



**HIPAA**

**Administrative Simplification:  
The Last Word**

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## Purpose of Administrative Simplification

- "To improve the efficiency and effectiveness of the health care system
  - by encouraging the development of a health information system
  - through the establishment of standards and requirements for the electronic transmission of certain health information."

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## Cost, Quality, Standard Relationship

- Standards-based automation of routine functions lowers rate of rising costs (labor).
  - Only possible if accompanied by process redesign.
- Standardized data increases its usefulness for quality improvement studies.
  - 4<sup>th</sup> leading cause of death = medical errors!
- Clinical information standards enable cost-effective IT support at point of clinical decision making.
  - Which in turn, leads to fewer errors, higher quality care, and lower costs (e.g. e-Rx, CPOE, EMR).

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## HHS Required to Adopt Standards:

- Electronic transmission of specific administrative and financial transactions (including data elements and code sets)
  - List includes claim, remittance advice, claim status, referral certification, enrollment, claim attachment, etc.
- Unique identifiers (including allowed uses)
  - Health care providers, plans, employers, & individuals.
- Security and electronic signatures
  - Safeguards to protect health information.
- Privacy
  - For individually identifiable health information.

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## HIPAA Standards Philosophy

- To save money:
  - every payer must conduct standard transactions.
  - no difference based on where transaction is sent.
- Standards must be:
  - industry consensus based (whenever possible).
  - national, scalable, flexible, and technology neutral.
- Implementation costs less than savings.
- Continuous process of rule refinement:
  - Annual update maximum (for each standard) to save on maintenance and transitions.

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## Transaction Philosophy

- One format for each transaction
  - with minimal variation based on plan.
- One rule for each data element
  - with well defined requirements (few options).
- One code set or vocabulary for each element
  - with rapid additions as needed.
- One method of identifying all players
  - with unique identifiers for all.
- One method of secure transmission for all
  - Oops ...

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## Identifiers

- Identifiers should contain no 'intelligence'.
  - Characteristics of entities are contained in databases, not imbedded in construction of identifier.
- Identifiers should be all numeric.
  - For easy telephone and numeric keypad data entry.
- Identifiers should incorporate an ANSI standard check digit to improve accuracy.

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## 5 Principles of Fair Info Practices

- Notice
  - Existence and purpose of record-keeping systems must known.
- Choice – information is:
  - Collected only with knowledge and permission of subject.
  - Used only in ways relevant to known purposes.
  - Disclosed only with permission or overriding legal authority.
- Access
  - Individual right to see records and assure quality of information.
    - accurate, complete, and timely.
- Security
  - Reasonable safeguards for confidentiality, integrity, and availability of information.
- Enforcement
  - Violations result in reasonable penalties and mitigation.

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## Key Security Philosophy

- Identify & assess risks/threats to:
  - Confidentiality
  - Integrity
  - Availability
- Take reasonable steps to reduce risk, and keep it low.

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## Timeline

- Legislation written – 1994
- Law Passed – 1996
- First proposed regulation – 1998
- First final regulation – 2000
- First implementation date – 2003
- Last implementation date – 2010 +

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## Strategic Implementation Points

- Keep vision in your Strategic Planning.
- Participate in Rule Making.
- Implement Ahead of Requirements if possible.
- Understand & Control your Data Flows.
- Consolidate Requirements.
- Enable Technology Flexibility.
- Insist that Trading Partners Follow the Rules.
- Don't Do It Alone.

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## Next ...

- 1:15 – Kepa Zubeldia
  - HIPAA Transactions Testing Update
- 1:45 – Janet Marchibroda
  - Beyond HIPAA: Building Blocks for a NHII
- 2:15 – Break
- 2:30 – 7 Concurrent Sessions
  - on HIPAA implementation issues.
- 3:30 – Ask the Experts: An Advanced HIPAA Problem Solving Roundtable
- 4:30 – Adjourn

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