

Federal Medicaid Perspective on HIPAA

*2003 National Medicaid
HIPAA Conference New
Orleans, Louisiana*

February 10, 2003



*Rick Friedman
Center for Medicaid and State Operations ,CMS
U.S. Dept of Health & Human Services*

- HIPAA Is Critically **Important**
 - *Better program management through improved data quality*
- HIPAA Is the **Foundation** for the Future
 - *Enhanced opportunities to effectively manage the program by reducing errors, assure quality health care outcomes, and improve ROI*
- HIPAA Is **Vital**
 - *Lead to increased public confidence in our handling of protected health information*

HIPAA in 2003

“This is not the end.

It is not even the beginning of the end.

But it is, perhaps, the end of the beginning.”

Sir Winston S. Churchill

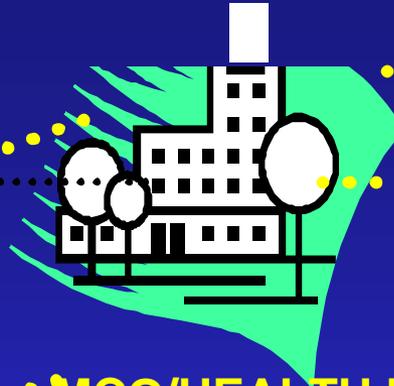
November 10, 1942



**How We Look at HIPAA
in the Context of
Medicaid...**



**BENEFICIARY
(SUBSCRIBER)**



MCO/HEALTH PLAN



**OTHER STATE
AGENCY**



BANK



**OTHER PAYER
(HEALTH PLAN)**



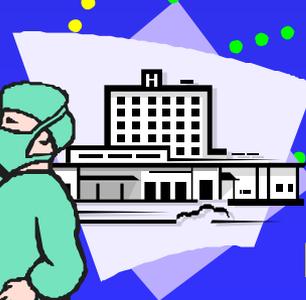
**CLEARING-
HOUSE**



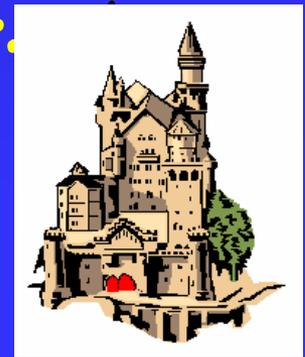
BUSINESS ASSOCIATE



PROVIDERS



**MEDICAID AGENCY
(HEALTH PLAN)**



So Who's Responsible??

- HIPAA requires compliance at both ends of the data exchange
- In order to achieve compliance, communications across the complex Medicaid enterprise is vital
- This will be particularly challenging given the wide variety of trading partners
- In the end, however, States are accountable for continued delivery of quality care and accurate and timely payment to providers -- even in these very difficult times of financial stress and system transition

Four Critical Aspects of

Outreach

Testing

Contingency Planning

Monitoring by CMS

Issue #1 -- Adequacy of Outreach



- Providers, managed care organizations, other state agencies and beneficiaries are looking to state Medicaid programs for leadership, direction and answers
- The key to effectively responding to this need depends largely upon the effectiveness of your outreach efforts
- Many states began this process 2-3 years ago
- But it is even more important today as the October deadline draws closer

What Are CMS' Concerns in Terms of Outreach?

- Ensure electronic billing is ready for the cut-over to prevent disruptions in service or payment
- Verify other state agencies understand their need for compliance
- Ensure all contractors are up to speed regarding their responsibilities and requirements
- Help small/atypical providers and local agencies
- Develop and communicate reasonable testing schedules with data exchange partners
- Develop/share contingency plans with others

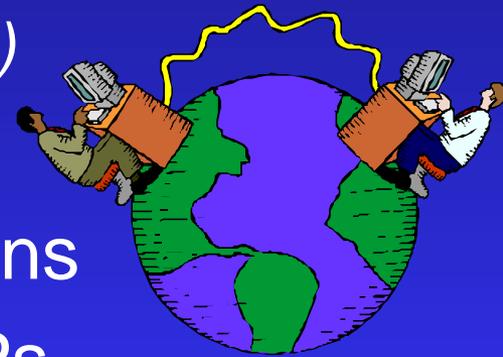
HIPAA Outreach

*Medicaid
HIPAA
Project Office*

*Data Trading
Partners and
Business
Associates*

*Other
Organizations
Affected by
HIPAA*

- Business associates (*handle the functions of receipt, handling and sending health data*)
- Fee-for-service providers
- Managed Care/Prepaid Organizations
- Potentially Non-Covered Entity DTPs
- Other Agency Covered Entity Providers
- External Associations
- Other Payers
- Other Data Exchanges



Set Priorities for Outreach Activities

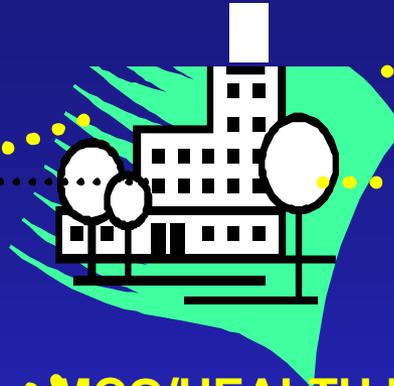
- Resources are being constrained; time is running out
- May want to consider these criteria:
 - *Does the DTP currently send/receive covered transaction data electronically?*
 - *Does the DTP indicate a desire to send/receive data electronically as of the cutover date*
 - *Is the DTP a high-volume provider?*
- Establish tiers of DTPs based on state's own assessment and impact analysis processes

Issue #2 -- Adequacy of Testing

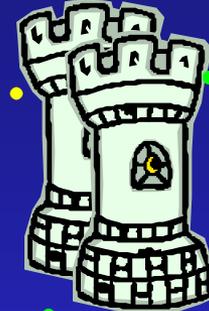




**BENEFICIARY
(SUBSCRIBER)**



MCO/HEALTH PLAN



**OTHER STATE
AGENCY**



BANK



**OTHER PAYER
(HEALTH PLAN)**



**CLEARING-
HOUSE**



BUSINESS ASSOCIATE



PROVIDERS



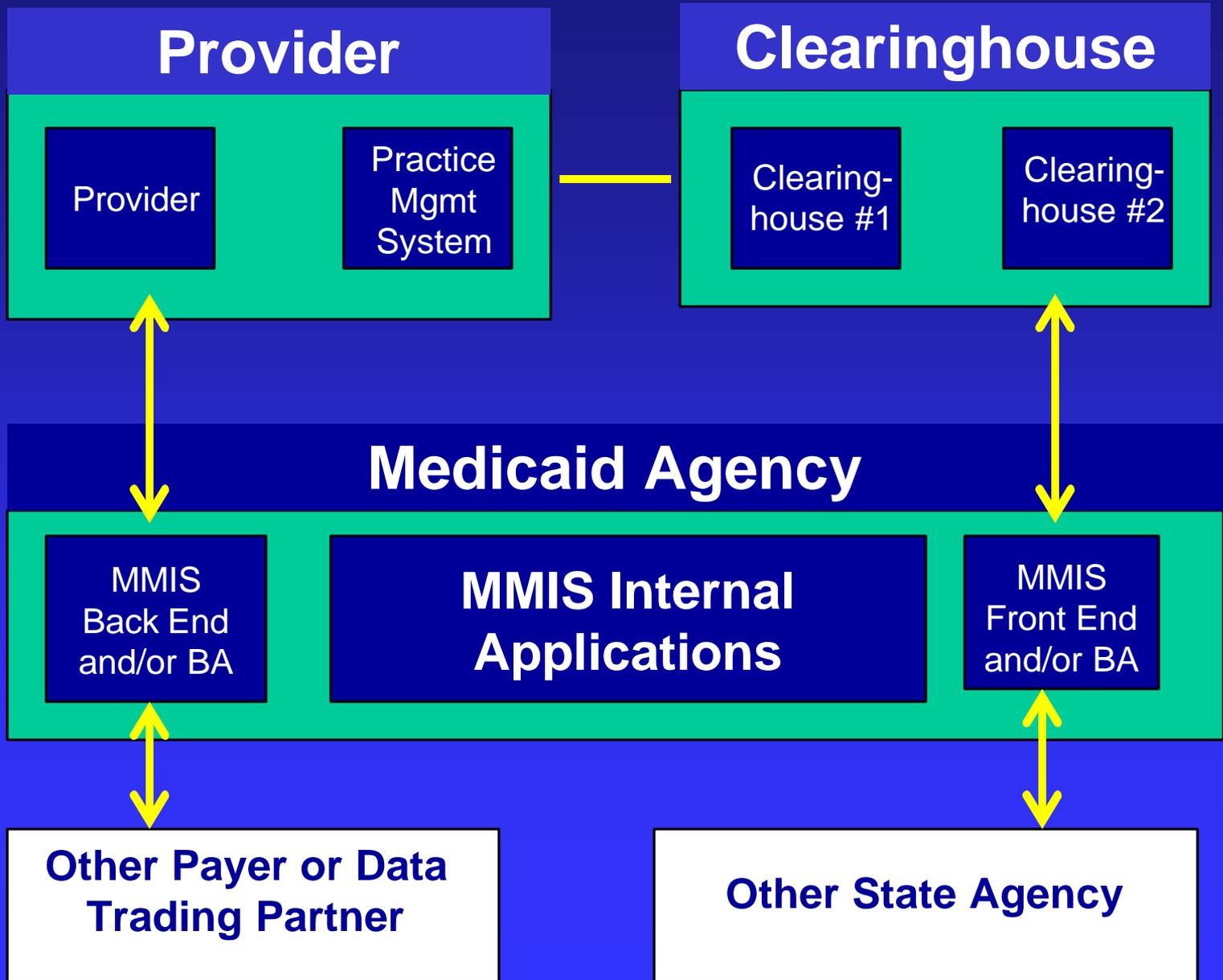
**MEDICAID AGENCY
(HEALTH PLAN)**



- Medicaid enterprise presents a daunting landscape in which types of testing and levels of testing must be done
- Medicaid HIPAA Compliant Concept Model showed a complex web of relationships
- The enterprise is made up of entities that continuously exchange different types of data
- Many require a response transaction.
- Thus, it may not be possible to test every sending and receiving transaction with every party

Testing Zones

- **Zone 1: Translators**
- **Zone 2 : Internal Systems Testing**
- **Zone 2a and 2b: Business Associates (such as fiscal agents or the provider's system vendor)**
- **Zone 3: The Major Challenge--Business-to-Business testing**
 - *Parties have to be ready to test at the same time*



SNIP Levels of Transaction Compliance Testing

- **Level 1: Integrity testing** -- *testing for valid segments, segment order, X12 syntax, etc.*
- **Level 2: Requirement testing** -- *testing for HIPAA implementation guide specific requirements*
- **Level 3: Balancing** -- *testing for balanced field totals, record or segment counts, financial balancing of summary fields*

- **Level 4: Situation testing** -- *testing of specific inter-segment situations described in the implementation guides, including validation of situational fields given values or situations present elsewhere in the file*
- **Level 5: Code set testing** -- *testing for valid implementation-guide-specific code set values, make sure usage is appropriate for particular transactions*
- **Level 6: Product Types/Types of Service Testing** -- *Particular testing by certain health care specialties; e.g., ambulance, chiropractic, etc., each with its own special code requirements*

Major Issue: Testing with Trading Partners

- Medicare contractors are anxious to begin testing with state Medicaid agencies
- Both parties need to establish viable contacts to arrange for mutually convenient times, scope of what is to be tested, etc.
- Providers are more in the dark than other payers
- They need to be clear as to your willingness and ability to test, acceptable dates, and your contingency plans in the event of problems

**Issue #3 --
Contingency Planning**

Concerns

- What are state contingency plans in terms of HIPAA?
- How comprehensive? Realistic? Dependencies?
- Do those with a need to know actually know about them? Involved in their development?
- Have they been tested? When? With whom?
- Who has been assigned responsibility?
- What expectations do states have of CMS? Other federal agencies?

Attend CP Session to Learn More



**Issue #4 --
Monitoring State Medicaid
Readiness Toward
HIPAA EDI Compliance**

- CMS Regional Offices will work with each state's HIPAA Coordinator to continue to understand the progress made to date
- For each phase, CMS will ask states every two months to indicate in writing where they are, and what they've completed, between March and October of this year
- Self-reported



Transactions

- Prof/Inpt/Dental/ Rx Claim (837's, NCPDP)
- Premium Payment (820)
- Remittance Advice (835)
- Claim Status Inquiry (276)
- Claim Status Response (277)
- Eligibility Verification Request (270)
- Eligibility Verif Response (271)
- Enrollment Transaction (834)
- Request for Auth of Svcs (278)
- Response for Auth of Services

Phases

- Gap Analysis
- Renovation
- Testing
- Implementation and Transition
- Contingency Planning

Key Questions

1. Undertaken phase? Y/N?
2. Started/planned date?
3. Completed/planned date?