Administrative Simplification

More than 20 years ago, Congress passed the Health Insurance Portability and Accountability Act of 1996 (HIPAA). One of HIPAA's five provisions—Administrative Simplification—mandated that the Department of Health and Human Services (HHS) adopt standards to streamline communications between health care providers and health plans.
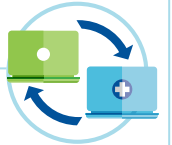
Administrative Simplification standards can save time and costs across the health care system by streamlining paperwork. These standards apply to health plans and health care providers who use electronic exchange of health care information. The standards also apply to others covered by HIPAA, like clearinghouses.

The standards simplify day-to-day tasks like:
- **Billing**
- **Verifying a patient's eligibility**
- **Sending and receiving payment**

Benefits
Health care providers can use the standards to:
- **Streamline manual processes**—save time and costs by reducing volume of paperwork, phone calls, and faxes
- **Receive payments more quickly** with electronic funds transfer
- **Obtain timely information** about patients' coverage and benefits
- **Check the status of claims**

Types of Standards
HHS has adopted four types of standards to make electronic communications more efficient:
- **Transactions** for pharmacy and health care administrative information, including claims
- **Operating rules** to support the standard transactions
- **Unique identifiers** for health plans, providers, and employers
- **Code sets** for clinical diagnoses and procedures

These standards are sometimes called electronic data interchange, or EDI, standards.

Complaint Resolution and Transaction Testing
You can use the ASETT (Administrative Simplification Enforcement Transaction and Testing) tool to:
- **File a complaint** about an organization that isn't complying with standards. Your identity will be kept confidential upon request.
- **Test a transaction** and receive a report of any findings. You can test a transaction with or without filing a complaint.

To find out more, visit the Administrative Simplification section of the CMS website at go.CMS.gov/AdminSimp