

# ACMHSA e-Bulletin

Thursday, November 8, 2001

No. 9-01

Compiled By Trené Elliott (trene.elliott@att.net)

## PROVIDERS TO MEET IN ANCHORAGE NOVEMBER 12 & 13, 2001

The next scheduled meeting of the Alaska Community Mental Health Services Association is November 12, 13, 2001 at the Alaska Center for Families, 3745 Community Park Loop Rd, Anchorage. There will be several interesting features to this meeting which includes time to develop a legislative agenda for the association; a training workshop on Board Fiscal Policy by the Foraker Group; joint planning with the Foraker Group on training for ACMHSA providers on key financial indicators and core management competencies; and a two-hour working lunch with DMHDD.

Be certain to invite your Finance Officers and Clinical Directors, especially Monday!!!!

## DO YOU DO THE HIPPA???

Well, DHSS is doing the HIPPA, and may be two steps ahead of the crowd on this one!!!! The Department as designated Kathleen White (465-4722) as the lead on this issue. Kathleen will be traveling to Washington, D.C. next month for training, and will follow-up with ACMHSA providers. Walter Majoros will include a brief summary from Kathleen in his report to providers on Tuesday, November 13, 2001 in Anchorage. **\*SEE INFORMATION BELOW\***

In the meantime, if you have questions or concerns which may require follow-up relative to HIPPA, feel free to make contact with Kathleen White!!!! Here's more contact information.

<http://hipacomply.com>

Additional Information and Resources Health Insurance Portability and Accountability Act of 1996 Public Law 104-191

104th Congress August 21, 1996  
<http://aspe.hhs.gov/admnsimp/pl104191.htm>

Department of Health and Human Services  
Administrative Simplification  
<http://aspe.hhs.gov/admnsimp/index.htm>

Data Interchange Standards Association (DISA)  
<http://www.disa.org/>  
Health Care Financing Administration (HCFA)  
<http://www.hcfa.gov/hipaa/hipaahm.htm>

## IDEA REAUTHORIZATION: FORUM FOR PUBLIC TESTIMONY AT PATHWAYS 2001

Dr. Robert H. Pasternack, US Department of Education, Assistant Secretary of the Office of Special Education and Rehabilitative Services will speak on IDEA Reauthorization and School Improvement at the Opening Ceremonies of Pathways 2001.

Dr. Edna Ahgeak MacLean, President, Iisagvik College, will facilitate a discussion on "meaningful parent involvement" with rural community members at a luncheon in the Egan Center. RSVP required, as space is limited. Dr. Pasternack will attend, participate and meet with persons afterwards in room at the Hilton Anchorage Hotel, location TBA.

A forum for public testimony on the Reauthorization of IDEA will take place in the Denali Ballroom, Hilton Anchorage Hotel, from 5:00-7:30pm that evening. See attached flyer.

Four 1-credit graded courses are being offered through UAA during PATHWAYS 2001, the Deaf Summit and the ILP Conference. A brief description is attached along with the schedule for the three conferences.

If you would like information about any of these events please contact Hollie Swanson @ 1-800-478-7678 or e-mail @ [hollie@parentsinc.org](mailto:hollie@parentsinc.org).

## Member Updates:

..... **Utilization Review Coordinator** .....

F/T position provides for agency compliance with state, federal, and third party insurance policies, regulations, and/or laws. As part of the senior management team, will provide supervision to medical records, provide on-going employee training on required documentation and administrative procedures to meet billing and regulatory standards, coordinate agency preparation for reviews/audits/site visits, collect data and coordinate publication of agency's annual report, participate in and support agency accreditation process, review agency policy and procedure for accreditation compliance, review and recommend documents for compliance, , seek resolution to consumer grievances and community members' complaints, and review and recommend follow-up to incidents. MA/MSW in social work/psychology required. Must have at least one year of supervisory experience or training and excellent communication and organizational skills. Salary DOE with exc. benefits. Send cover letter and resume by fax (907-222-2393) or mail to Beth Driskell, 1675 C. St. Ste. 117, Anchorage, AK 99501.

## Upcoming Events:

November 12 & 13, 2001 – ACMHSA Face-To-Face Meeting, Alaska Center for Families, Anchorage

November 15 & 16, 2001 – FAS Summit, Anchorage

November 26 – December 1 - Rural Mental Health Training Conference, Anchorage

December 4 & 5 – Alaska Health Summit, Sheraton Anchorage Hotel

January 18-20, 2002 – Alaska Mental Health Board, Fairbanks

March 4-5, 2002 – The Science of Early Childhood From Birth to Eight, Hilton Hotel, Anchorage

**Please send your announcements, news items and other information to Ron Adler at [humanservices@city.ketchikan.ak.us](mailto:humanservices@city.ketchikan.ak.us) Thank you!**



# Healthcare Insurance Portability and Accountability Act (HIPAA) An Industry White Paper

**Summary:** A discussion of the Healthcare Insurance Portability and Accountability Act and how it will affect your business

## Healthcare Insurance Portability and Accountability Act (HIPAA) An Industry White Paper

A discussion of the Healthcare Insurance Portability and Accountability Act and how it will affect your business

In an effort to create a more efficient and effective national healthcare system, Congress enacted the Healthcare Insurance Portability and Accountability Act of 1996 (HIPAA). Within HIPAA exists a set of administrative simplification provisions that mandate a standard electronic format for administrative and financial healthcare transactions. This important mandate has healthcare organizations scurrying to implement major changes in their information systems to support electronic data interchange (EDI) standards in the next few years.

All health plans, payors and clearinghouses that process health data must comply. This is not optional. It applies to every transaction that these organizations conduct for which a standard has been adopted. When employers act in the roles of a health plan or a healthcare provider, they too must comply with the standards. They may also contract with a clearinghouse or third-party administrator to conduct the standard transactions for them. Providers who conduct the HIPAA—mandated transactions electronically must also comply, however they have the option to conduct these transactions via paper if they so choose, thereby sidestepping the HIPAA mandates. This legislation encourages the development of a uniform health information system by establishing standards. The Administrative Simplification provisions are intended to streamline the transmission of health information by reducing inefficiencies. Today there are approximately 400 formats for electronic healthcare claims being used in the United States. The objective of the Administrative Simplification provisions is to use one format, therefore achieving standardization throughout the industry. For every healthcare transaction covered under HIPAA, there is one standard format that is to be universally accepted by both payors and providers alike—paving the way for a uniform, paperless administration in the healthcare industry.

In response to HIPAA, the American National Standards Institute (ANSI) chartered the ASC X12N Subcommittee to specify electronic standards for the insurance/healthcare industry. As required by HIPAA, standard data codes will be given to certain transactions, and unique identifiers will be assigned to providers, payors, employers and individuals. Under HIPAA, healthcare organizations that use HIPAA-defined administrative and financial transactions must use the ANSI ASC X12N standard implementation guides. These standards have been published and final approval from the US Department of Health and Human Services (HHS) and the Office of Management and Budget (OMB) will be forthcoming.

### What Type of Transactions Does HIPAA Cover?

HIPAA mandates standard transactions be used for the following administrative and financial healthcare transaction sets—the three digit number following the name of the transaction is the corresponding X12 transaction set which has been approved as the EDI standard for that transaction):

- Health claims or equivalent encounter information (837)
- Health claims attachments (275)
- Enrollment and disenrollment in a health plan (834)
- Eligibility for a health plan (270/271)
- Healthcare payment and remittance advice (835)
- Health plan premium payments (820)
- First report of injury (148)

- Health claim status (276/277)
- Referral certification and authorization (278)

The Health Claims Attachments (275) and the First Report of Injury (148) are not going to be implemented in the first phase of HIPAA compliant transactions, although they are mentioned specifically as transactions that will have to become compliant. The First Report of Injury will be published under a separate proposed rule, as will the Health Claims Attachments. Legislation specifically gave the Secretary an additional year to designate the Health Claims Attachments standard. All electronic transmissions listed above must conform to the standard. This mandate is true even when the transmission is physically moved from one location to another using magnetic tape, diskette or CD. Transfers over the Internet, extranets, leased lines, dial-up lines, private networks, etc. are also included. Telephone voice response and faxback systems are not considered electronic transmissions according to the proposed rules, and therefore do not need to conform to the standard transaction sets. Transactions sent within corporate entities, within Federal agencies and their contractors, and between state agencies within the same state are also exempt from the HIPAA standards.

In addition, an exception exists in the use of clearinghouses. Providers may submit non-standard transactions to clearinghouses which will convert that data into the standard transaction before forwarding it to the payor. Payors may submit non-standard transactions to clearinghouses, which would then, in turn, create the standard transaction before forwarding it to the provider. A clearinghouse may convert standard transactions into paper or other non-standard formats for receipt by a provider or plan which does not have the capacity to receive such transactions in standard format.

### **Who Must Comply With These Standards?**

Organizations that must comply with HIPAA standards include all health plans, all healthcare clearinghouses and any healthcare providers that transmit any of the previously listed transactions in electronic form. Also, when employers act in the roles of a health plan or a healthcare provider, they too must comply with the standards. Health plans must accept standard transactions submitted electronically. Further, health plans may not delay payment for transactions that are submitted electronically in compliance with the standards.

There are a few exceptions:

- **Non-standard Transactions.** Transactions conducted by paper, telephone or personal interactive systems are not required to follow the transaction standards.
- **Transmissions within Corporate Entities.** Electronic transmission of any of the specified transactions between corporate entities must comply with the standards adopted by the Secretary. However, transmissions of these transactions within a corporate entity are not required to comply with the standards. For example, a hospital that is wholly owned by a managed care company would not have to use the standards to pass encounter information back to the home office, but it would have to use the standard claim transaction to submit a claim to another payor.
- **Small Health Plans.** While most organizations have 24 months from the date of adoption to comply with HIPAA standards, small health plans are given 36 months to comply. HHS has defined small plans as those with fewer than 50 participants. Small health plans are not exempt from compliance—they just have a longer time frame to comply.
- **Workers Compensation.** HIPAA specifically excludes worker's compensation plans from falling under its jurisdiction. Plans such as property and casualty insurance plans and workers compensation plans, which may pay healthcare costs in the course of administering non-healthcare benefits, are not considered to be health plans in the proposed definition of a health plan. Of course, these plans may voluntarily adopt these standards for their own business needs. However, the list of designated transactions for which HHS must adopt, includes "First Report of Injury," which is the primary transaction used to initiate workers compensation actions. For this reason, HHS will be proposing a standard for First Report of Injury and will be considering different ways of achieving compliance with this standard.
- **Health Plan Sponsors.** Health plan sponsors, including employers when they act in the role of a sponsor, are not covered explicitly by the law but may benefit from the adoption of standards and

electronic transactions.

Sponsors may elect to use standard enrollment, disenrollment and premium payment transactions, which must be accepted by all health plans when submitted electronically.

### **When Must Health Organizations and Providers Implement These Standards?**

Health plans, payors and clearinghouses must be able to send or receive the designated transactions in standard electronic form no later than 24 months after the standard is adopted by HHS (36 months for small health plans). Any health plan can begin to comply voluntarily before the deadlines. Delays in adoption of HIPAA standards will not shorten the required implementation periods. Health plans and payors that cannot perform these standard electronic transactions may comply by contracting with a clearinghouse to perform for them. However, the responsibility for compliance remains with the primary entity. The standards adoption process is ongoing and is designed to assure consensus within the government before proposed standards are published. The goal is simplification, but the process is far from simple. It is a deliberate process designed to achieve consensus within HHS and across other federal departments.

HHS has formulated a detailed strategy for the adoption and implementation of the Administrative Simplification standards. Interdepartmental implementation teams are responsible for drafting Notices of Proposed Rule Making (NPRMs) pertaining to claims/encounters, identifiers, enrollment/eligibility, systems security, medical coding/classification and information infrastructure and crosscutting issues. Before an NPRM can be published in the Federal Register—a daily publication issued by the United States Government Printing Office (GPO), listing federal agency announcements and proposed federal regulations—it must be reviewed and approved within the Federal Government. Questions and concerns from the HHS Data Council's Committee on Health Data Standards, advisors within HHS and the Office of Management and Budget, must be answered and resolved before the NPRMs can be published for public comment.

Once published in the Federal Register, the NPRMs were made available directly from the administrative simplification homepage, <http://aspe.hhs.gov/admsimp/index.htm>.

This was followed by a 60-day public comment period on the proposed standards, which ended in June 1999. Final regulations will be issued after the comments have been received and analyzed and final rules have been developed. Standards are required to be implemented within two years of the effective date of the final rule (effective date of the final rule is generally 60 days after publication of the rule). In other words, if the final rule were published at the end of July 2000 then the effective date of the final rule would be at the end of September 2000; the expected date for compliance for the transactions would be by September 2002. Small plans would have an additional year to comply—or by September 2003.

### **How This Impacts Your Organization**

HIPAA regulation will have a dramatic effect on the US healthcare system. The law affects all healthcare organizations that choose to submit transactions electronically. It applies to public and private payors, providers, clearinghouses, and employers. All such organizations conducting electronic transactions covered by HIPAA with an external organization must adhere to the mandated standards. Failure to comply with any of the standards mandated by HIPAA by the specified deadline will result in fines on a per violation basis, and potential imprisonment for cases that involve the wrongful disclosure of patient information.

Organizations must also be prepared to comply with modifications that may be adopted by HHS after the initial HIPAA regulations are in place. Organizations who are affected by any modifications will be given a specified amount of time to comply with new standards, as deemed appropriate by HHS. This implementation time shall be no shorter than six months after the adoption of the modification.

Healthcare organizations are encouraged to become familiar with the legislation, monitoring any updates and evaluating which provisions directly or indirectly affect their organization. An information systems inventory check is strongly recommended to determine which areas will require modifications in order to adhere to the HIPAA mandate. Once it is determined how the legislation will affect an organization, compliance testing for HIPAA-mandated transactions is strongly encouraged by HHS.

### **The PaperFree Solution for HIPAA Compliance**

As the leading provider of data transformation solutions for the healthcare industry, PaperFree strives to

develop tools that not only are the most robust on the market, but also the simplest. PaperFree's technical advantages and industry expertise combine to form a solution provider that understands the business requirements of healthcare organizations.

To further simplify the challenge of becoming HIPAA compliant, PaperFree developed a HIPAA Toolkit. This toolkit is a product enhancement to PaperFree's map development tool, EMap. The HIPAA Toolkit provides template transactions for the implementation guides as defined by HIPAA. It can be electronically imported to EMap, so users need only map the required fields of the implementation guide to their application system. In addition, compliance checking maps can be generated to verify compliance to the implementation guide. The HIPAA Toolkit incorporates template transactions for the HIPAA—defined implementation guides. These include Eligibility (270/271), Claim Status (276/277), Service Review (278), Premium Payment (820), Enrollment (834), Claim Payment (835) and Claim Submission (837).

The HIPAA Toolkit is designed to help you not only reduce development time by providing the HIPAA Standards, but by also by ensuring that organizations are not going down the wrong path and mapping proprietary formats to a non-compliant standard. Compliance checking maps can be generated from within the toolkit to verify conformity to the implementation guides. These are baseline compliance maps to which specific rules can be added. The rules further narrow down the implementation guides to allow for business logic and flow. Rules may be created, for example, to validate information such as member numbers, provider numbers and dates of birth versus dates of service from a cross-reference table.

The HIPAA Toolkit is a complete, easily administered healthcare transaction deployment product. Used in conjunction with the EMap Development Workbench, it provides for rapid and accurate development of HIPAA—compliant transactions.

### **About PaperFree**

Sybase's PaperFree is the leading provider of healthcare e-Commerce software for mission-critical business data transformation and exchange. PaperFree provides advanced technologies to support enterprise application integration, Web enabling and message management. PaperFree's robust suite of products sets the standard in healthcare e-Business by offering industrial strength, real-time data translation. For more information on the HIPAA Toolkit or other PaperFree technologies, visit [www.sybase.com](http://www.sybase.com)

