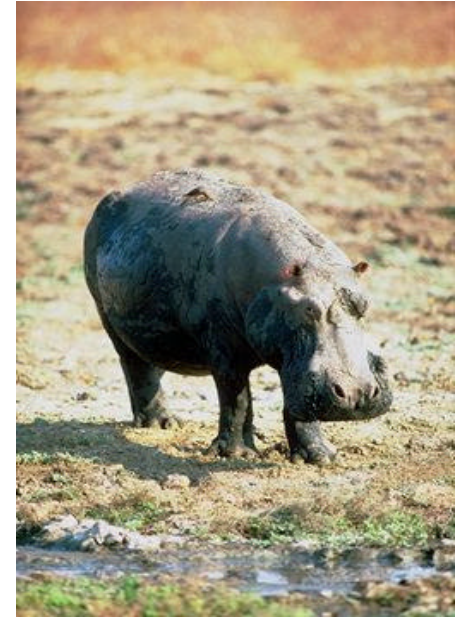


HIPAA Implementation: Steps to Creating a Budget for HIPAA Compliance



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BOUNDARY INFORMATION GROUP (BIG)

- **Virtual Consortium of Health Care Information Systems Consulting Firms**
- **Founded 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**

WEDI



- **Founded 1991**
- **Nonprofit Trade Association**
- **Consumers, Government, Mixed Payer/Providers, Payers, Providers, Standards Organizations, Vendors -- 180 organization members**
- **Named in 1996 HIPAA Legislation as an Advisor to the Secretary of DHHS**
- **Website: WWW.wedi.org**
- **Strategic National Implementation Process (SNIP)**
- **WEDI Foundation formed in 2001**
- **Steven Lazarus, WEDI Chair**

WEDI MISSION



- To foster widespread support for the adoption of electronic commerce within healthcare
- WEDI accomplishes its mission by:
 - Policy Advisory Groups (PAGs)
 - WEDI Strategic National Implementation Process
 - Emerging Technology Forums
 - WEDI Foundation

WEDI SNIP



- **Develops industry consensus for HIPAA implementation**
- **Has 3000 plus participants on the LISTSERV**
- **Presents and receives HIPAA implementation advice through www.wedi.org/snip and conferences**
- **Reaches to local areas through regional SNIPs**
- **WEDI SNIP Summit, November 12-13, 2001, Orlando**

SNIP DELIVERABLES



- **White papers**
- **Audio and Web conferences**
- **Quarterly WEDI SNIP conferences**
- **Other Forums**

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 possible within ten days.
- Reduce bad debt
- Protection of information resources
- Standard security/privacy policies and procedures

QUICK AND DIRTY HIPAA ADMINISTRATIVE SIMPLIFICATION BENEFIT CALCULATION ESTIMATOR

Assumes Implementation of all Standard Transactions, Code Sets
and Identifiers, Excluding Implementation and Operations Cost

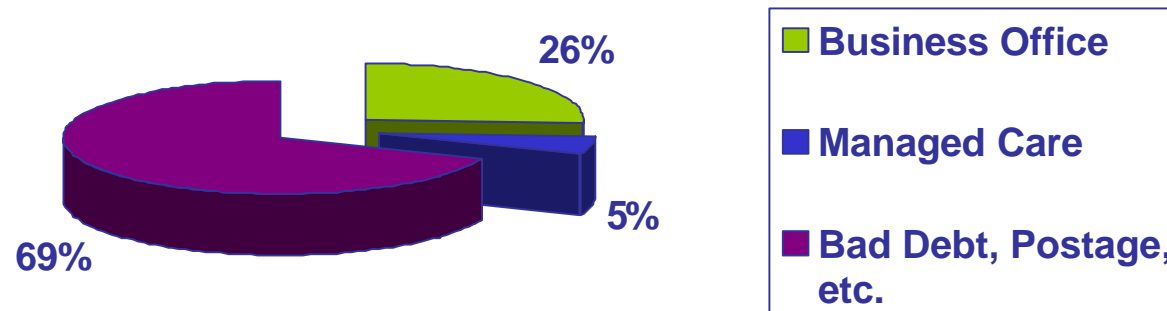
	(1) Number of Staff	(2) 50% of (1)	(3) Salaries, benefits & overhead for (2) per year
1. Business Office -- Staff posting paper insurance remittance -- Patient and insurance collections staff -- Error correction and insurance rebilling staff			
2. Managed Care Coordination -- Precertification/ preauthorization staff -- Eligibility and benefit verification			
3. Cash to bottom line -- Patient bad debt in dollars x 25% -- 25% Insurance denials for lack of preapproval or timely filing -- 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	

“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**



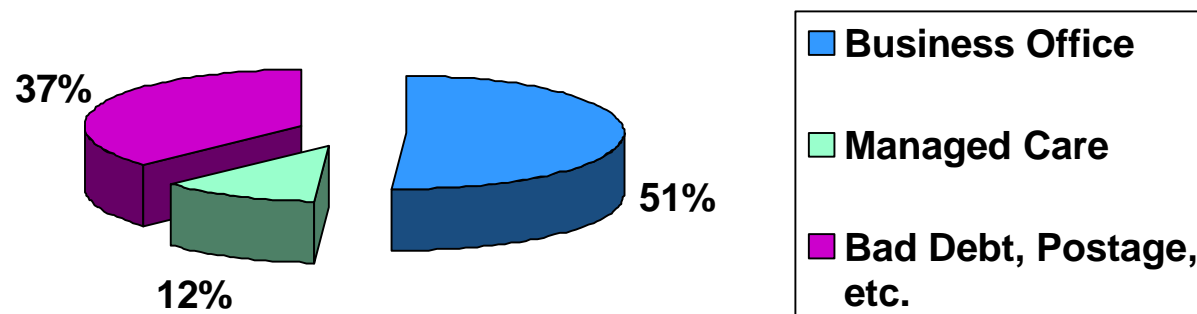
- **Business Office Benefit Sources**
 - Increased electronic claims
 - Electronic remittance
 - Eligibility (registration)
- **Improve Collections Policy and Practice**

“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)

ACHIEVE THE SAVINGS BY:

- **Take an enterprise approach**
- **Implement E-health (e-commerce)**
- **Change collections/adjudication policy and practice**
- **Change workflow**
- **Use the SNIP industry consensus white papers**
- **Participate in national and local SNIP**
- **Share lessons learned**



MODEL HIPAA TIMELINE

Task Name	2001		2002		2003		2004		
	H2	H1	H2	H1	H2	H1	H2	H1	H2
Transactions	[Bar]		[Bar]		[Bar]				
Employer Identifier			[Bar]		[Bar]				
Provider Identifier			[Bar]		[Bar]				
Security			[Bar]		[Bar]				
Privacy and Patient Confidentiality	[Bar]		[Bar]		[Bar]				
Claims Electronic Attachments				[Bar]		[Bar]			
Health Plan Identifier				[Bar]		[Bar]			
Enforcement					[Bar]		[Bar]		[Bar]

EXECUTIVE BUDGET FORMAT

	2001	2002	2003	2004
A. HIPAA Project Management				
B. Transactions			Operations	Operations
C. Security				Operations
D. Privacy			Operations	Operations
E. Identifiers				
F. Benefits			Operations	Operations
G. Other				
Total				

PROJECT BUDGET ASSUMPTIONS

- 1. Include six HIPAA regulations**
- 2. Project timeline consistent with HIPAA compliance requirements**
- 3. Initial HIPAA Readiness Assessment completed by June 30, 2001**
- 4. Resource utilization timeframes based on HIPAA Project Plan**
- 5. Develop a Budget Plan through at least 2003**
- 6. Examples presented are for a provider, health plans would have more resource needs for identifiers and transactions**

BUDGET COMPONENTS

- **Core HIPAA Project team**
- **Internal subject matter experts**
- **Internal staff resources**
- **Support for internal resources**
- **Capital expense**
- **Operating expense for external resources**
 - **consultants**
 - **legal**
 - **travel**
- **Other**
- **Total**

A. HIPAA Project Management (Core Team)

- 1. Staff and Others (personnel resources)**
 - Project Manager**
 - Information Security Officer**
 - Privacy Officer**
 - Other staff (e.g., staff, consultants and legal)**

A. HIPAA Project Management (Core Team)

2. Expenses

- Staff salary, benefits and overhead**
- Consulting and legal fees**
- Travel**
- Phone**
- Printing, Intranet support**
- Conference registration**
- Subscriptions and publications**
- Other**

A. HIPAA Project Management (Core Team)

- 3. Timeframe: through December 31, 2003 (or longer)**
- 4. Other**

B. TRANSACTIONS AND CODE SETS

1. Staff and others (personnel resources)

- IT**
- Business office**
- Workflow/reengineering**
- Consultants**

B. Transactions and Code Sets

2. Expenses

- Salary, benefits and overhead**
- Consultants and legal fees**
- Travel (vendor discussions, conferences, consultants)**
- Phone**
- Conference registration**
- Subscriptions and publications**
- Vendor software upgrades and licensing fees (patient accounting, interface engines other)**
- Vendor software replacement**
- Clearinghouse fees**
- Training (trainers and staff time)**

B. Transactions and Code Sets

- 3. Timeframe: through December 31, 2002**
- 4. Other**

C. SECURITY

1. Staff and Others

- Information Security Officer (not duplicate of A. HIPAA Project Management)**
- IT staff support**
- HR, HIM and compliance staff (administrative)**
- Physical security staff**
- Other staff (e.g., education, contracts management)**
- Consultants and legal**

C. SECURITY

2. Expenses

- Staff salary, benefits and overhead**
- Consultants and legal fees**
- Travel**
- Phone**
- Printing and Intranet support**
- Conference registration**
- Subscriptions and publications**
- Security training and tracking program
(initial and ongoing)**
- Security monitoring and testing**
- Hardware and software upgrades and new products**

C. SECURITY

- 3. Timeframe: Through December 2003 and ongoing**
- 4. Other**

D. PRIVACY

1. Staff and Others

- Privacy officer (not duplicate of A. HIPAA Project Management)**
- IT staff support**
- HR, HIM and compliance staff**
- Other staff (e.g., education, contracts management)**
- Consultants and legal**

D. Privacy

2. Expenses

- Staff salary, benefits and overhead**
- Consultants and legal fees**
- Travel**
- Phone**
- Printing and Intranet support**
- Conference registration**
- Subscriptions and publications**
- Privacy training and tracking program (initial and ongoing)**
- Hardware and software upgrades and new products**
- Printing of patient forms**

D. Privacy

- 3. Timeframe: Through April 2003 and ongoing**
- 4. Other**

E. IDENTIFIERS

1. Staff and Others

- IT support staff**
- Business office staff**
- Medical affairs and health plan contracts staff**
- Other staff (e.g., education)**
- Consultants and legal**

IDENTIFIERS

2. Expenses

- Staff salaries, benefits and overhead
- Consultant and legal fees
- Phone
- Subscription and application fees
- Identifier conversion support

3. Timeframe: January 2002 to December 2003 and ongoing

4. Other

FOR MORE INFORMATION

- **WEDI:** www.wedi.org
- **DHHS/HIPAA:**
aspe.os.dhhs.gov/admnsimp
- **BIG HIPAA:**
www.hipaainfo.net

