

PROVIDER HIPAA ANALYSIS

Are you preparing for HIPAA? Do you think HIPAA doesn't apply to you? Do you think it will be further delayed? Does your current billing system support the HIPAA transactions? Can your billing system create a HIPAA-compliant claim? Will you be able to post a HIPAA-compliant electronic remittance notice? Can your system create the electronic eligibility or status inquiry? Can your system handle the response transactions? Or, do you think HIPAA doesn't apply to you because you send your transactions through a clearinghouse?

The first step to complying with the Health Insurance Portability and Accountability Act (HIPAA) regulations is understanding the HIPAA requirements. The second step is analysis of your current billing systems. You may ask, "Why is that necessary? I rely on my vendor to maintain my billing system and keep me up to date."

Let's give some background. A transaction is the exchange of information between two covered entities. Covered entities are health plans (including Medicare and other insurers), health care clearinghouses and health care providers. Software vendors are not covered entities.

Covered transactions are:

- Health care claims* or equivalent encounter information
- Health care payment and remittance advice (ERN)*
- Coordination of benefits (Crossover and Medigap)*
- Health care claim status*
- Eligibility for a health plan*
- Enrollment and disenrollment in a health plan (not applicable for Medicare)
- Health plan premium payments (not applicable for Medicare)
- Referral certification and authorization

*Medicare Part B will conduct this transaction in ANSI X12 4010.

If you perform any of these transactions electronically, and your vendor fails to develop a product or a means for you to comply, you (not the vendor) could be liable for the fines and penalties for non-compliance. If you fail to prepare, you may not be able to send electronic claims or receive electronic remittances, significantly impacting your business and cash flow.

Ask your vendor about its HIPAA readiness. This will give your vendor the opportunity to let you know what they've done so far and what their business plans are for meeting the HIPAA standards and deadlines.

- Is your vendor going to have a HIPAA-compliant billing program?
- Does your billing system have all the required information needed to create a HIPAA-compliant claim?
- When will your vendor be testing? When will you be able to test?
- Will you have to bill through a clearinghouse?
- Does your vendor support the eligibility inquiry and response transactions (270/271)?
- Does your vendor support the status inquiry and response transactions (276/277)?
- Are there other transactions you would like to conduct?
- Are there other health plans you'd like to conduct electronic transactions with?

Below is a list of the ANSI 4010 transactions Medicare B will conduct. The blank spaces in the table are for your use after checking with your vendor.

HIPAA Transaction	Transaction Standard	Currently Supported?	Will Be Supported?	Beta Test Date?	Production Release Date?
Claims	837				
ERN	835				
Eligibility	270/271				
Claim Status	276/277				

Providers may be able to achieve compliance by billing through a clearinghouse. For Medicare business, clearinghouse charges would be the responsibility of the provider. Please contact your vendor to determine their plans for HIPAA compliance. If you fail to prepare, you (not the vendor) could be liable for the fines and penalties for non-compliance.

You can achieve significant savings by conducting your business through Electronic Data Interchange (EDI). EDI can eliminate the inefficiencies of handling paper documents, reduce administrative burdens, lower operating costs and improve data quality. This means faster, cleaner claims with fewer reviews, less suspense and fewer inquiries. HIPAA compliance means you can exchange EDI transactions and benefits with multiple health plans.

Keep in mind that all claim transactions sent directly to Medicare must be in the 4010 X12 standard by October 2002, unless you have requested an extension. Medicare will begin testing 837 claims with providers in May 2002, and 835 remittance transactions in June 2002. Testing may be required – more information regarding testing will follow.

There will be no charge for Medicare testing. Testing will be on first come, first served basis. Medicare cannot guarantee testing if you delay until late in the transition period. Due to the large number of providers, billing services, clearinghouses, trading partners and vendors to be tested and the number of transactions, it may not be possible to test each entity during the last quarter of the transition period.

For more information on the Transactions Regulations and HIPAA, go to:

<http://www.aspe.hhs.gov/admnsimp/Index.htm>

<http://www.hipaadvisory.com/notes/>

<http://pweb.netcom.com/~ottx4/HIPAA.htm>

Be prepared, be informed, be HIPAA-literate. Understand HIPAA and how it applies to you and your business.