we minimize the October train wreck?

- **WEDI letter to Secretary Thompson April 15, 2003**
 - Permitting compliant covered entities to utilize HIPAA TCS standard transactions that may not contain all required data content elements, if these transactions can otherwise be processed to completion by the receiving entity, until such time as compliance is achieved or penalties are assessed.
 - Permitting compliant covered entities to establish a brief transition period to continue utilizing their current electronic transactions in lieu of reversion to paper transactions.



How do we minimize the October train wreck?

- Testimony in the May 20, 2003 NCVHS hearings
 - Most supported the WEDI recommendations as permitted actions (not required actions)
 - American Hospital Association proposed interim payments
- The WEDI approach should be viewed as a brief transition period, not a delay
- State Insurance Commissioners are becoming involved
- WEDI asked for a response by June 15, 2003 so that the industry could prepare



What went wrong?

- CMS was late in publishing the addendum
- Vendors and clearinghouses
 - Some completed and started installing upgrades in 2002
 - Some waited until after March 1, 2003 to start delivering the upgrades
 - Some are not ready today
 - A shake out may be coming
 - Medi.com sold to MediFax
 - MedUnite sold to Proxymed



What went wrong?

- **This process is too complicated**
(Steve Lazarus' personal opinion)
 - Situational variables
 - Unique Companion Guides
 - Disappearance of useful remittance codes
 - Lack of claim requirement standard (home care)
 - Lack of billing unit uniformity (anesthesia minutes vs. units)
 - Some payors not providing eligibility detail in EDI response
 - Some payors taking a "perfect batch" acceptance approach which is different from the current approach
 - Medicaid can use local codes until 12/31/03



What went wrong?

- Why is it so complicated?
 - Lack of a common vision (payor, provider and vendor)
 - X12N TCS standards and implementation guides allow too much flexibility
 - 837 is too complex – every payor got what they wanted
 - No pilot testing
- Providers and vendors have not internalized data and code set standards (which would avoid some translator requirements)
- Is it all bad? No
 - There are standard code sets
 - There are standard formats
 - There are Companion Guide limitations



How do we get back on track? (Short Term)

- HHS permit WEDI's two recommendations
- Answer the questions (CMS and WEDI SNIP)
- Payors relax perfect batch standard
- Fix the remittance code problem
- Fix the multiple 837 option problem (e.g., home care)
- CMS enforce the Companion Guide limitation requirements
- Payors provide full responses to EDI eligibility inquiry very soon with a timely response
- Use the <http://www.wedi.org/snip/caqhimpltools> site as a resource
- Test as soon as possible
- Include certification in testing strategy
- Go into production as soon as possible



Contact Information

Steven S. Lazarus, PhD, FHIMSS

President

Boundary Information Group

4401 South Quebec Street, Suite 100

Denver, CO 80237-2644

(303) 488-9911


sslazarus@aol.com

Websites:

www.hipaainfo.net

www.boundary.net

www.trainforhipaa.com



Case Study I

Business Overview

Joe Fleming

e-Business Executive

Blue Cross Blue Shield of Montana (BCBSMT)

Helena, Montana



BCBSMT Overview

- 700+ Employees in Company
- Medicare A/B Carrier/Intermediary for the State of Montana
 - 32 FTEs directly involved with our Clearinghouse efforts
- 6.2 Million electronic claims/year, estimated to be 80% of total EDI volume in the state
- 65% are BCBSMT or Medicare claims
- > 85% of Medicare & > 75% of BCBSMT claims are sent electronically



Health-e-Web (HeW)

- HeW is a BCBSMT subsidiary that provides clearinghouse and other contract services for providers
- HeW is an “all-payer” clearinghouse






Clearinghouse Services

- After choosing BizTalk Accelerator for HIPAA for our core translation needs, HeW needed another tool that would:
 - Help us learn and support the many ANSI formats
 - Provide more user friendly IG edits
 - Support the custom business edits we were providing as part of our clearinghouse services



Validator Tool Usage

- Validator provides more comprehensive error messages to help diagnose a problem
- We can code custom business edits to be applied by payer
- We don't have to worry as much about ANSI format and code table updates and in essence have "outsourced" many of the ongoing routine maintenance associated with running a clearinghouse



Case Study I Technical Overview

Tim Determan

e-Business Team

Blue Cross Blue Shield of Montana (BCBSMT)

Helena, Montana



Validation Requirements

- Validate 1 – 7 levels of edits
- Accurate Code Set Tables
- Add payer-specific edits
- Add error messages
- Call the specific payer validation standards at runtime
- Reject a single claim out of a batch



Software Vendor Requirements

- Customer Service
- Training
- Custom Coding





Validate an ANSI 837

- Receive the file
- Split the file by claim (BTS)
- Determine the payer and select the validation standard (Custom Code)
- Send the claim to InStream (Foresight)
- Create custom Edit Reports (BTS)



Contact Information

Tim Determan

e-business team

BCBS Montana


404 Fuller Avenue

Helena, Montana 59601

(406) 447-8772

Tim_Determan@summitdn.com

Web site: www.bcbsmt.com



Case Study II

A Long-Term Solution

Karen Cairo

Systems Officer
Nationwide Health Plans
Columbus, OH



The Business Decision

- Nationwide Health Plans: Company Overview
 - Provider of individual and group medical insurance.
 - Primarily based in Ohio and California.
 - Receive 75% of medical claims electronically today. Approximately 55,000 per month.
 - Nationwide has been live with the 270/271 transaction since 1999.



The Business Decision

- Business Requirements Defined
 - Pass/Fail of individual claims, not entire batch.
 - Ability to create HIPAA compliant outbound transactions.
 - Efficient method to keep external code sets current.
- Technical Issues
 - Can current tools meet requirements?
 - If not, how to fill that gap?
 - External products
 - Build functionality internally



Resolution

- Current Tools Inadequate for Business Requirements
 - Handled only basic levels of compliance checking
 - Insufficient code sets
- Next Steps
 - 'Casual' search via HIPAA conferences, literature, etc. Had not ruled out building internally.
 - Foresight and InStream
 - Vendor at a HIPAA conference in late 2002.
 - InStream product functionality and NHP business requirements seemed to 'line' up.



The Evaluation

- InStream functionality
 - Flexible compliance verification
 - Transactions support for both batch and real-time modes
 - Ability to send back an 824 transaction on a single claim in a batch transmission.
- Budget Requirements
 - Unplanned expense
 - Cost to build versus buy



Partnering with Foresight

- Implementation
 - Support: High availability, low need
 - Taking advantage of other products and services that Foresight offers.
- Conclusion: A solution that works
 - Saved hundreds of development and ongoing maintenance hours.
 - Ongoing Partnership with Foresight that will continue to build upon our EDI technical competencies.



Contact Information

Karen Cairo

Systems Officer

Nationwide Health Plans

5525 Park Center Circle

Dublin, Ohio 43017

614.854.3473

cairok2@nationwide.com



InStream

Ed Hafner

Chief Technology Officer
Foresight Corporation
Columbus, OH



Implementation Types

- Providers
 - HMS/PMS Industry flat file to clearinghouse(s)
 - Hospital management system HIPAA to payer(s)/clearinghouse(s)
 - Practice management system HIPAA to payer(s)/clearinghouse(s)
 - Translator system direct to payer(s)/clearinghouse(s)HMS/PMS



Implementation Types

- Payers

- Translator system HIPAA to payer(s)/clearinghouse(s)
- Home-grown translator to payer(s)/clearinghouse(s)

- Clearinghouses

- Translator system HIPAA to customers/interconnects
- Home-grown translator to customers/interconnects



Challenges to Current Solutions

- Providers
 - Inability to implement Types 4-7 edits – increases potential claim EDI rejects
 - Inability to follow payer edits – increases potential claim rejects
 - Many systems will reject at EDI transaction level (ST/SE), not claim level
 - Clearinghouse costs per HIPAA transaction high



Challenges to Current Solutions

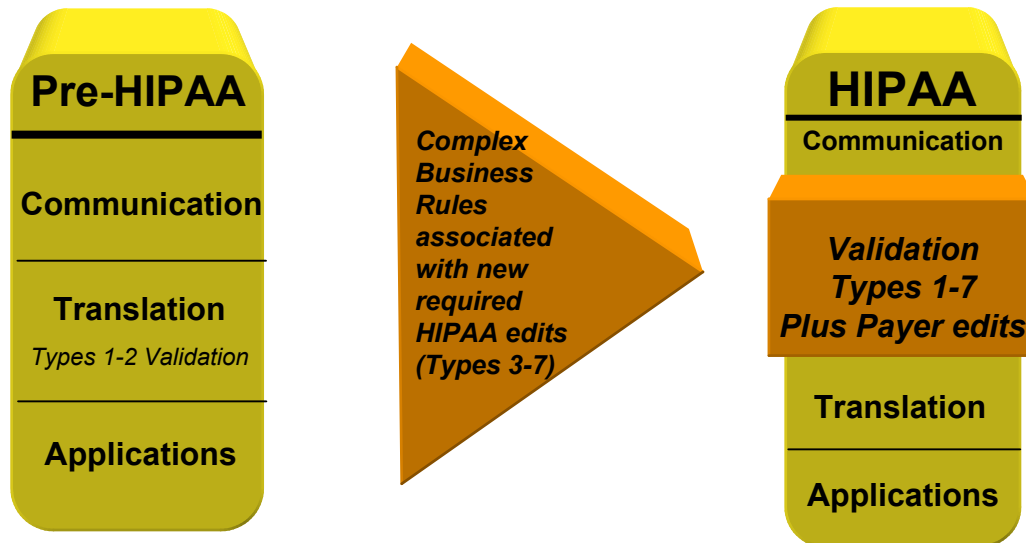
- Payers

- Inability to catch errors in translator – Increases costs in adjudication systems
- Inability to implement Types 4-7 – increases outbound partner support costs
- Most translators reject at EDI transaction level (ST/SE), not document level

- Clearinghouses

- Rejecting at ST/SE level is unacceptable
- Customers expecting types 1-7 edits, plus partner edits are a major value add

Production Validation Components



- Reduces errors rejected from Type 3-7 edits
- Increases probability of passing adjudication system
- Splits documents minimizing the impact of one bad document on many
- Generates acknowledgements and notifications timely informing partners
- Feeds customer service help applications
- Extracts information from production flow for other applications



Production Validation Components

- Error message sensitivity
- Configurable experiences by trading partner
- Simple interface to support rich payer edits
- Robust Acknowledgment Responses
- Document Splitting sensitivity



Production Validation Components

- Multiple integration options
- Multiple platform support
- Multi-process and Multi-threaded architecture
- Strong performance that scales inexpensively



Contact Information

Ed Hafner

Chief Technology Officer

Foresight Corporation

4950 Blazer Parkway

Dublin, OH 43017

(614) 791-1600

ehafner@foresightcorp.com

Website: www.foresightcorp.com



Questions
