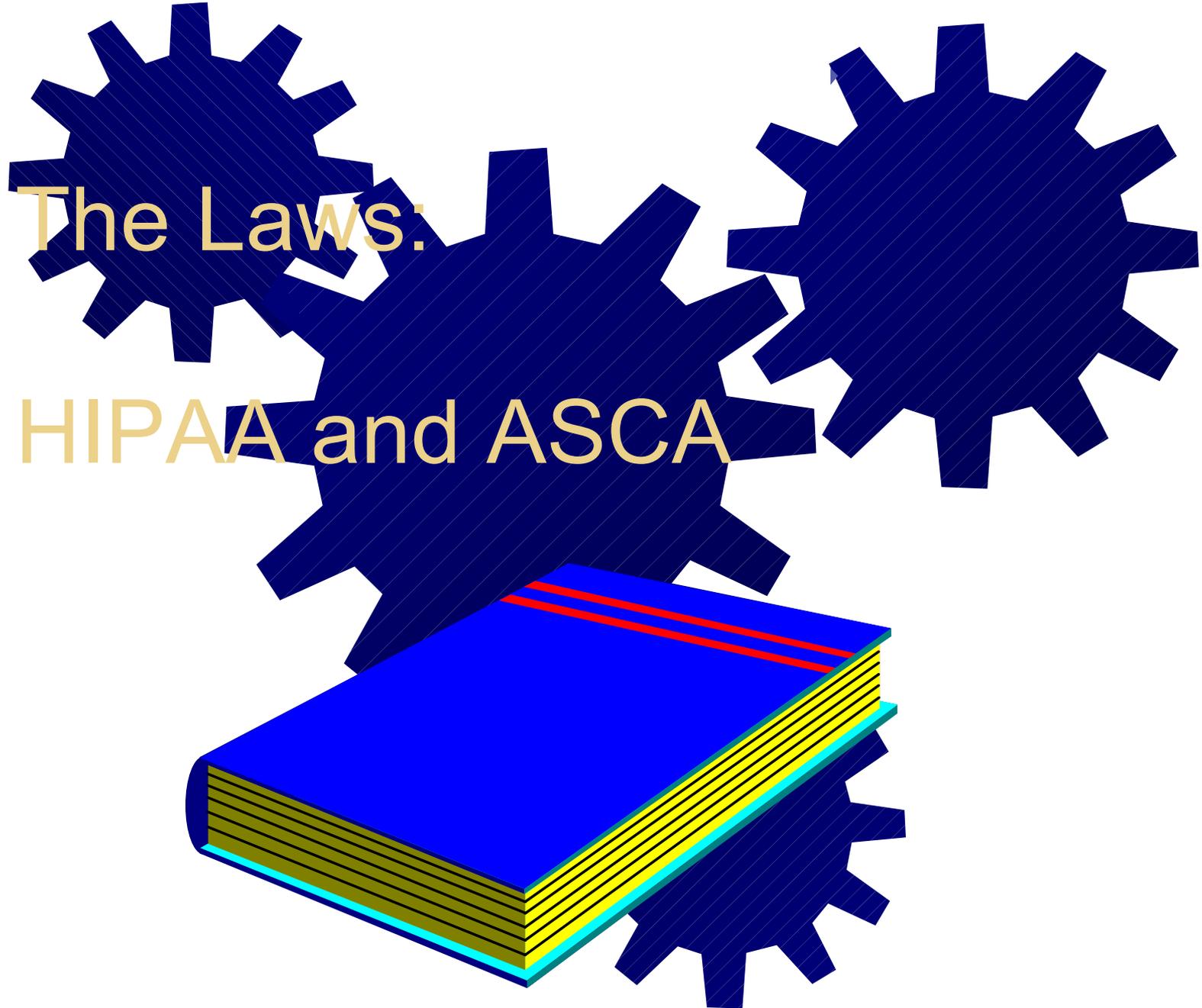




Intro. to HIPAA Administrative Simplification

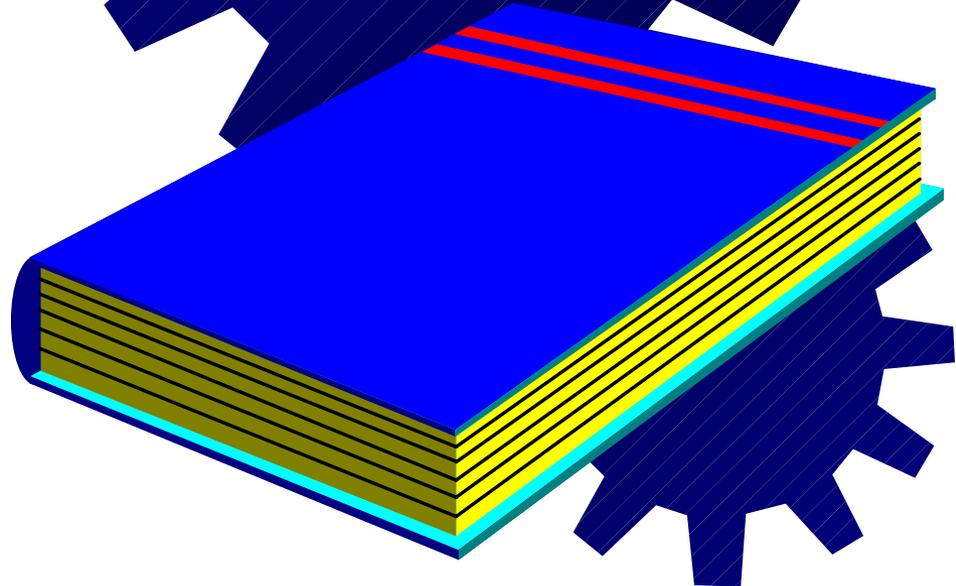
2002 National Medicaid HIPAA & MMIS Conference
Sunday, April 21, 2002

Sheila Frank
CMS, Center for Medicaid and State Operations
Division of State Systems



The Laws:

HIPAA and ASCA





“HIPAA”

The Health Insurance Portability and
Accountability Act of 1996

Signed August 21, 1996

Title II, *Preventing Health Care Fraud and Abuse*

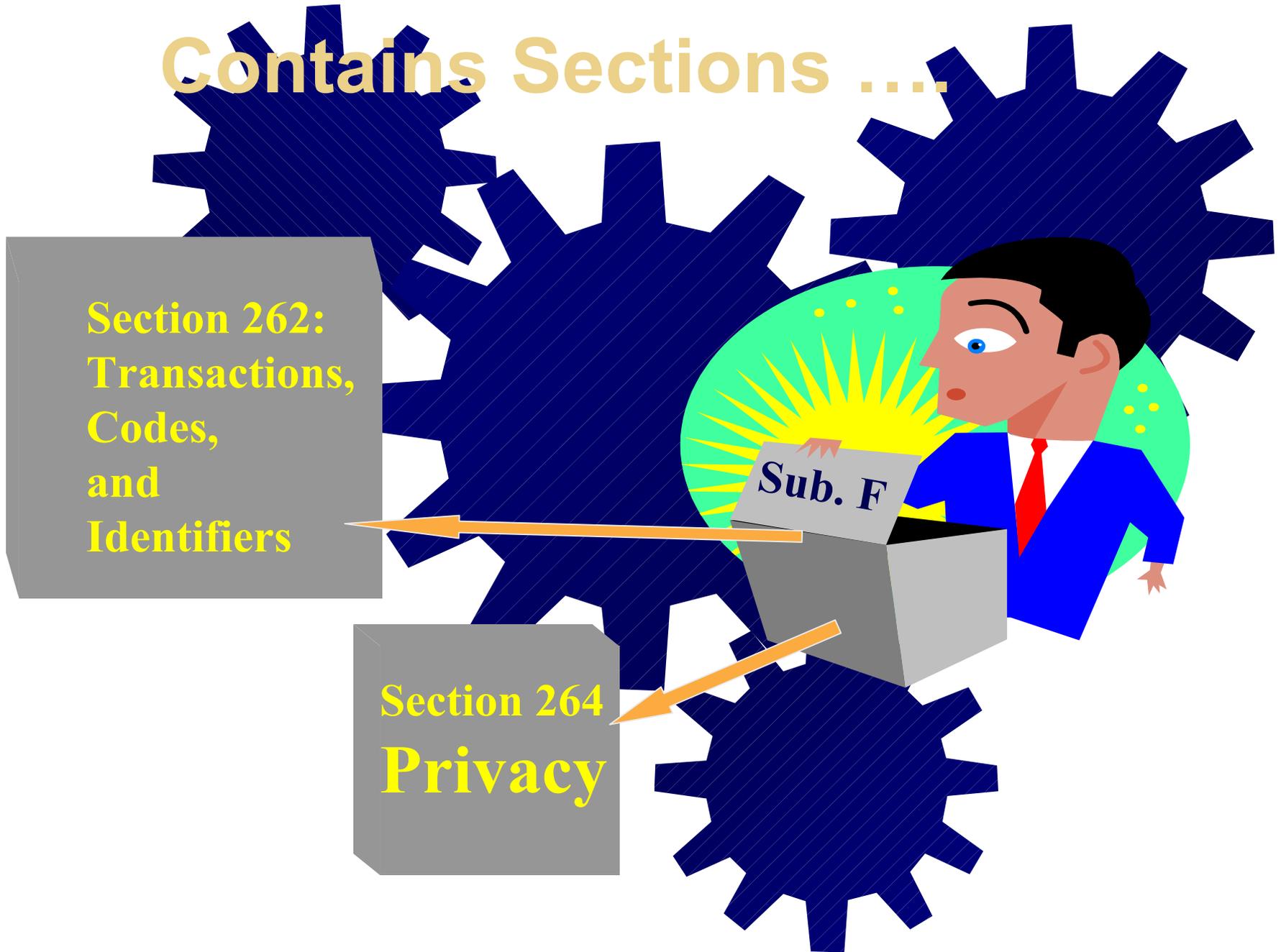
Subtitle F: *Administrative Simplification*

Contains Sections

**Section 262:
Transactions,
Codes,
and
Identifiers**

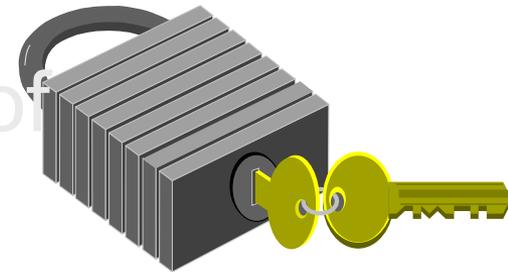
**Section 264
Privacy**

Sub. F



Purpose of HIPAA Provisions

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



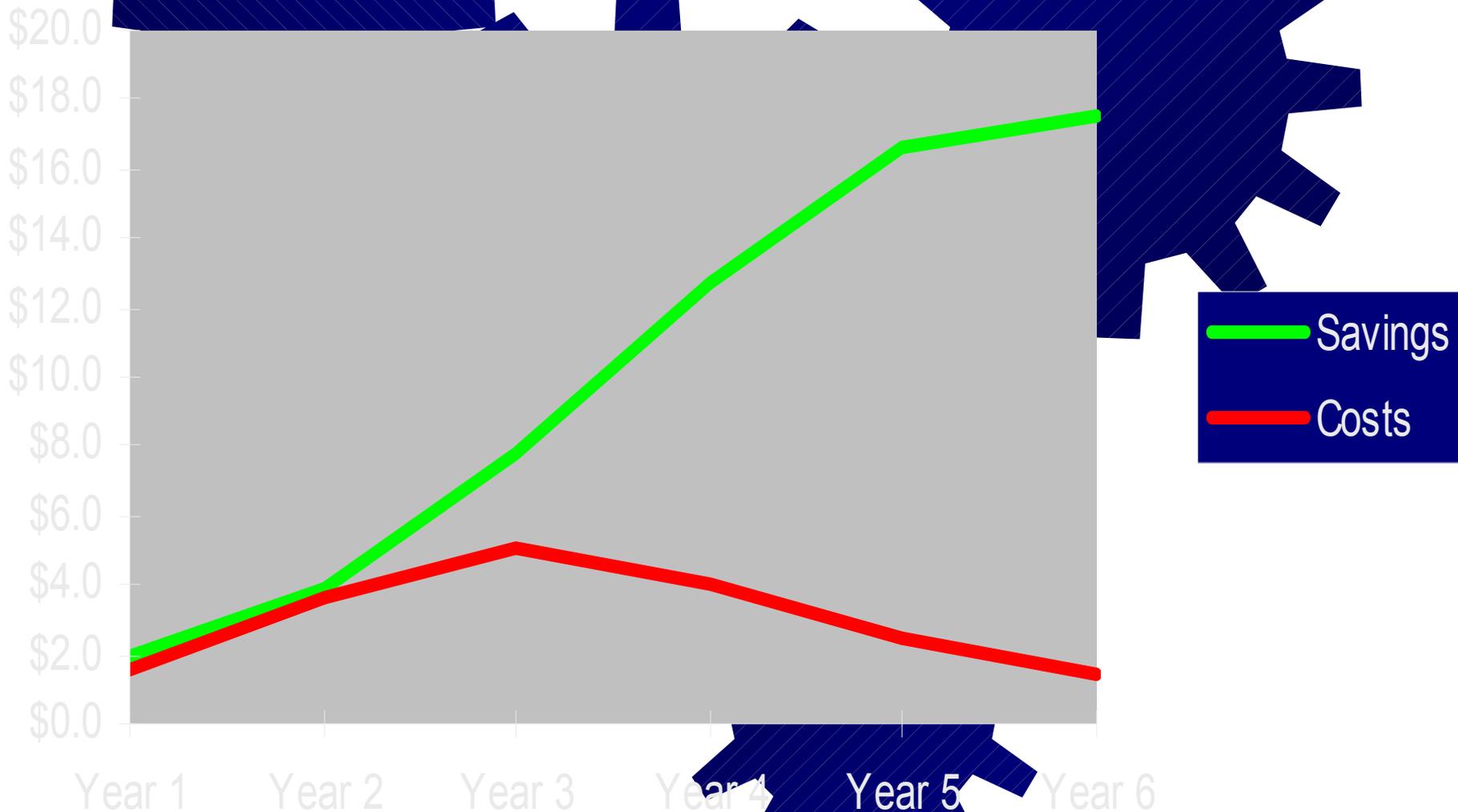
It's a package deal!

Who created concept?

Industry initiated



1993 WEDI Report - Net Savings Potential (\$ Billions)

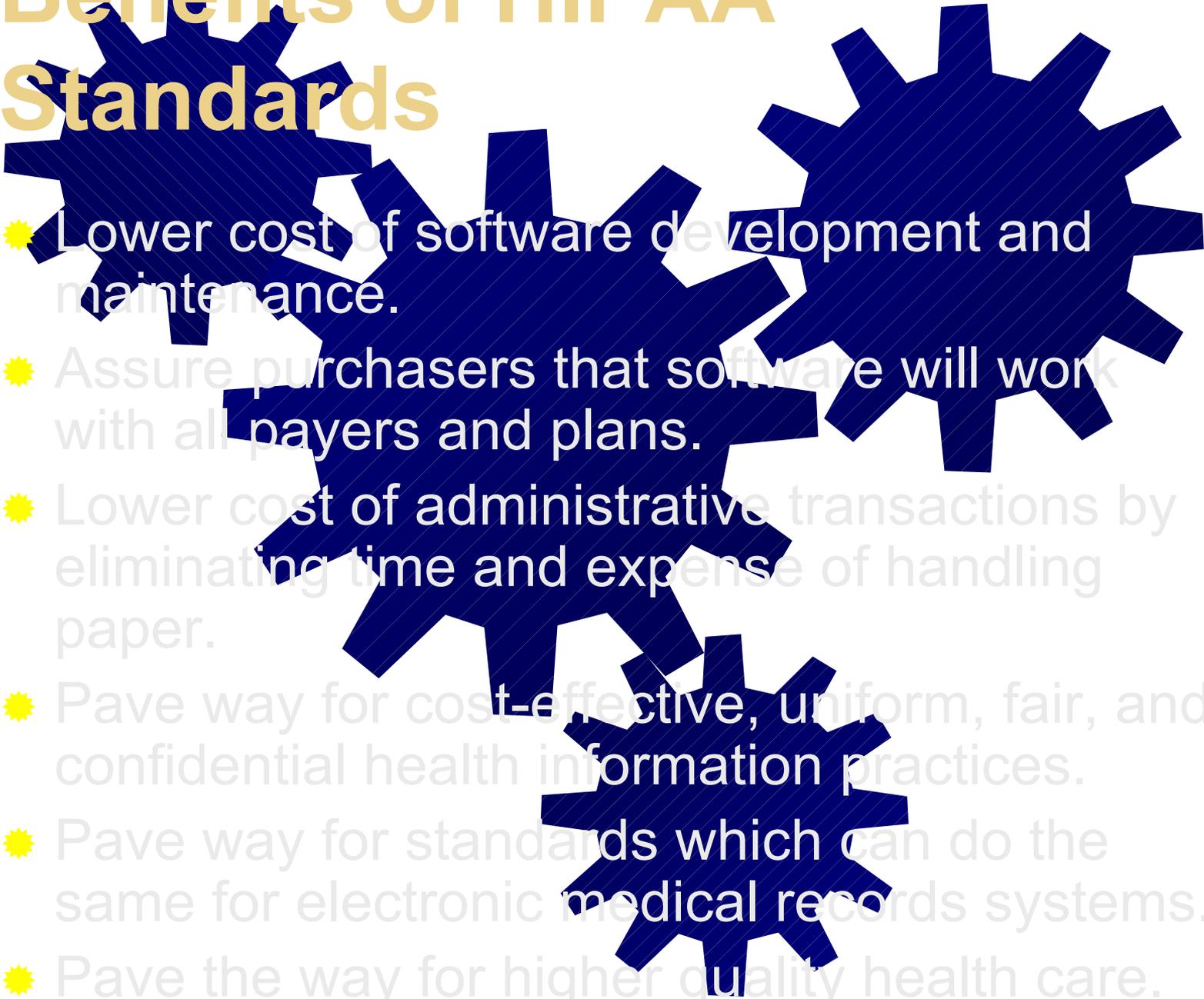


Cumulative Savings = \$42 Billion

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.
- ☀ Industry estimates \$1 billion of potential savings lost each month implementation is delayed.
- ☀ ROI maximized by process engineering
 - ☀ not just compliance for compliance sake
 - ☀ Medicaid savings
 - ☀ TPL
 - ☀ electronic attachments

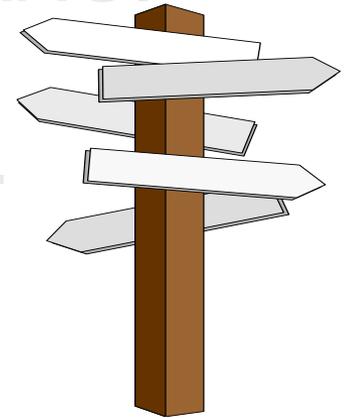
Benefits of HIPAA Standards



- ✱ 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.

Overview of Provisions

- ☀ HHS must adopt national standards for electronic administrative and financial health care transactions.
- ☀ Adopt standards developed by ANSI accredited standards setting organizations where reasonable.
- ☀ Consultations required with:
 - ☀ WEDI, NUBC, NUCC, ADA.
 - ☀ Must rely on recommendations of NCVHS which holds public hearings as required to get public input.





Who's Covered?

- ☀ Covered Entities

- ☀ All health plans

- ☀ All health care clearinghouses

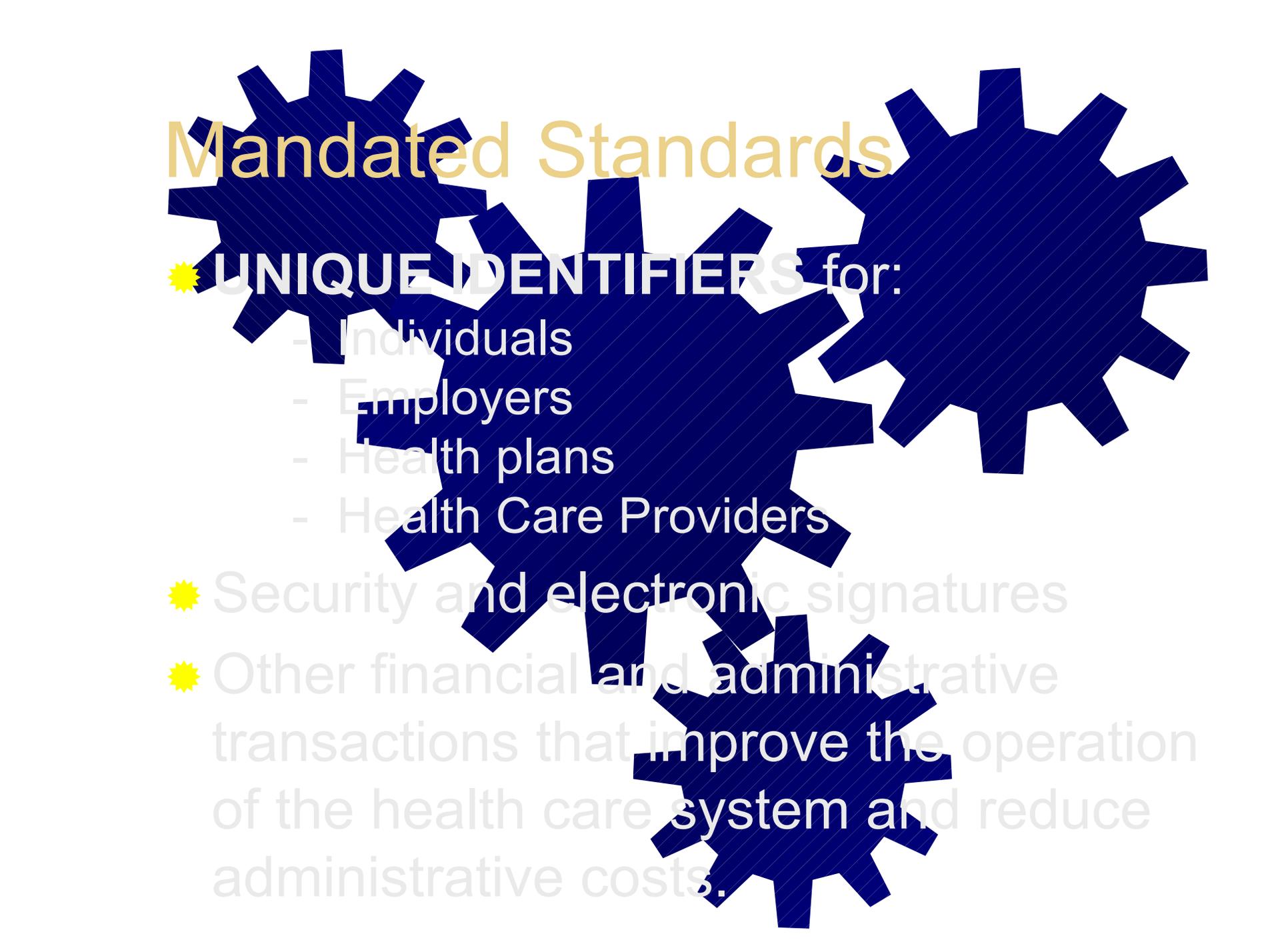
- ☀ Health care providers who transmit health information electronically in connection with standard transactions (providers not required to do electronic transactions)

- ☀ Penalties for non-compliance

Mandated Standards



- ☀ Specific EDI transaction standards
 - Claims and equivalent encounters
 - Remittance Advice
 - Eligibility Inquiry and Response
 - Claims Status Inquiry and Response
 - Enrollment and Disenrollment
 - Premium Payment
 - **First Report of Injury**
 - Referral certification and authorization
 - **Claims Attachments**
 - Coordination of Benefits



Mandated Standards

- ★ **UNIQUE IDENTIFIERS** for:

- Individuals
- Employers
- Health plans
- Health Care Providers

- ★ Security and electronic signatures

- ★ Other financial and administrative transactions that improve the operation of the health care system and reduce administrative costs.

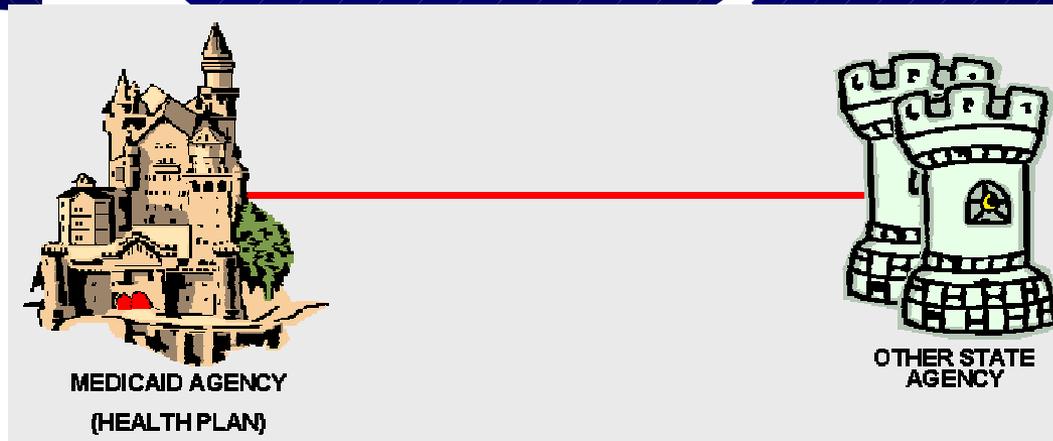
Mandated Standards

★ Privacy

- ★ Call for recommendations on
 - ★ Rights of individuals
 - ★ Procedures for exercising those rights
 - ★ Uses & disclosures of IHI that should be authorized or required
- ★ Deadlines for regs, preemption
- ★ Consultations w/NCVHS & AG

Mandated Standards

- ✦ Affects State agencies/programs far beyond Medicaid



- ✦ With minor exceptions (approved by the Secretary on a case by case basis), HIPAA requirements supercede any contrary provision of State law.

Administrative Simplification Compliance Act (ASCA)

PL 107-108

- ★ Allows for one year extension for covered entities that file a compliance plan (except for small health plans)
- ★ DHHS published a model form
 - ★ www.cms.gov/HIPAA
- ★ **Medicare requirement:** Providers (except small providers) must submit claims electronically to Medicare (starting Oct 16, 2003)

The Regulations:

Current and Future

Rules in Final

Upcoming Final Rules

Proposed Rules in Development

Anticipated Proposed Rules



Final Rules Published

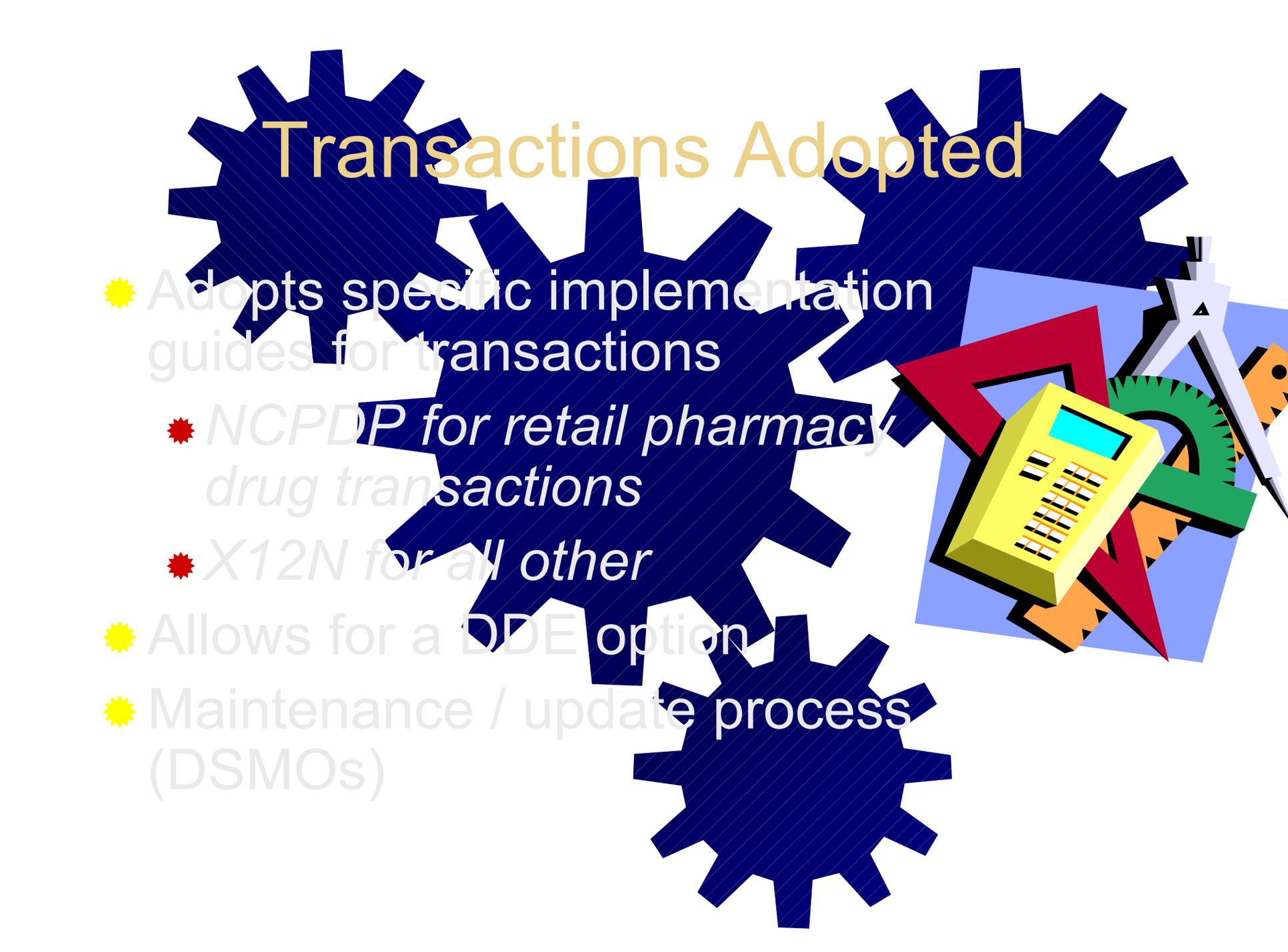
Rule

Published Compliance Date

☀ Transactions	08/17/00	10/16/2002 *
☀ Privacy	12/28/00	04/14/03

* Extension permitted to 10/16/2003
under ASCA

Transactions Adopted



- ☀️ Adopts specific implementation guides for transactions
 - ☀️ *NCPDP for retail pharmacy drug transactions*
 - ☀️ *X12N for all other*
- ☀️ Allows for a DDE option
- ☀️ Maintenance / update process (DSMOs)

Adopted Code Sets, COB

★ CODE SETS

- ★ ICD-9
- ★ CPT-4
- ★ HCPCS
- ★ NDC
- ★ no local codes allowed

★ COORDINATION OF BENEFITS

- ★ but not for post-payment recovery (TPL)



Upcoming Final Rules

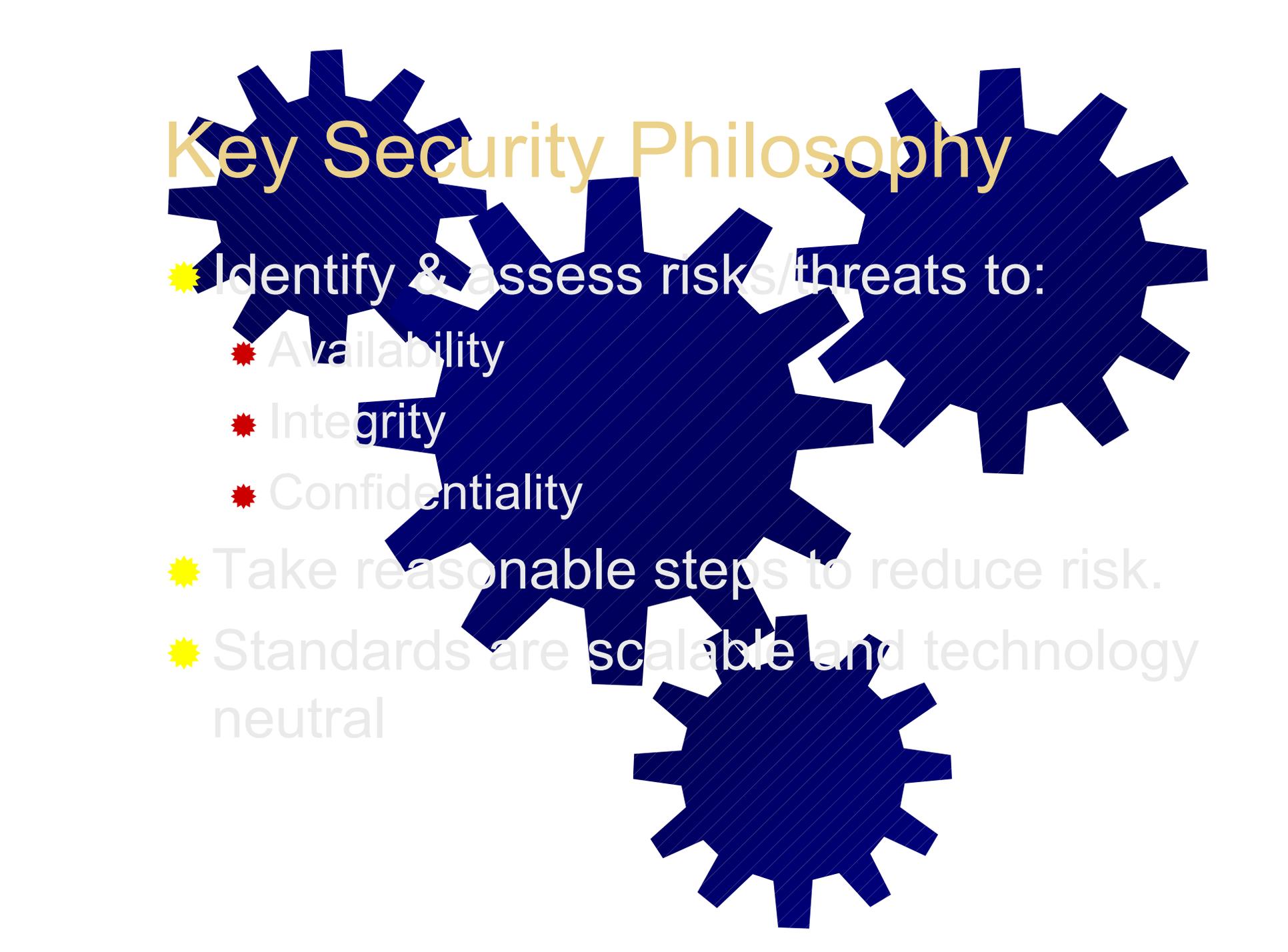
Rule

NPRM Published

- ★ Revisions to Privacy Rule 03/27/02
- ★ National Employer ID 06/16/98
- ★ National Provider ID 05/07/98
- ★ Security 08/12/98

Proposed Identifiers

- Employer Identification Number (EIN)
 - Tax Identification Number (TIN) proposed
 - Administered by Internal Revenue Service
- Health Care Provider Identifier (NPI)
 - 8 position alphanumeric identifier proposed
 - Majority of commentors suggested 10 position numeric identifier
 - Will be available to all providers
 - System to assign and distribute still under discussion.



Key Security Philosophy

- ☀ Identify & assess risks/threats to:

- ☀ Availability

- ☀ Integrity

- ☀ Confidentiality

- ☀ Take reasonable steps to reduce risk.

- ☀ Standards are scalable and technology neutral



Security Requirements

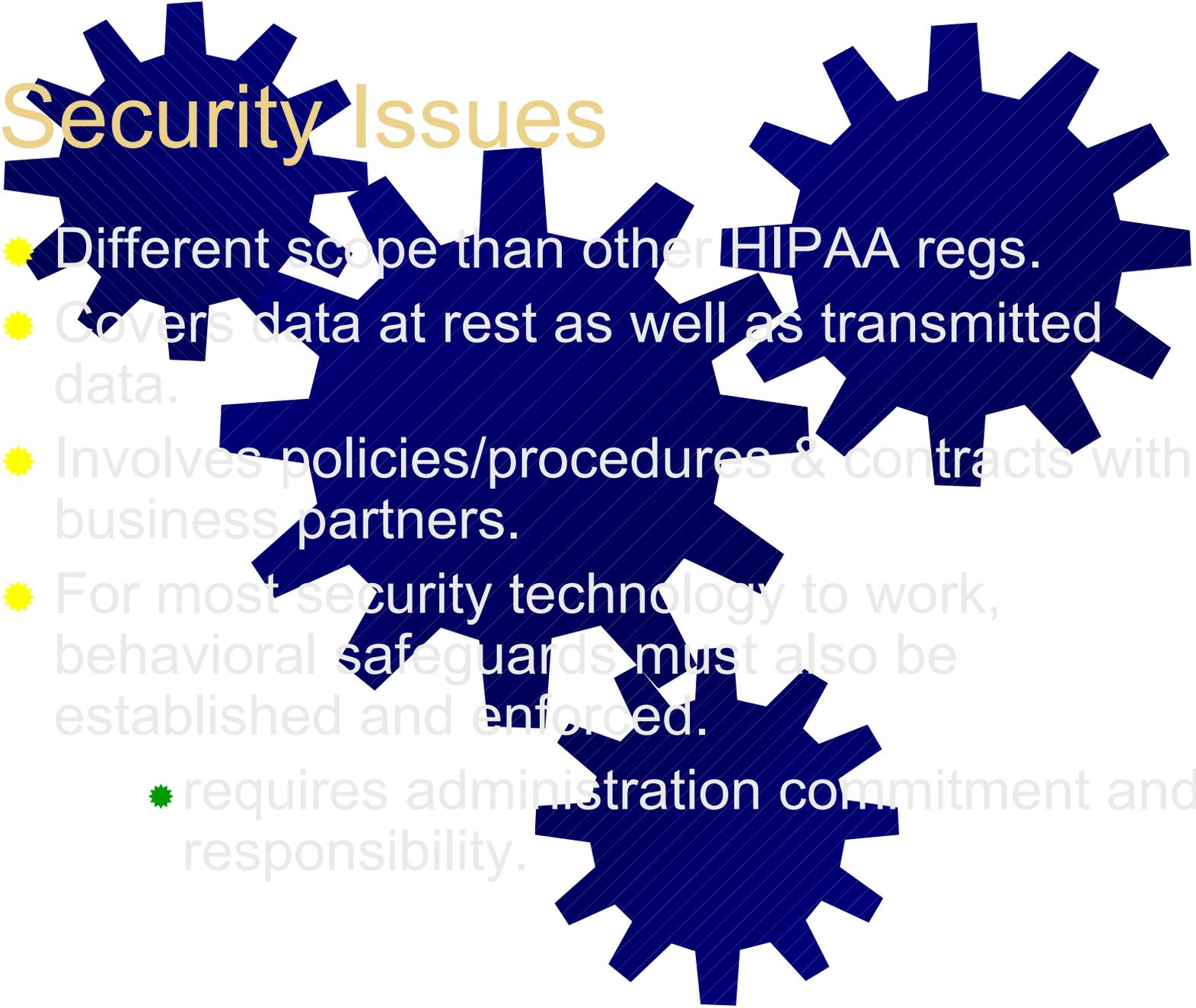
- ☀ Covered Entities shall maintain reasonable and appropriate administrative, technical, and physical safeguards --
 - ☀ to ensure integrity and confidentiality
 - ☀ to protect against reasonably anticipated
 - ☀ threats or hazards to security or integrity
 - ☀ unauthorized uses or disclosures
 - ☀ to ensure compliance by officers and employees

Security Requirements (2)

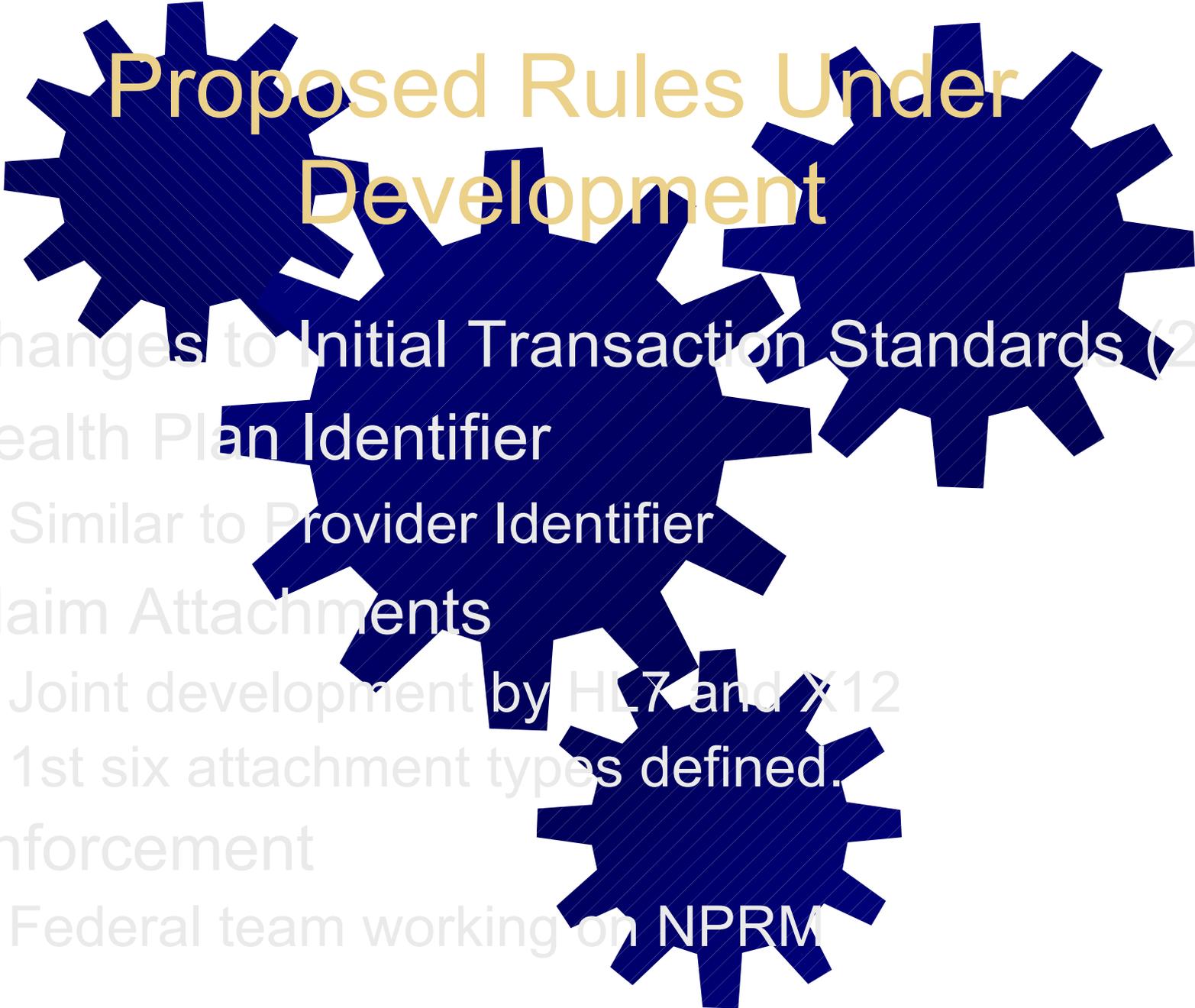
- ☀ Take into account
 - ✳ technical capabilities
 - ✳ costs
 - ✳ training
 - ✳ value of audit trails
 - ✳ needs of small providers
 - ✳ isolation of clearinghouses



Security Issues



- ✦ Different scope than other HIPAA regs.
- ✦ Covers data at rest as well as transmitted data.
- ✦ Involves policies/procedures & contracts with business partners.
- ✦ For most security technology to work, behavioral safeguards must also be established and enforced.
 - ✦ requires administration commitment and responsibility.



Proposed Rules Under Development

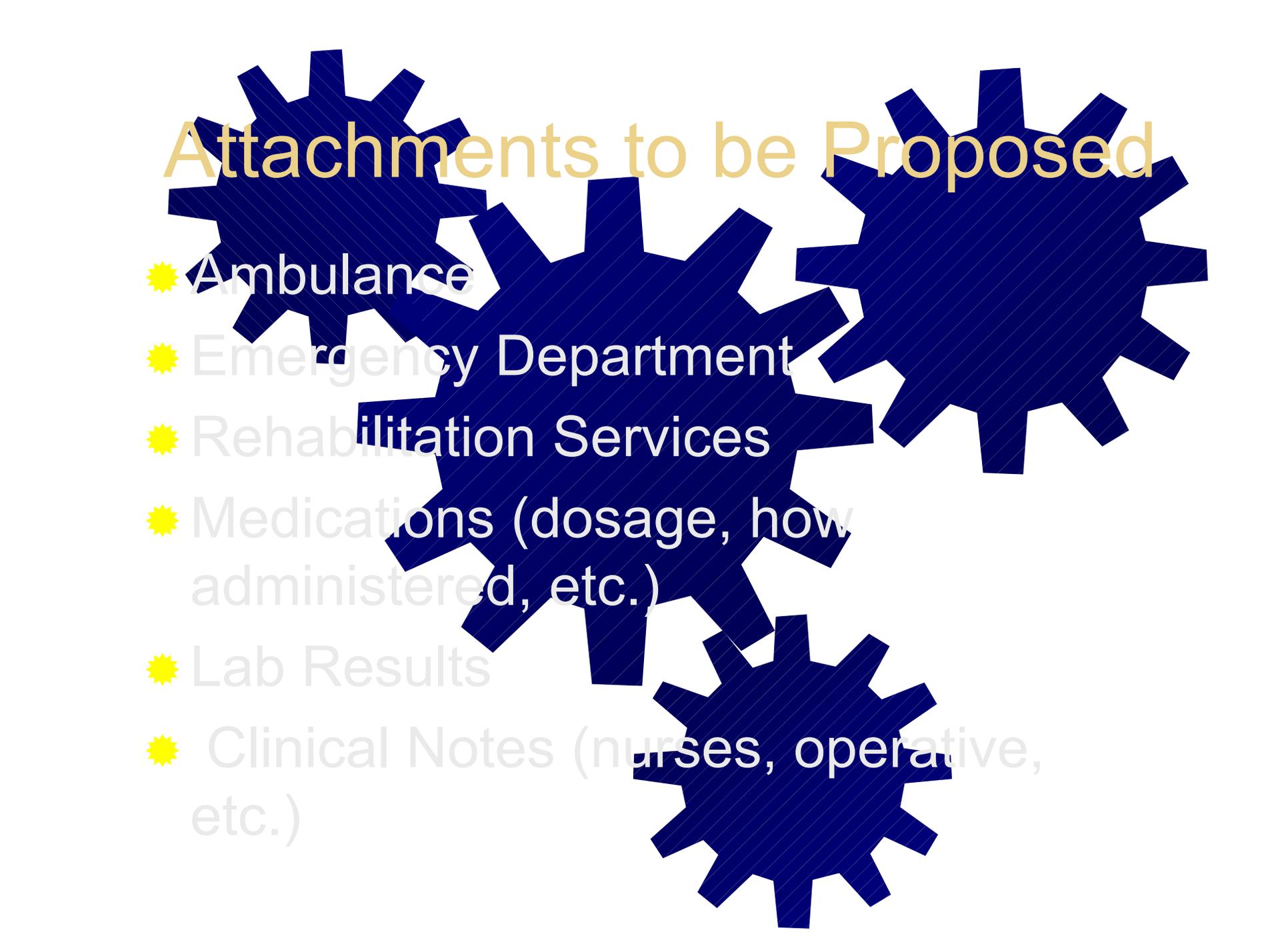
- ☀ Changes to Initial Transaction Standards (2)
- ☀ Health Plan Identifier
 - ☀ Similar to Provider Identifier
- ☀ Claim Attachments
 - ☀ Joint development by HL7 and X12
 - ☀ 1st six attachment types defined.
- ☀ Enforcement
 - ☀ Federal team working on NPRM

Changes to Initial Standards

- ✦ Based on reaction to initial standards
- ✦ DSMO recommended changes necessary for compliance
- ✦ 2 NPRMs expected shortly
 - ✦ Adoption of Addenda to X12 Implementation Guides
 - ✦ Pharmacy changes (J codes, as well as NDC codes)



Attachments to be Proposed



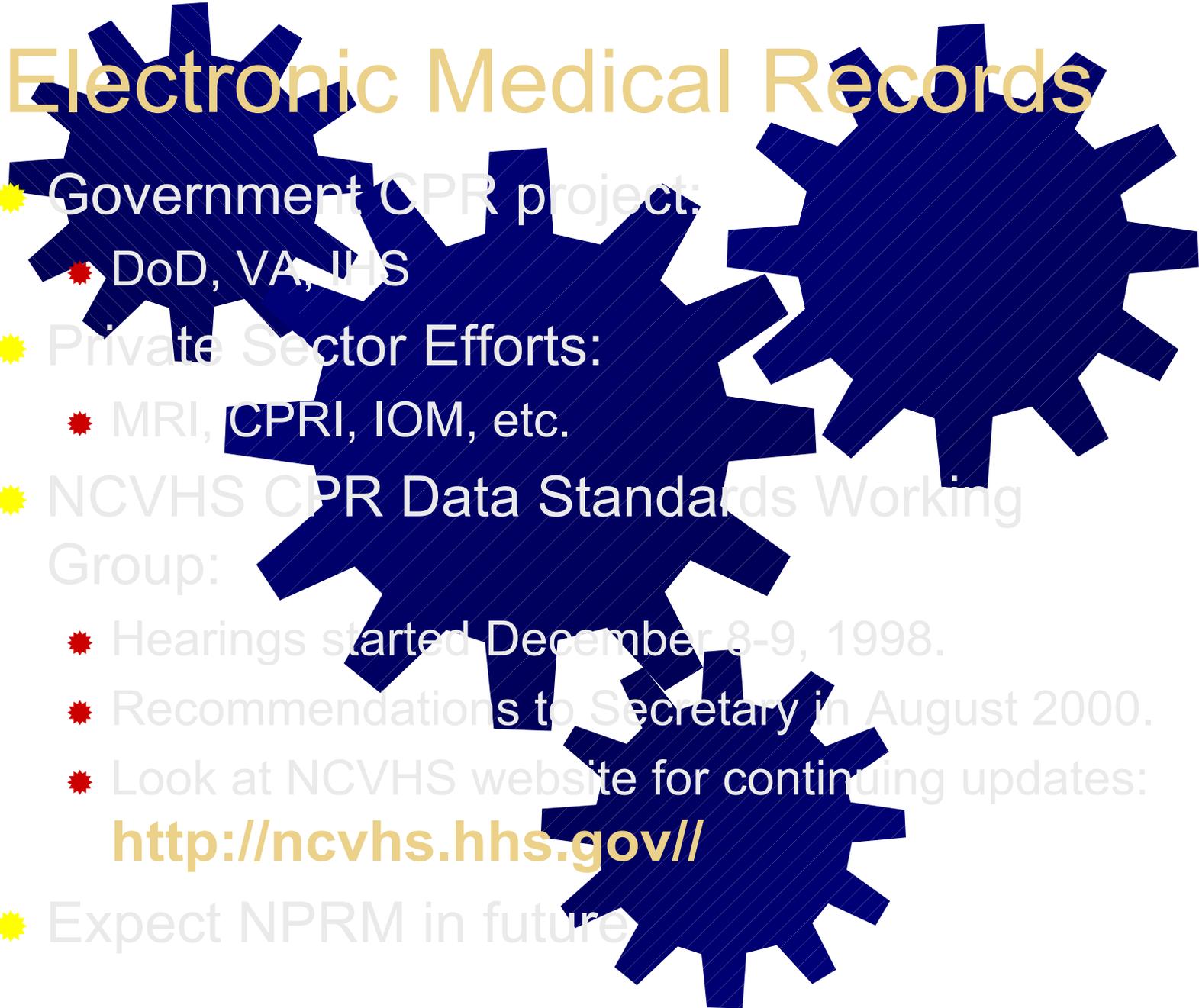
- ☀ Ambulance
- ☀ Emergency Department
- ☀ Rehabilitation Services
- ☀ Medications (dosage, how administered, etc.)
- ☀ Lab Results
- ☀ Clinical Notes (nurses, operative, etc.)

Anticipated Proposed Rules



- ★ Doctor's First Report of Injury
 - ★ X12 implementation guide required
- ★ Individual Identifier [not yet]
- ★ Patient Medical Record Information Exchange

Electronic Medical Records



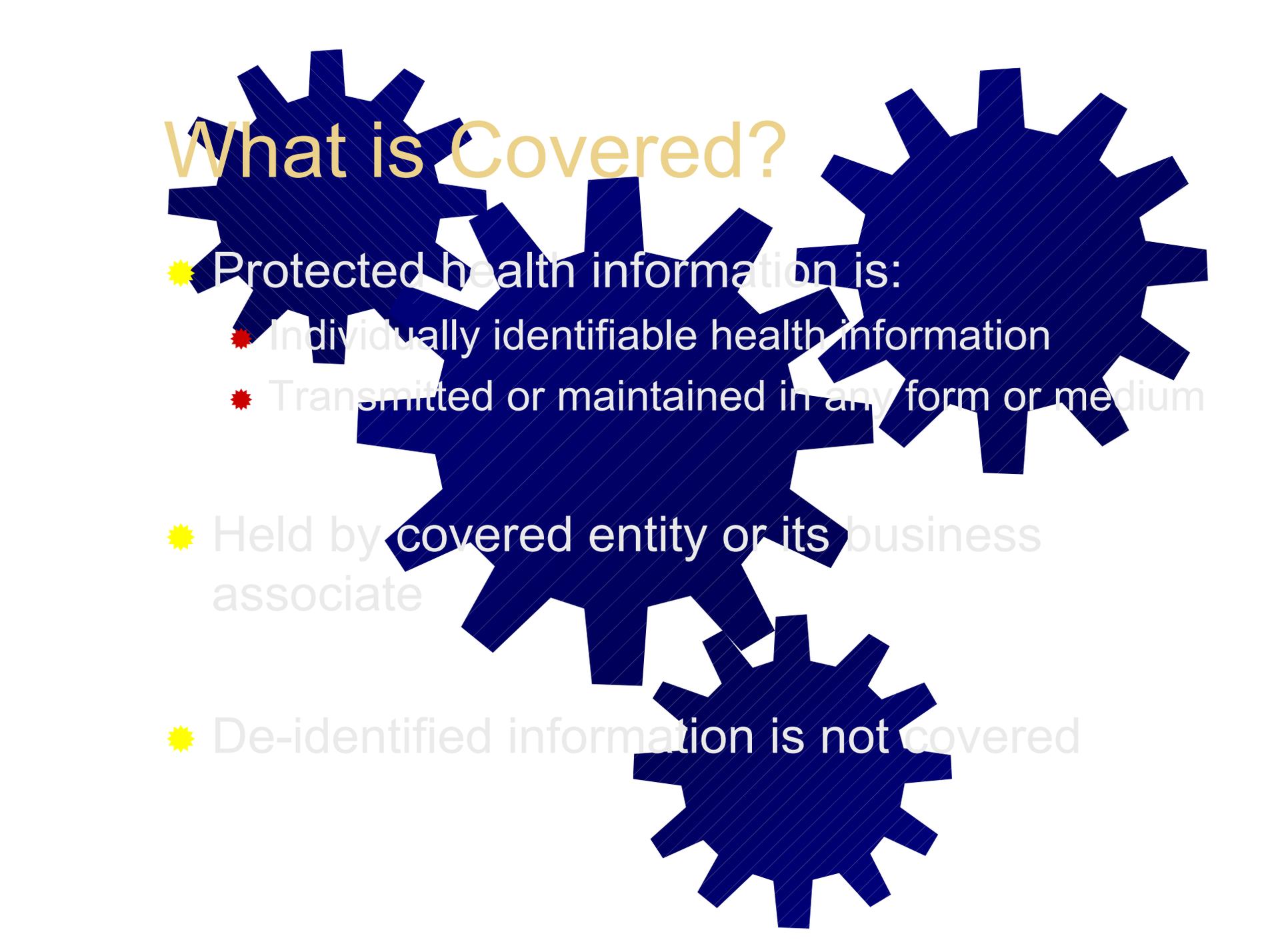
- Government CPR project:
 - DoD, VA, IHS
- Private Sector Efforts:
 - MRI, CPRI, IOM, etc.
- NCVHS CPR Data Standards Working Group:
 - Hearings started December 8-9, 1998.
 - Recommendations to Secretary in August 2000.
 - Look at NCVHS website for continuing updates:
<http://ncvhs.hhs.gov//>
- Expect NPRM in future

Standards for Privacy

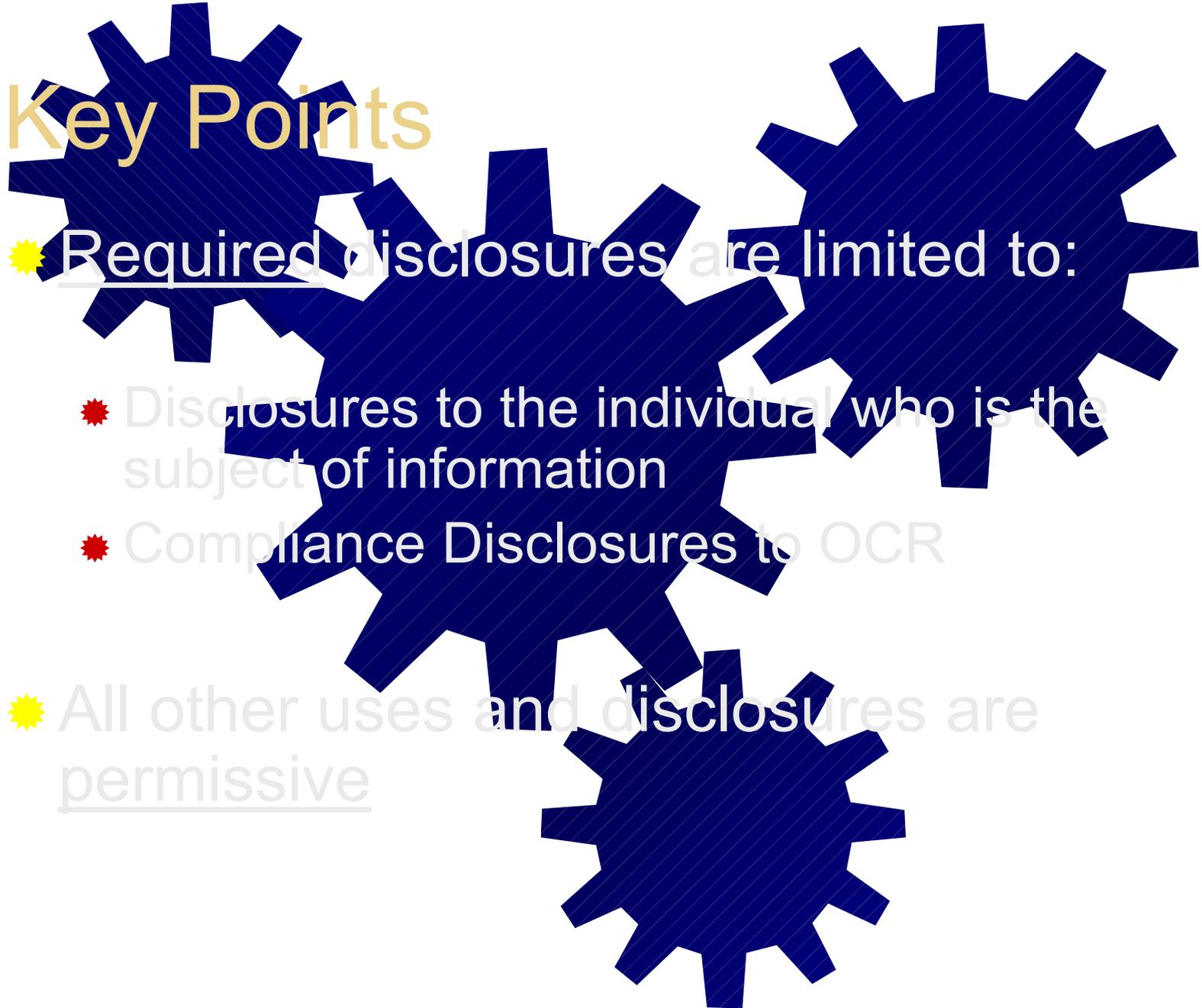
Overview



What is Covered?



- Protected health information is:
 - Individually identifiable health information
 - Transmitted or maintained in any form or medium
- Held by covered entity or its business associate
- De-identified information is not covered



Key Points

☀ Required disclosures are limited to:

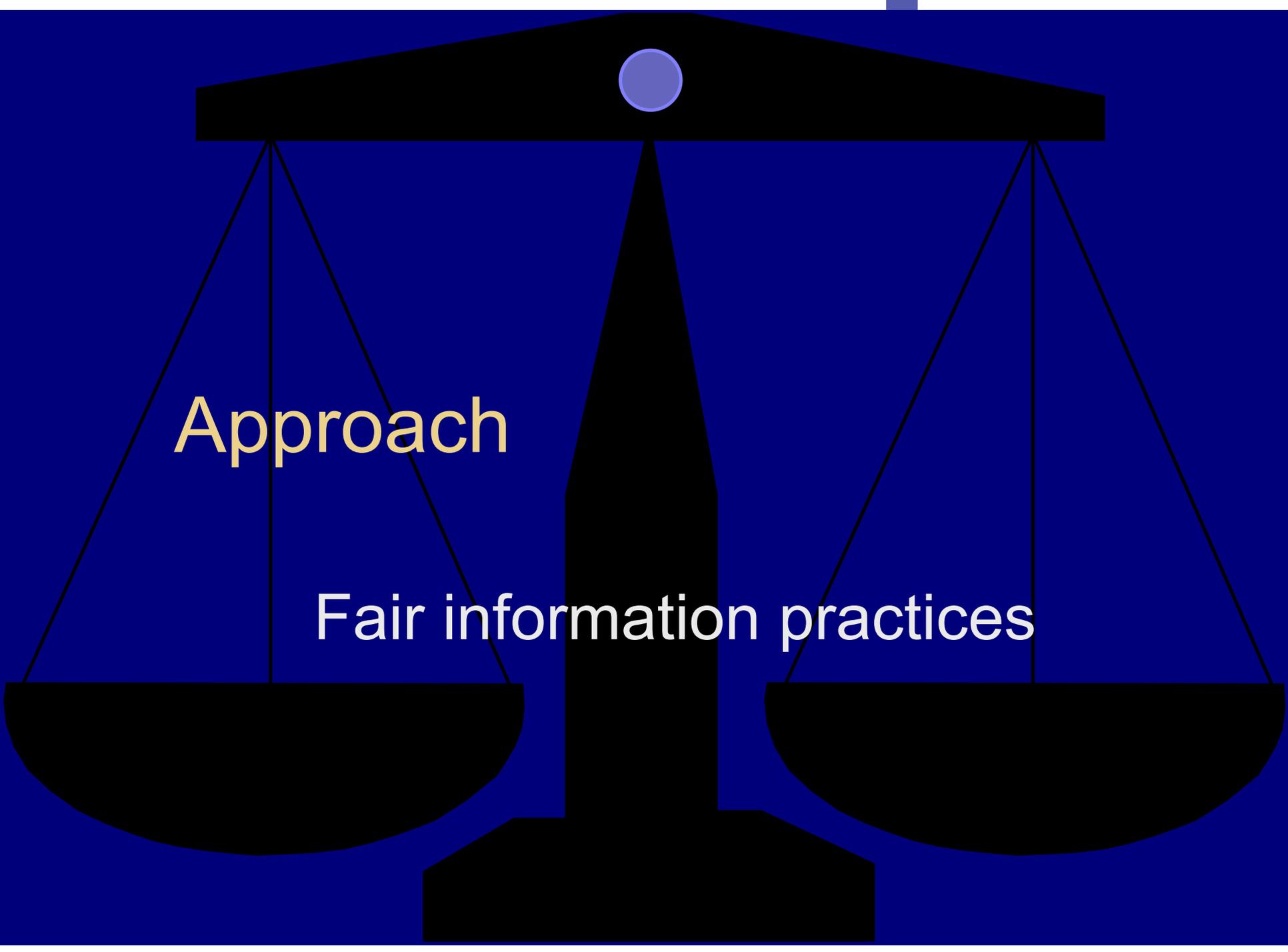
- ☀ Disclosures to the individual who is the subject of information
- ☀ Compliance Disclosures to OCR

☀ All other uses and disclosures are permissive



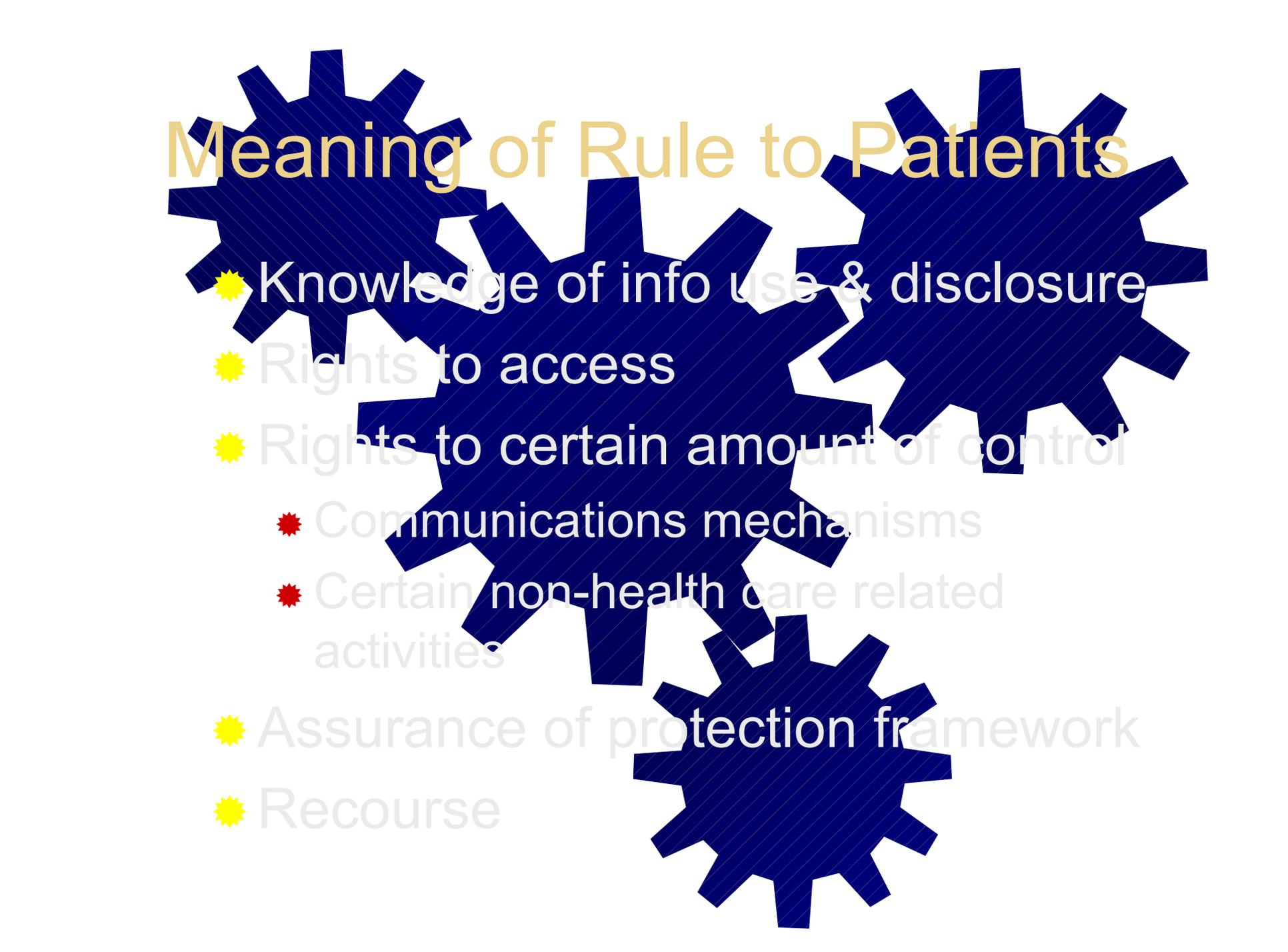
Relationship to other laws

- ★ First comprehensive health privacy protections
- ★ Federal—all stand unless conflict
- ★ National Floor: No preemption of more protective State laws



Approach

Fair information practices



Meaning of Rule to Patients

- ☀ Knowledge of info use & disclosure
- ☀ Rights to access
- ☀ Rights to certain amount of control
 - ☀ Communications mechanisms
 - ☀ Certain non-health care related activities
- ☀ Assurance of protection framework
- ☀ Recourse



Meaning for Covered Entities

- ☀ Accountability

- ☀ “Professional standards” now law

- ☀ Changes in

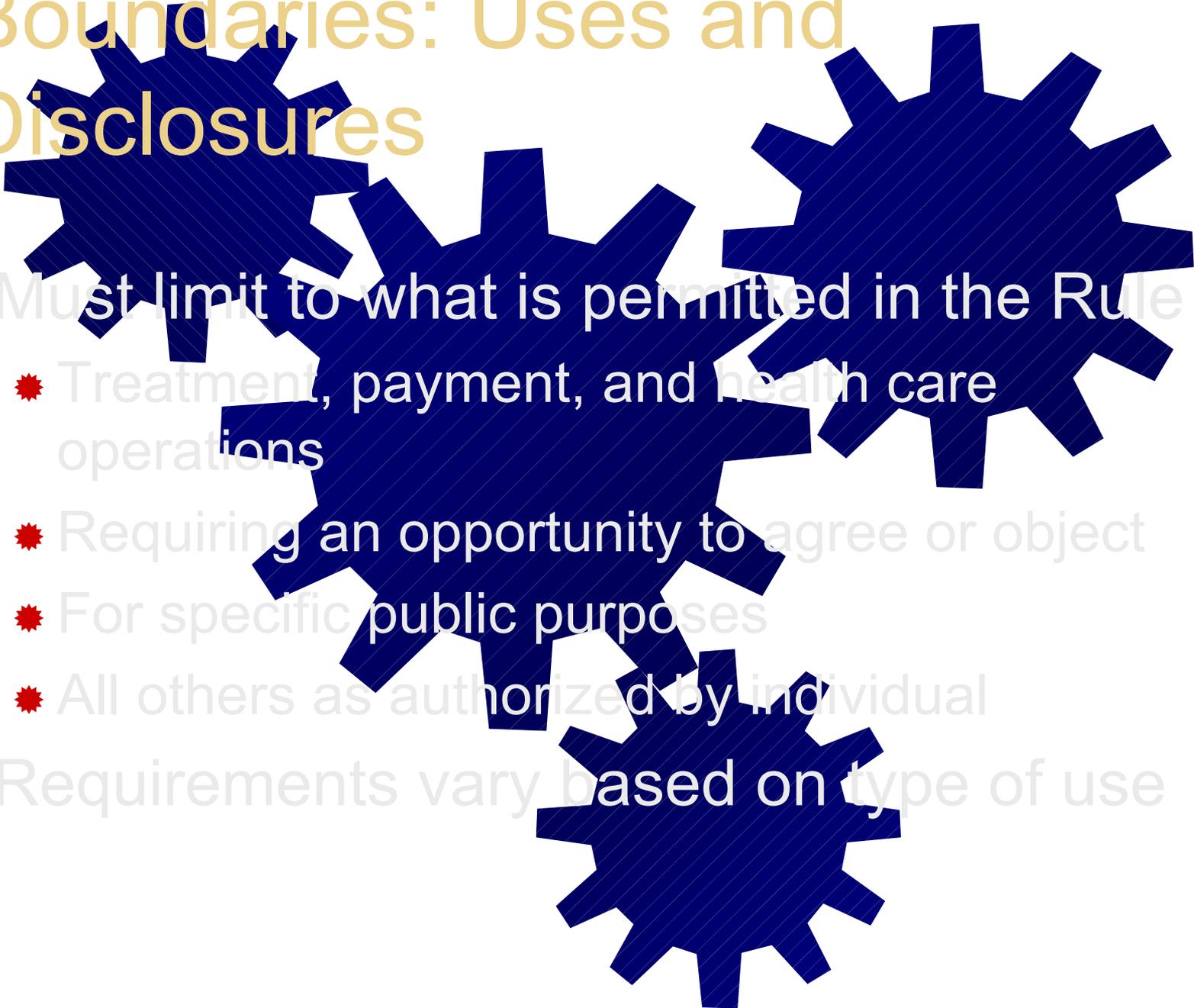
- ☀ Culture

- ☀ Processes

- ☀ Relationships

- ☀ Documentation

Boundaries: Uses and Disclosures



- ★ Must limit to what is permitted in the Rule
 - ★ Treatment, payment, and health care operations
 - ★ Requiring an opportunity to agree or object
 - ★ For specific public purposes
 - ★ All others as authorized by individual
- ★ Requirements vary based on type of use

Business Associates



- ☀ Include contractors & agents
- ☀ Perform functions, services involving use/disclosure of identifiable health information
 - ☀ quality assurance, data analysis, accreditation
- ☀ Special rules to assure business associate safeguards the information

Administrative Requirements



- ✦ Flexible and scalable

- ✦ Covered entities required to:

- ✦ Designate a privacy official

- ✦ Develop policies and procedures (including receiving complaints)

- ✦ Provide privacy training to its workforce

- ✦ Develop a system of sanctions for employees who violate the entity's policies

- ✦ Meet documentation requirements

Proposed Changes

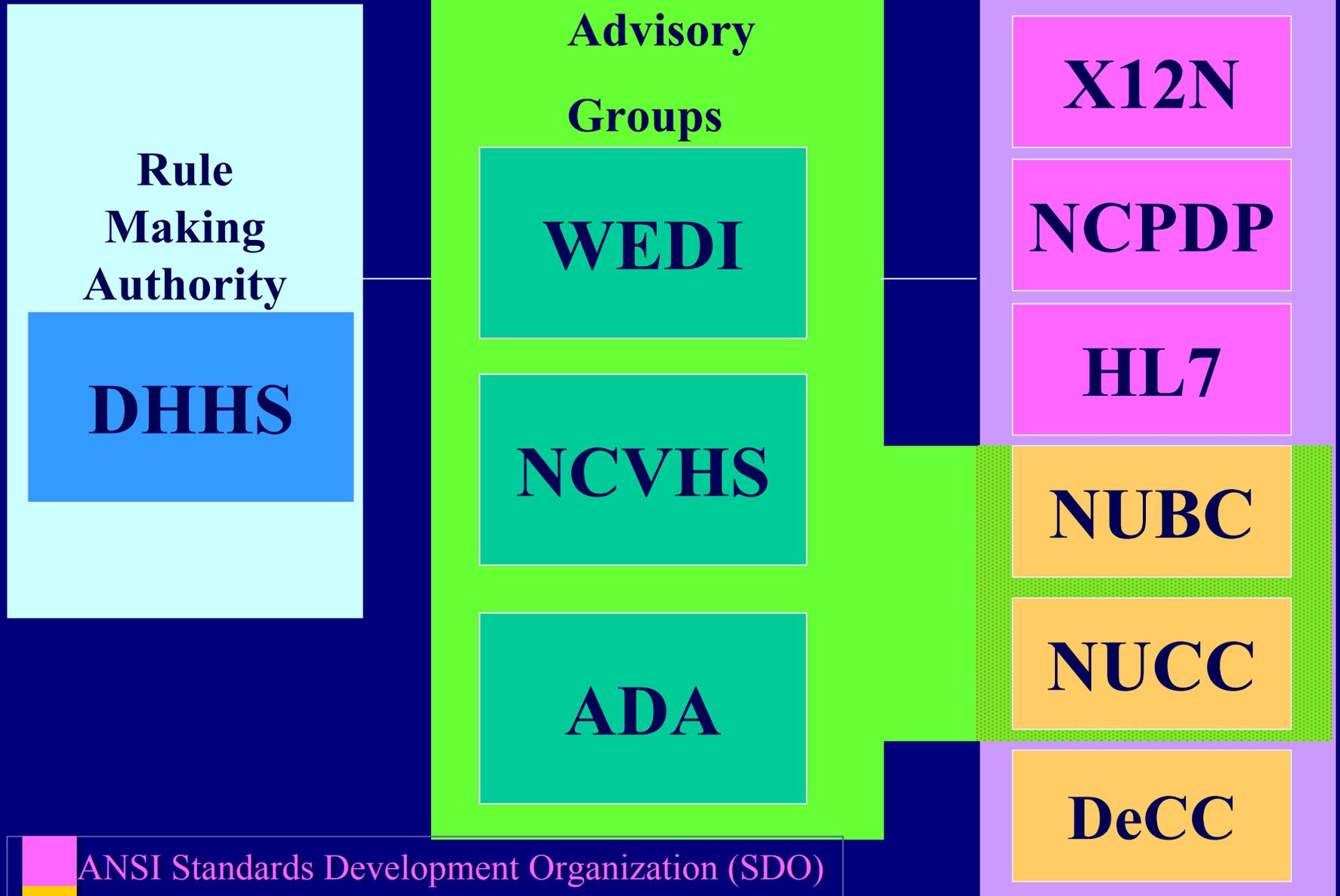
- ✱ Written consent not required to provide health care (e.g. schedule an appt.)
- ✱ Model business associate contract provisions
 - ✱ Extra year to renegotiate contracts
- ✱ Marketing requires specific authorization,
 - ✱ but covered entities can communicate freely with patient about (disease management programs)
- ✱ Disclosures to minors governed by state law
- ✱ Calls for suggestions for data de-identification for research use
- ✱ Simplified authorization form requirements



HIPAA Organizations

What are DSMOs and WEDI/SNIP
(and why do I care)?

HIPAA Organizations



ANSI Standards Development Organization (SDO)

Data Content Committee (DCC)

**DSMO = Designated Standards
Maintenance Organizations**

Evolutionary

NOT

Revolutionary

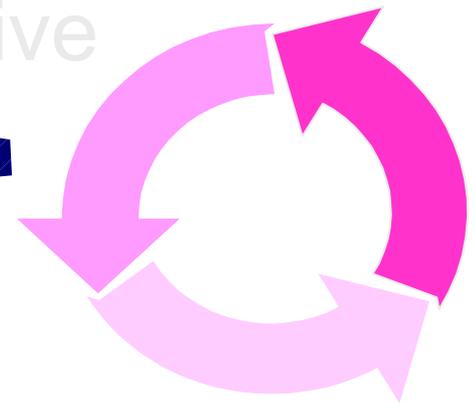
HIPAA Requirements will continue to evolve !

DSMO

MOU Guiding Principals

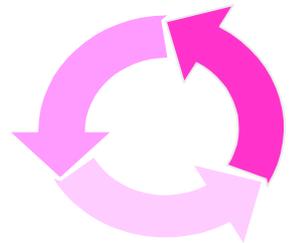


- ☀ Public Access – Single Point of Entry
- ☀ Timely Review of Change Requests
- ☀ Cooperation and Communications
- ☀ Consider All Viewpoints
- ☀ Evaluate Impact of Change Requests
- ☀ Maintain a National Perspective
- ☀ Conform to Legislation



Change Request Coordination

- ☀️ DSMOs review requests for changes to standards
- ☀️ Annually forward to NCVHS
- ☀️ NCVHS holds hearings, and provides recommendations to DHHS
- ☀️ DHHS conducts Federal Rulemaking Process
 - ☀️ Include a compliance date for changes to standards
 - ☀️ Cannot be less than 180 days



WEDI



Workgroup for Electronic Data Interchange

Policy Advisory Committee
to advise CMS
regulation

Sponsor Strategic National Implementation Process



WEDI/SNIP

★ Strategic National Implementation Process

★ Vision

- ★ Collaborative healthcare industry-wide process - standards implementation
- ★ Furthers development and implementation of future standards

WEDI/SNIP



Coordination



- Coordinates the necessary dialog among industry implementers.
- Identifies industry "best practices".
- Identifies coordination issues leading toward their resolution.
- Outreach to current industry initiatives.

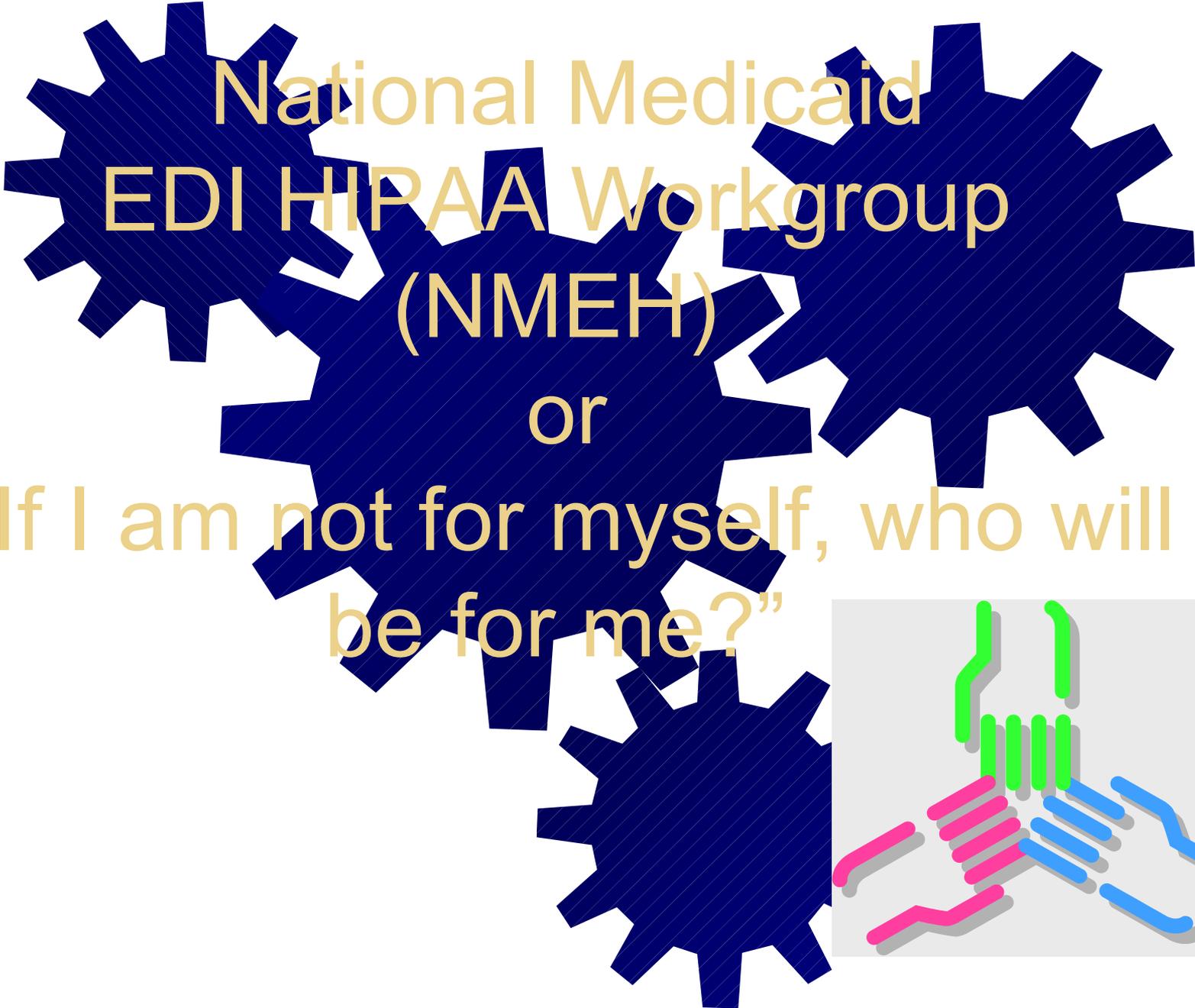


WEDI/SNIP



OW

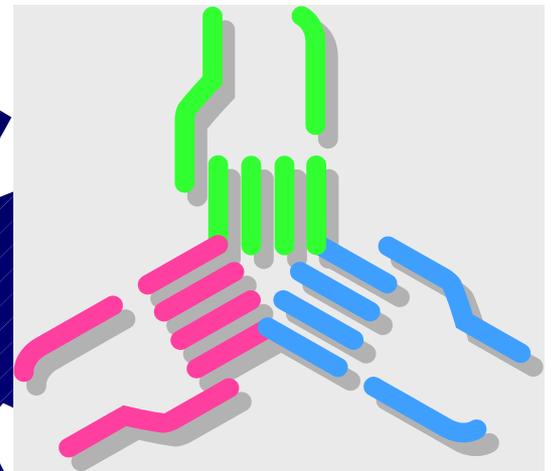
- 3 Groups
 - Education
 - Transactions
 - Security and Privacy
- White Papers
- Listserv discussion groups
- Phone conferences



National Medicaid
EDI HIPAA Workgroup
(NMEH)

or

"If I am not for myself, who will
be for me?"

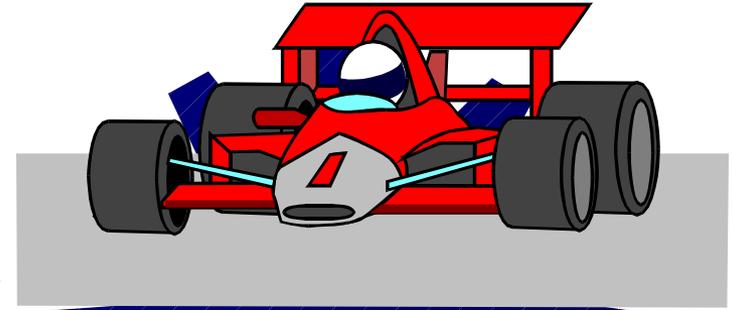


The Need: Medicaid and Standards



- Medicaid Program Is Much Broader Than Other Health Insurance Plans
- Federal Agency (HCFA/CMS) Encouraged Creative Solutions to Meeting Unique Programmatic Needs
- Medicaid Agencies Not Inclined to Standardize Because of Their “Unorthodox” Data Requirements (Except Pharmacy)
- States Thought HIPAA Would Never Happen!

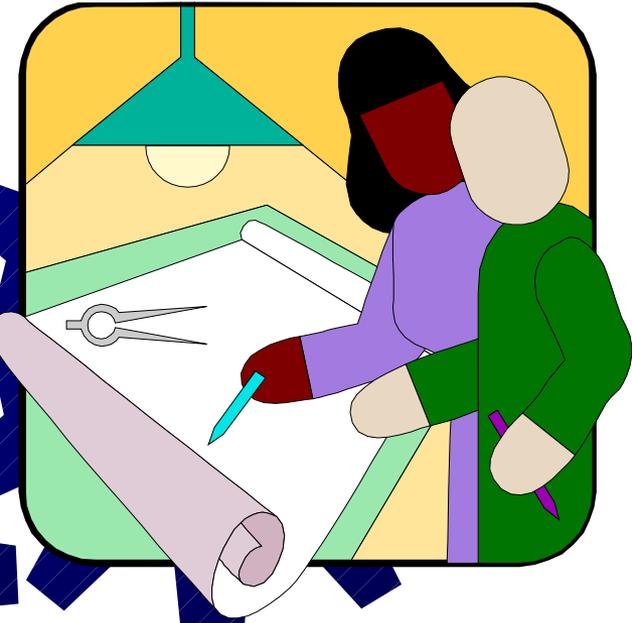
NMEH is:



- ★ State, Vendor and CMS Collaboration
- ★ Trust
- ★ Mentoring
- ★ A Listserv of 600 + members
- ★ A biweekly conference call
- ★ Participation by all Medicaid Agencies
- ★ Highly respected by the health standards industry today
- ★ Sponsored by NASMD

NMEH does:

- ☀ Represent NASMD in Standards Development Process
- ☀ Convene Medicaid Caucus X12 and HL7
- ☀ Develop, Review and Comment on HIPAA change requests for all states
- ☀ Advise CMS on Medicaid HIPAA Issues
- ☀ Provide Medicaid speakers on HIPAA
- ☀ Convene **Sub-Workgroups**



NMEH Sub-Workgroups

NMEH Chairs come from across the country:

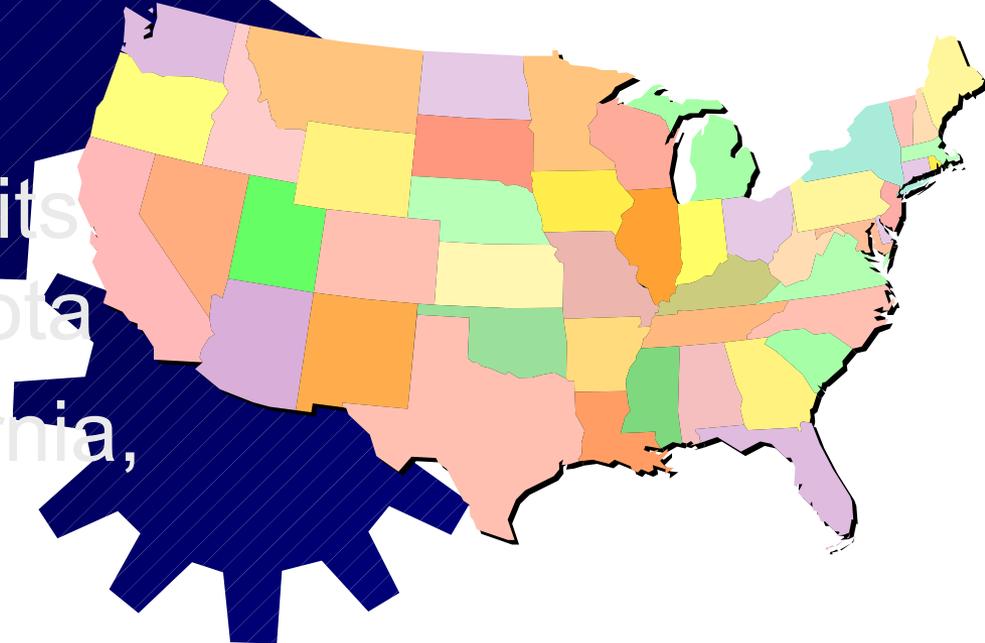
☀ Claims Attachment – Mississippi & California

☀ Dental - California, Illinois

☀ Eligibility - Ohio

☀ Explanation of Benefits
- Kansas, North Dakota

☀ Local Codes - California,
New York, Maryland



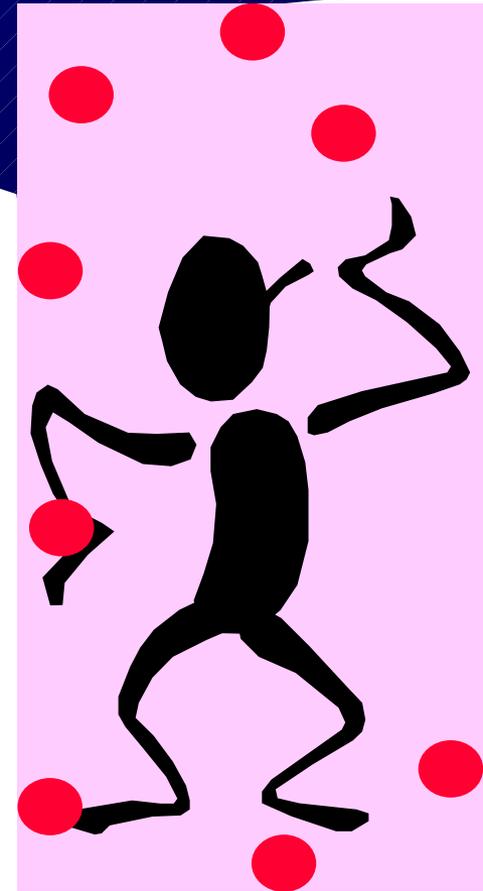
NMEH Sub-Workgroups (continued)

- ☀ Prior Authorization - North Carolina
- ☀ HIPAA Integration & Transition (HIT) - California
- ☀ Provider Taxonomy - Wisconsin
- ☀ Security/Privacy - Maryland
- ☀ Third Party Liability/COB - Minnesota, New York
- ☀ DSMO Request Review - Montana
- ☀ Durable Medical Equipment - Minnesota
- ☀ Bundling School-Based Services - Utah

NMEH Works!

Local Codes Subworkgroup

- ★ 5/00 - New York Volunteered to Collect Local Codes From All States
- ★ 8/00 - California Volunteered to Chair Effort to Consolidate Codes
- ★ 9/00 - Meeting in Sacramento, Template of Categories Created
- ★ 10/00 - 49 States Submitted Templates Containing over 20,000 Codes



Local Code Activities (continued)

- ★ 11/00 - 20 States met in Baltimore to parse codes into categories
- ★ 01/01 - Received special Medicaid modification to HCPCS CODE COMMITTEE'S process for New Code Evaluation
- ★ 01/01 - First group generated code requests submitted to HCPCS CODE COMMITTEE
- ★ 03/02 - 27 T codes approved to date
 - ★ + 20 Modifiers + 6 mods to existing codes

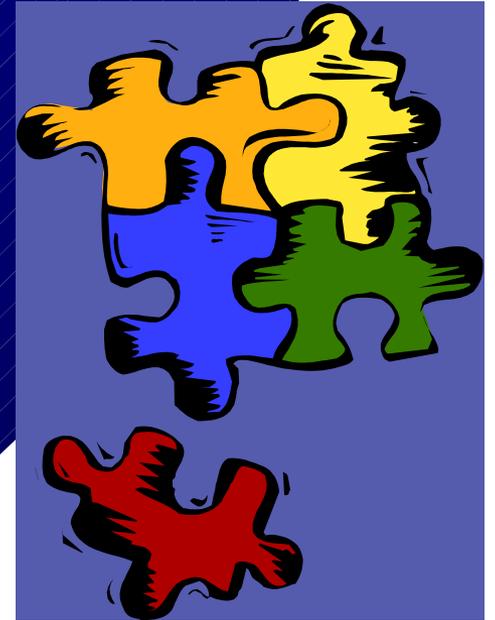
NMEH is a Success Story



- ✦ No one state can do it all. Each state benefits from the work of every sub-group even though every state is not able to participate in every sub-group.
- ✦ State's have a powerful voice in the decisions of National Standard Setting Organizations.
- ✦ By posing questions to NMEH members, states get quick answers that would take them weeks to figure out themselves.



The Medicaid HIPAA Compliant Concept Model (MHCCM)

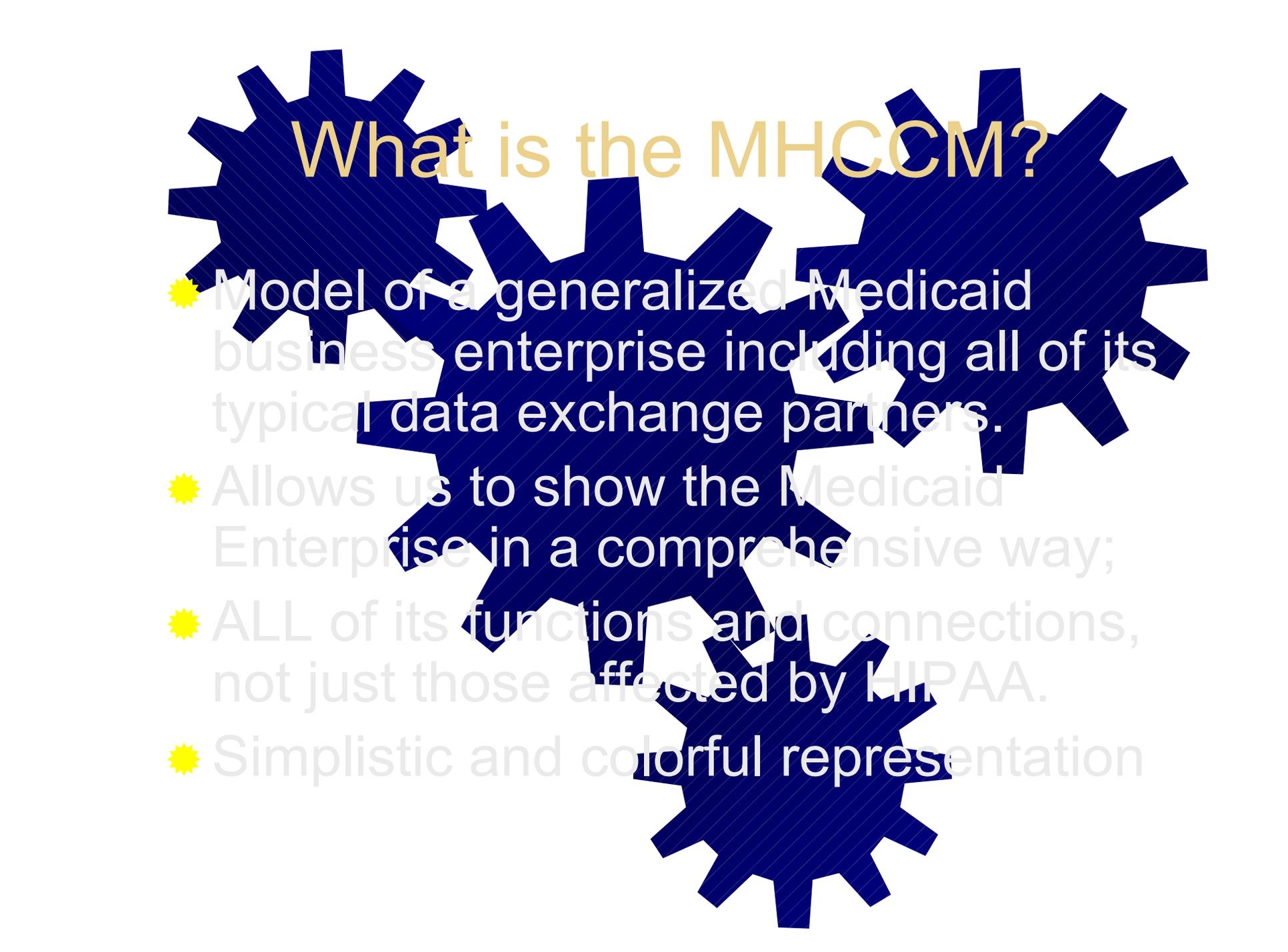


“We're from the federal government
and we're here to help you”



Why a MHCCM?

- ✦ Show How the Transaction Standards Will Affect Medicaid Business Practices
- ✦ Illustrate the Commonalities That Medicaid Agencies Historically Have Downplayed

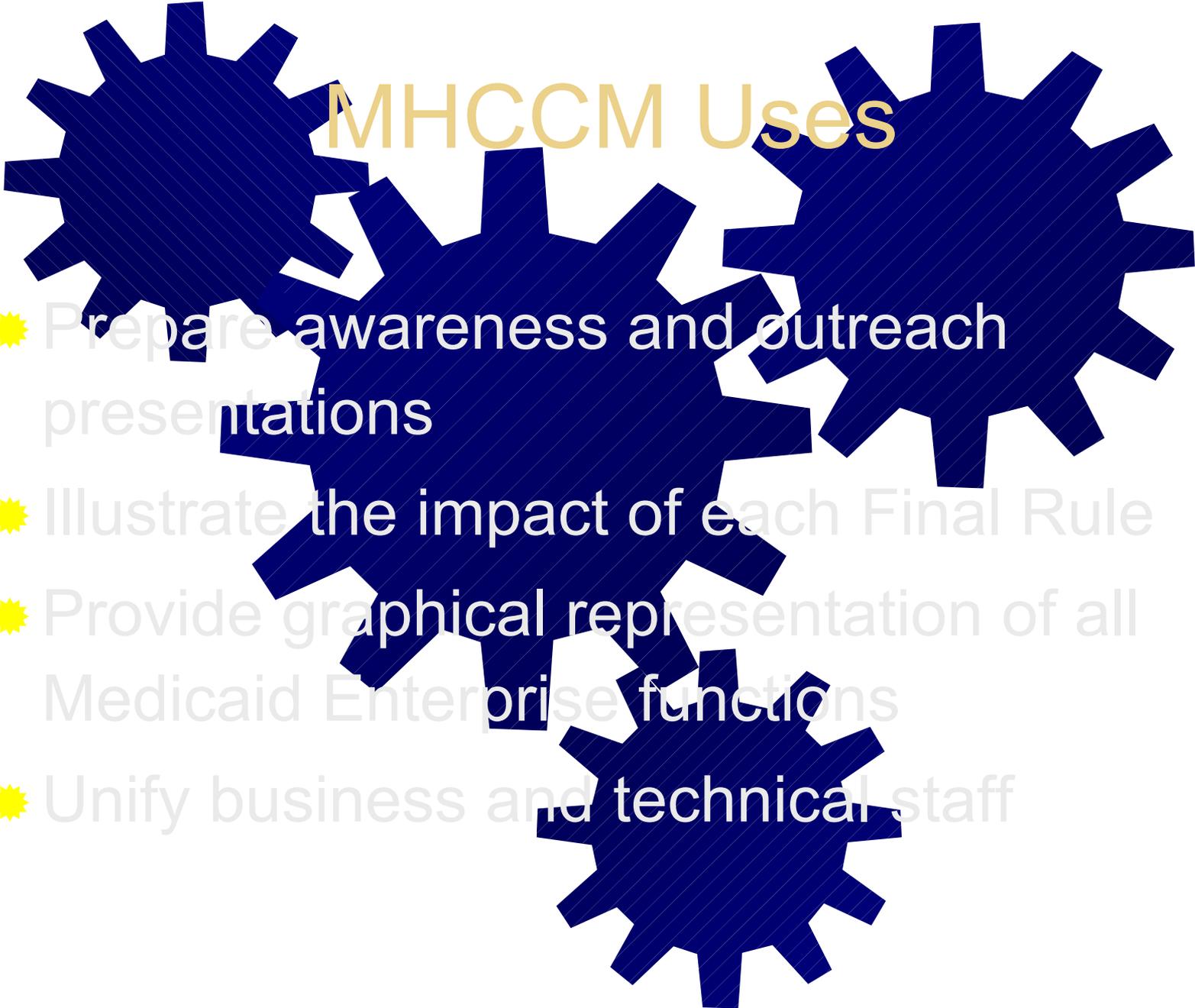


What is the MHCCM?

- Model of a generalized Medicaid business enterprise including all of its typical data exchange partners.
- Allows us to show the Medicaid Enterprise in a comprehensive way;
- ALL of its functions and connections, not just those affected by HIPAA.
- Simplistic and colorful representation

MHCCM Structure

- ☀ MHCCM Uses Web Architecture
- ☀ Images Are Presented by a Browser (Explorer)
- ☀ Images Are Created in PowerPoint,
 - ☀ Stored in Files
- ☀ Information and Tools Available
- ☀ All Modifiable / Customizable
- ☀ Web based . . . or
- ☀ Install on PC or Local Network



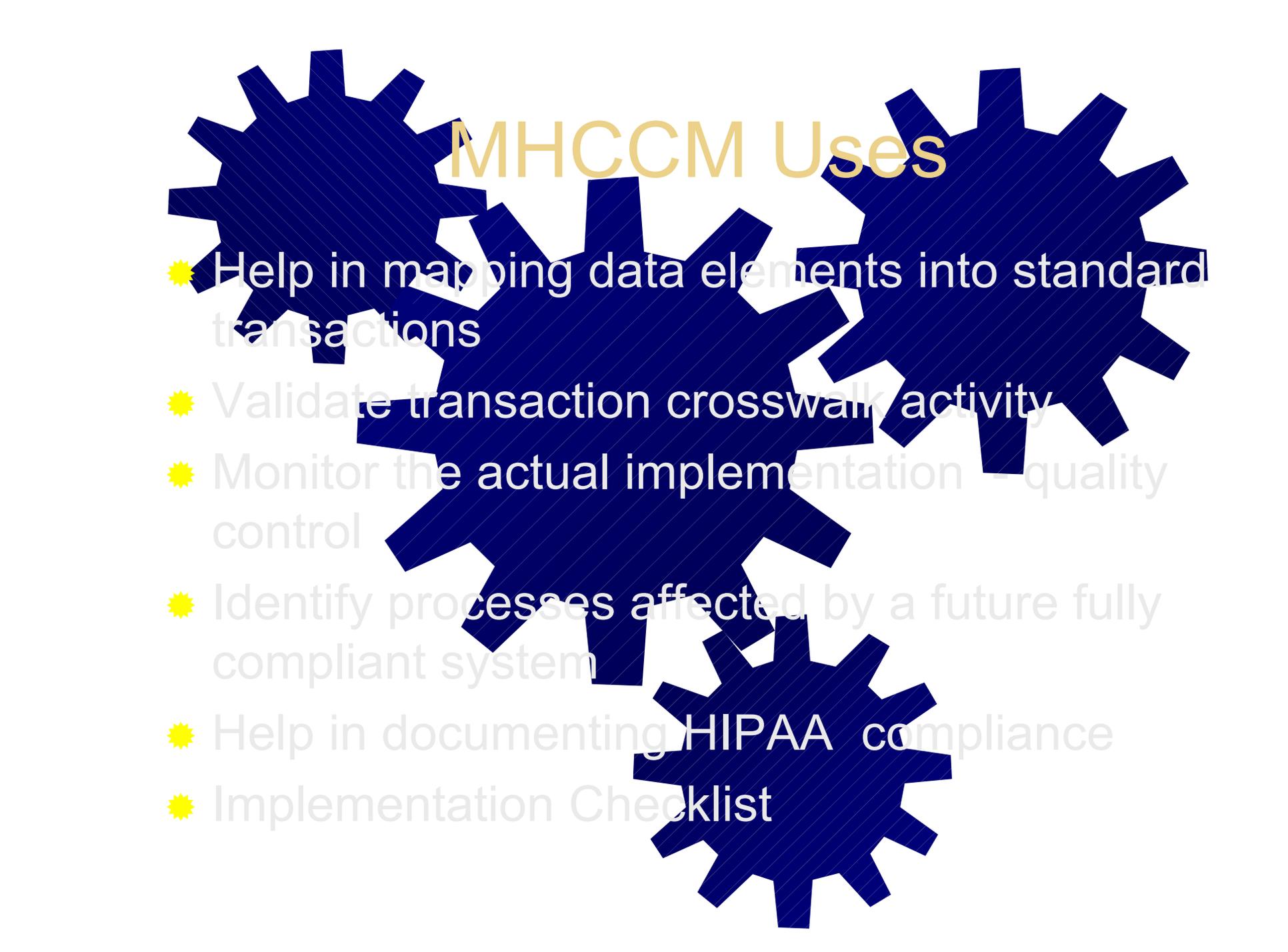
MHCCM Uses

- Prepare awareness and outreach presentations
- Illustrate the impact of each Final Rule
- Provide graphical representation of all Medicaid Enterprise functions
- Unify business and technical staff



MHCCM Uses

- ✦ Provide an organized, documented collection of all Medicaid Enterprise business functions and processes
- ✦ Help to develop
 - ✦ Strategic plan
 - ✦ Project plan
 - ✦ Implementation plan
 - ✦ Gap Analysis



MHCCM Uses

- ☀ Help in mapping data elements into standard transactions
- ☀ Validate transaction crosswalk activity
- ☀ Monitor the actual implementation - quality control
- ☀ Identify processes affected by a future fully compliant system
- ☀ Help in documenting HIPAA compliance
- ☀ Implementation Checklist

MHCCM Demo

The MHCCM - Microsoft Internet Explorer provided by AT&T WorldNet Service

File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites History Mail Print Edit Discuss Dell Home Real.com

Address http://localhost/mhccmv10/

MEDICAID HIPAA COMPLIANT CONCEPT MODEL

Site Plan

- Home Page
- Orientation
- Medicaid Enterprise Perspective
- Medicaid Operations Perspective
- Toolkit

MEDICAID ENTERPRISE PERSPECTIVE

MEDICAID OPERATIONS PERSPECTIVE

THE TOOLKIT

Expand All Collapse All Help Home

Start Exploring - ... The MHCCM... Microsoft Po... Document1... Local

Important Web Resources



☀ www.aspe.hhs.gov/admnsimp

☀ D/HHS Web Site

☀ Law, regs, facts

☀ www.hipaa-dsmo.org

☀ DSMO Web Site for submitting change requests

☀ www.wpc-edl.org

☀ X12 implementation guides

☀ [www.hcfa.gov/medicaid/HIPAA/
adminsim/default.htm](http://www.hcfa.gov/medicaid/HIPAA/adminsim/default.htm)

☀ Medicaid specific white papers, news, NMEH

☀ www.mhccm.org

☀ MHCCM