

Administrative Simplification Update

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HIPAA Summit West

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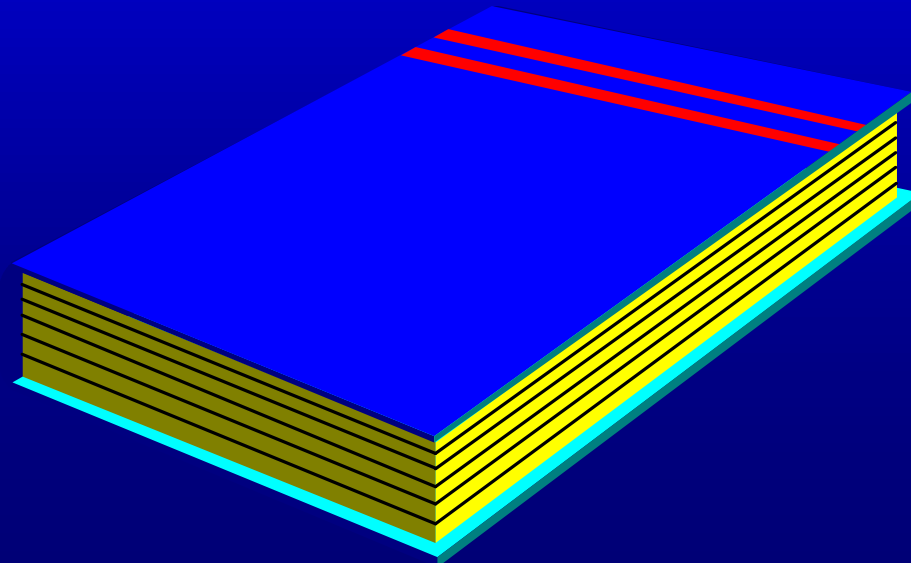


Administrative Simplification

The Health Insurance Portability and
Accountability Act of 1996 (HIPAA)

Signed into Law August 21, 1996

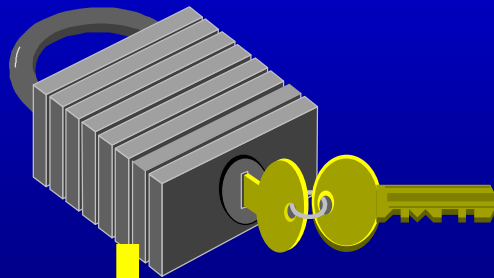
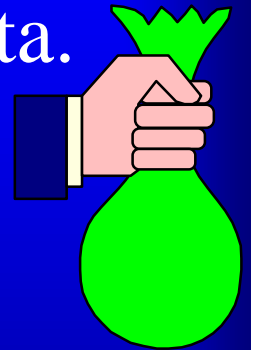
Administrative Simplification Subtitle
(ASS of HIPAA)



Purpose of HIPAA

Administrative Simplification

- ◆ Improve efficiency and effectiveness of health care system by standardizing the electronic exchange of administrative and financial data.
- ◆ Protect security and privacy of individually identifiable health information.



It's a package deal!



Who is Covered and When?

◆ Covered Entities (statutory):

- All health plans.
- All health care clearinghouses.
- Health care providers who transmit health information electronically in connection with standard transactions.

◆ When (statutory):

- Small health plans (annual receipts of \$5 million or less): within 36 months of effective date.
- Others: within 24 months of effective date.



HHS Required to Adopt Standards:

- ◆ **Electronic transmission of administrative and financial transactions** (including data elements and code sets)
 - List includes claims, enrollment, premium payments, etc.
 - Others as adopted by HHS.
- ◆ **Unique identifiers** (including allowed uses)
 - Health care providers, health plans, employers, and individuals.
 - For use in the health care system.
- ◆ **Security and electronic signatures**
 - Safeguards to protect health information.
- ◆ **Privacy**
 - For individually identifiable health information.



Guiding Principles -A standard should:

- Improve efficiency and effectiveness or improvements in benefits from EDI transactions.
- Meet needs of the health data standard users.
- Consistent and uniform with other standards
- Low development and implementation costs.
- Supported by ANSI-accredited SDO.
- Timely development, testing, and updating.
- Technologically independent.
- Precise and unambiguous, but as simple as possible.
- Low data collection and paperwork burdens.
- Flexibility to adapt more easily to changes.



Statutory Consultations

- ◆ Consult with: 4 groups named in the statute --
 - National Uniform Billing Committee (NUBC),
 - National Uniform Claim Committee (NUCC),
 - Workgroup for Electronic Data Interchange (WEDI),
 - American Dental Association (ADA).
- ◆ “Appropriate Federal and State agencies and private organizations.”
- ◆ “Rely on the recommendations of the National Committee on Vital and Health Statistics (NCVHS).”



Regulatory Consultations

- ◆ Designated Standards Maintenance Organizations (DSMOs) to review requests.
 - Accredited Standards Committee (ASC) X12,
 - ADA Dental Content Committee,
 - Health Level Seven (HL7),
 - National Council for Prescription Drug Programs (NCPDP), NUBC, and NUCC.
- ◆ Conclusions passed on to NCVHS which can then make recommendations to HHS.



Individual Input

- ◆ Many opportunities for individual input:
 - participate in open SDO processes,
 - participate in WEDI Strategic National Implementation Process (SNIP),
 - attend and provide testimony at numerous public meetings (including those of NCVHS available via live webcast),
 - » see ncvhs.hhs.gov
 - comment during rulemaking comment periods,
 - communicate with HHS Secretary or staff.



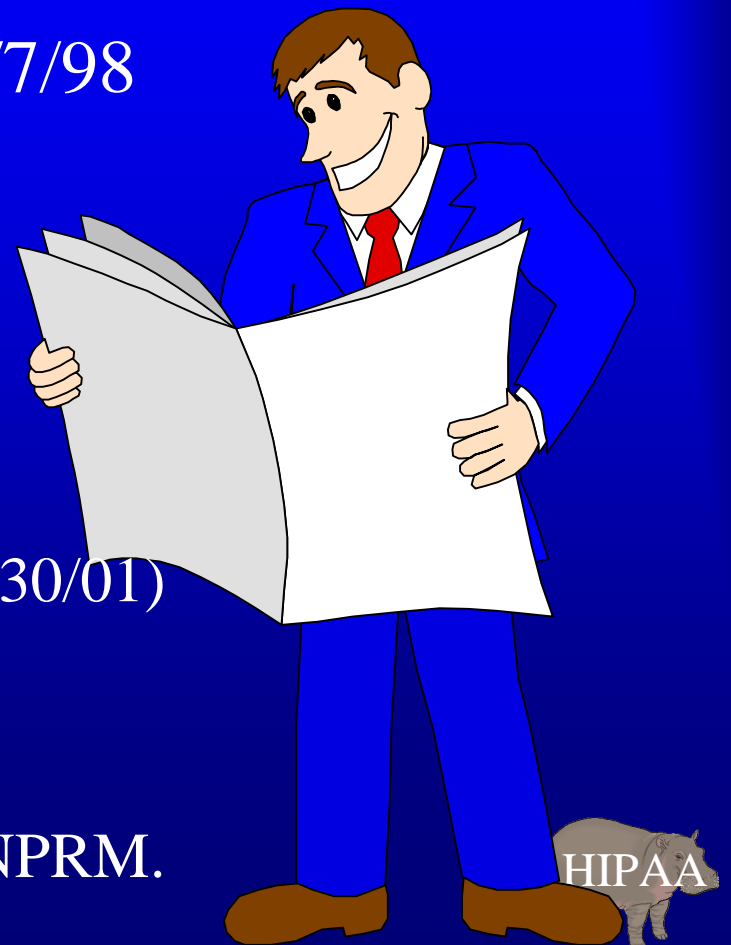
Expanded NCVHS Responsibilities

- ◆ NCVHS - HHS statutory public advisory body
 - in the area of health data and statistics.
- ◆ HIPAA expands responsibilities
 - on health information privacy,
 - on the adoption and implementation of standards,
 - on uniform data standards for patient medical record information and its electronic exchange.
- ◆ Reviewer of DSMO conclusions
 - for new and modifications to HIPAA standards.
- ◆ Public Health Data Standards Consortium.
- ◆ Annual report to Congress.



Federal Register Publications

- Transactions NPRM - 5/7/98
 - » Final Rule - 8/17/00
 - » Compliance by 10/16/02
- National Provider ID NPRM - 5/7/98
- Employer ID NPRM - 6/16/98
- Security NPRM - 8/12/98
- Privacy NPRM - 11/3/99
 - » Final Rule - 12/28/00
 - » Opened for Comment (2/28/01 - 3/30/01)
 - » Compliance by 4/14/03
 - » Guidance about to be issued.
 - » Modifications being prepared for NPRM.



Transaction Standards

- ◆ Adopts ASC X12N standards for transactions (except NCPDP for retail pharmacy transactions).
- ◆ Adopts code sets in common use:
 - ICD-9 coding for diagnoses and inpatient services
 - CPT-4 for professional services
 - CDT-3 for dental services instead of ‘D’ codes
 - [NDC for drugs instead of ‘J’ codes]
- ◆ Does away with ‘local’ codes
 - move to national HCPCS code system.
- ◆ Modifications to Standards (and Final Rule) now being evaluated for NPRM.



Identifiers

- ◆ Employers
 - Employer Identification Number [EIN]
 - Final Rule expected in 2001
- ◆ Providers
 - National Provider Identifier [NPI]
 - Final Rule expected in 2001
- ◆ Plans
 - National Plan Identifier [PlanID]
 - NPRM expected in 2001
- ◆ Individuals
 - On Hold



Security Requirements

- ◆ Covered Entities shall maintain reasonable and appropriate administrative, technical, and physical safeguards --
 - to ensure integrity and confidentiality
 - to protect against reasonably anticipated
 - » threats or hazards to security or integrity
 - » unauthorized uses or disclosures
 - taking into account
 - » technical capabilities
 - » costs, training, value of audit trails
 - » needs of small and rural providers



Key Security Philosophy

- ◆ Identify & assess risks/threats to:
 - Availability
 - Integrity
 - Confidentiality
- ◆ Take reasonable steps to reduce risk.



Maxwell Smart's Cone of Silence



Security Issues

- ◆ Covers data at rest as well as transmitted data.
- ◆ Involves policies/procedures & contracts with business associates.
 - For most security technology to work, behavioral safeguards must also be established and enforced.
 - » requires administration commitment and responsibility.
- ◆ Expect final rule in 2001
- ◆ Electronic signatures:
 - Final rule will depend on industry progress on reaching consensus on a standard.



Electronic Medical Records

- ◆ Government CPR project: DoD, VA, IHS
- ◆ Private Sector Efforts: MRI, CPRI, IOM, etc.
- ◆ NCVHS Report (7/6/00) after 11 days of public hearings:
 - clinical and economic benefits related to electronic patient medical record information (PMRI),
 - major impediments to electronic exchange of PMRI,
 - recommendations related to the selection of PMRI standards,
 - acceleration of development of PMRI standards,
 - early adoption of PMRI standards, and
 - relationship of PMRI standards to other issues.
- ◆ Recommendations presented to HHS
 - currently under consideration.



Other Standards

◆ Claim Attachments

- expect NPRM in 2001
 - » (X12/HL7 joint IG)
 - » 1st six attachment types defined.

◆ Doctor's First Report of Injury

- X12 implementation guide completed
- expect NPRM in late 2001

◆ Enforcement rule may describe HHS process ...

- Federal team working on NPRM
- expect NPRM in late 2001



Updated Cost Estimates

- ◆ Total savings of EDI standards (from transactions rule) of \$29.9 billion over 10 years.
- ◆ Partially offset by estimated cost of privacy implementation of \$17.6 billion.
- ◆ Net savings of \$12.3 billion over 10 years.



Benefits of HIPAA Standards

- ◆ Lower cost of software development and maintenance.
- ◆ Assure purchasers that software will work with all payers and plans.
- ◆ Lower cost of administrative transactions by eliminating time and expense of handling paper.
- ◆ Pave way for cost-effective, uniform, fair, and confidential health information practices.
- ◆ Pave way for standards which can do the same for electronic medical records systems.
- ◆ Pave the way for higher quality health care.





Resources

- ◆ Administrative Simplification Web Site:
 - <http://aspe.hhs.gov/admnsimp/>
 - » posting of law, process, regulations, and comments.
 - instructions to join Listserv to receive e-mail notification of events related to HIPAA regulations.
 - submission of rule interpretation questions.
- ◆ Office for Civil Rights Web Site:
 - <http://www.hhs.gov/ocr/hipaa/>
 - for privacy related questions.
- ◆ Also see: www.hcfa.gov
ncvhs.hhs.gov

