

The Health Insurance Portability and  
Accountability Act of 1996  
(HIPAA)

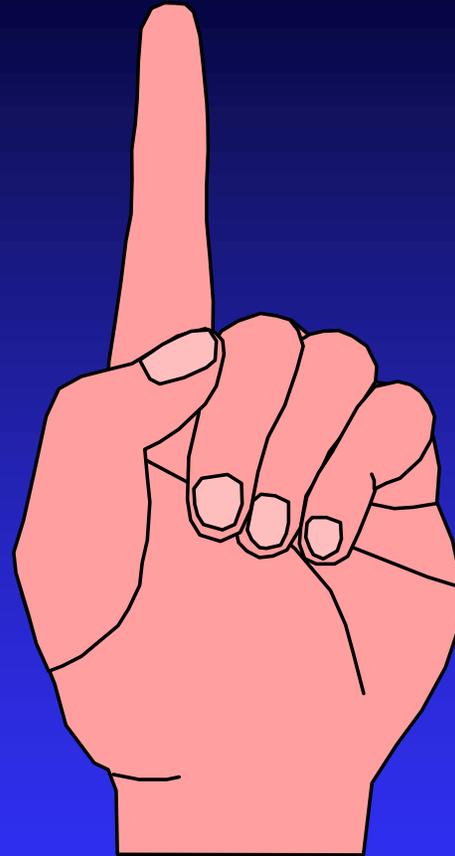
# What is HIPAA?

■ Health Insurance  
Portability and  
Accountability  
Act of 1996

■ Primary purpose  
is to provide  
continuous  
insurance  
coverage for  
workers who  
change jobs

# History

- Originally not a Government Initiative

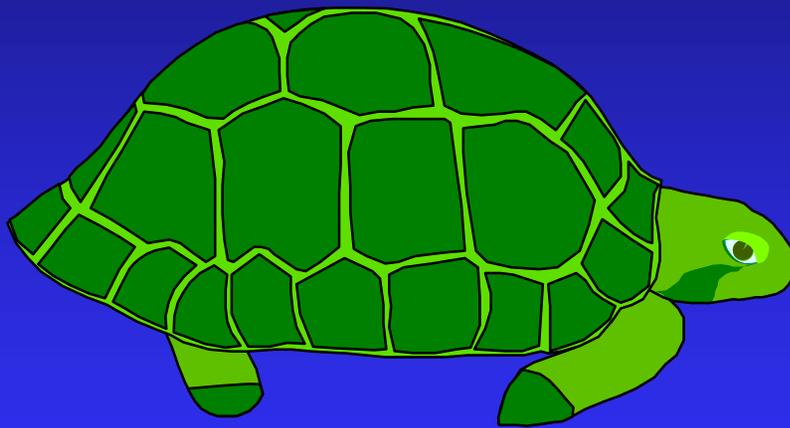


# Brainchild



- Work of forces within healthcare that campaigned to require information standards that healthcare institutions were not implementing voluntarily

# Work Group



- Who? Payers and Providers
- What? Promoted Standards
- Why: To convert to an electronic “norm” for business

# Work Group Representatives

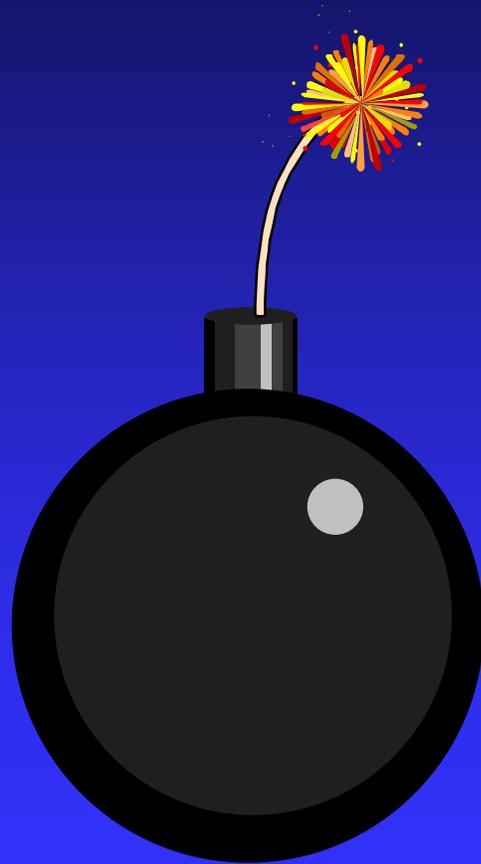
- Travelers Insurance
- Blue Cross Blue Shield
- AHA
- United HealthCare
- Aetna Life
- HCFA
- AMA
- AT&T & Bell Labs
- Mutual of Omaha
- Humana
- AHIMA
- American Dental Association
- Health Insurance Association of America
- State of Connecticut

# Let's ask the government



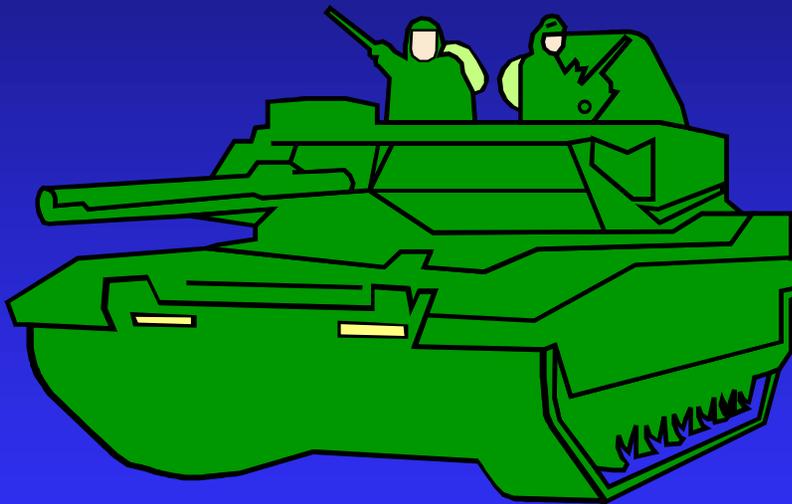
- DHHS - Force of the law
- Political process added a layer of requirements for security and confidentiality
- Why?

# Public



- Sensitivity
- Public perception
- Medical Information on the web?
- AARP

# War on Waste



- Partisan debates focused on:
  - ◆ Employer-based health insurance
  - ◆ Private insurers
- Contributed to high cost
- Resulted in Uninsured

# Movements



- Universal Health Coverage
  - ◆ Minimum level of benefits or
  - ◆ Pay the government for the “have-nots”
- Canada model as single payer
  - ◆ U.S. Ins. \$.12/\$1.00
  - ◆ Canada \$.01/\$1.00
- *Resource: Modern Healthcare May 13, 1991*

# 1991 Task Force to WEDI



- Workgroup for Electronic Data Interchange
- Increase #claims moved electronically by 10% each year
- Goal to encourage implementation of ANSI standards

# 1992 Who needs the government?



- Needed: Volunteer to be paperless
- Rep. Pete Stark
  - ◆ Skyrocketing healthcare cost demanded quick action
- 15 recommendations published announcing ANSI

# 1993-1994 Private-Public



- Raging reformation battle followed Clinton into office
- No one wanted to go first with standardization
- Providers saw as a burden, government saw otherwise

1994



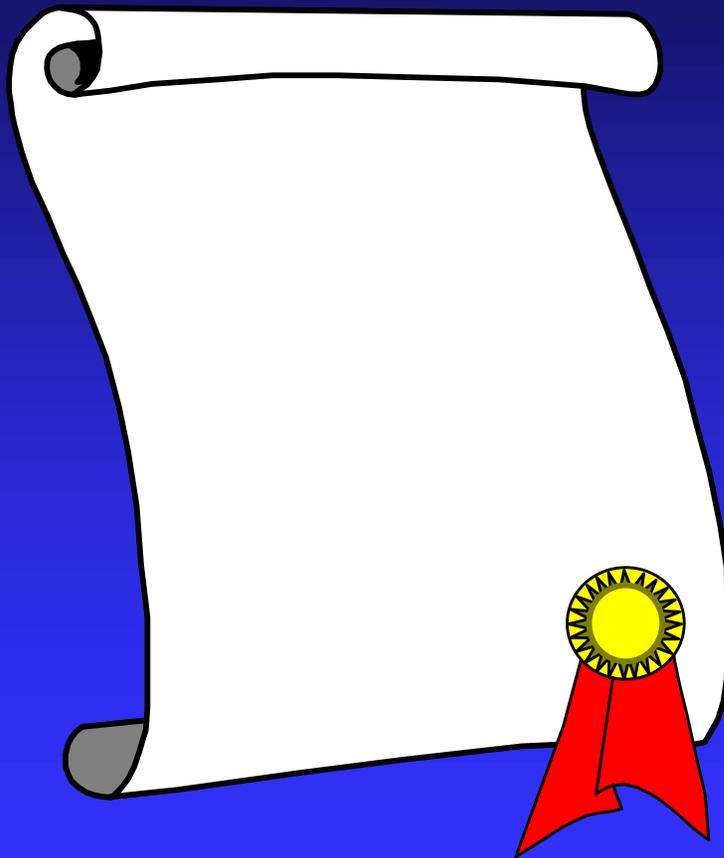
- Congress tired of healthcare reform
- Issue became attached to larger discussions on healthcare reform

# 1995 - Momentum - Why Now?



- Risk of losing insurance when changing jobs
- Pre-existing conditions denied jobs
- Sen. Kennedy and Kassebaum
- AHIMA

# 1996 - August Obscurity



- Cost savings
- ? Complexity ?
- BBA 1997 - OPPTS
- Y2K threats to electronic claims
- Posted for public comment
  - ◆ Transactions = 16,000

# Portability



- Guidelines for underwriting
- Protects in lost group coverage

# Administrative Simplification



- Secures electronic patient information
- Standardizes and simplifies how medical tx moves
- Patient's rights

# Simplification Objectives



- Establishes Unique Provider Identifiers
- Establishes EDI for 8 transactions and claims attachments
- Implementation of authentication techniques

# Simplification Objectives



- Establishes privacy and security protection of health information
- Reduces costs

# Simplification Objectives



- Grants DHHS & DOJ flexibility in pursuit of suspected organizations
- “Safe Harbors” for Whistleblowers
- Provides severe penalties and sanctions to those found guilty

# HIPAA Administrative Simplification

## What is Required?

# HIPAA Administrative Simplification

- Applies to all health plans, clearinghouses, and any health care provider who transmit protected health information

# What is health information?

- Information that relates to the past, present, or future physical, mental health condition of an individual or payment for the provision of health care to an individual transmitted or maintained regardless of form.

# Health Plan § 2791 (b)



- FR pg. 43247 8-12-98
- HMO's, PPO's, PSO's
- Independent Practice Associations
- Competitive Medical Plans
- Exclusive Providers Organizations
- Foundations for Medical Care

# Clearinghouse §160.103



- Public or private
- Entity facilitates the processing of information received from another entity
- Receives standard transactions and processes to non-standard transaction

# Business Associate §162-923

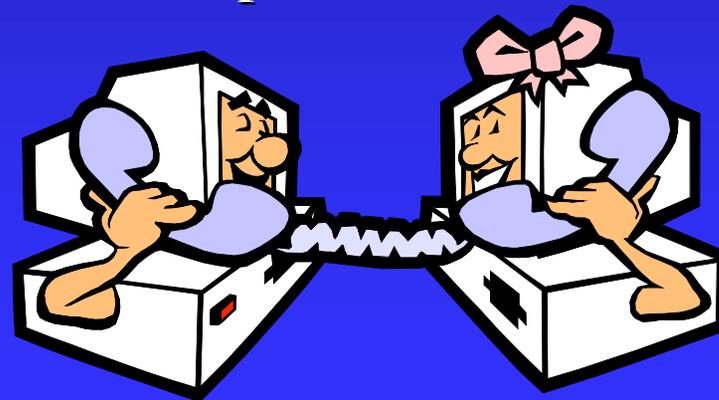


- Healthcare Clearinghouse  
(All or part of the transaction)
  - ◆ Comply with all applicable requirements
  - ◆ Require agents and/or subcontractors to comply with all applicable requirements

## HIPAA Administrative Simplification

### What is Required?

- Standards for the following transactions:
  - ◆ claims and equivalent encounter information
  - ◆ payment and remittance advice
  - ◆ coordination of benefits
  - ◆ claims status
  - ◆ enrollment/disenrollment in health plan
  - ◆ plan eligibility
  - ◆ plan premium payments



## HIPAA Administrative Simplification

### What is Required?

- Standards for the following transactions: (cont.)
  - ◆ referral certification and authorization
  - ◆ first report of injury
  - ◆ health claims attachments
  - ◆ other transactions as the DHHS Secretary may prescribe by regulation
- Unique Provider Identifier
- Standards to protect the privacy and security of individual health information

# Eligibility Checks



- Focused on outpatient
- Denials averaged \$50,000 week
- One month performed 19,700 checks or 80% of the claims
- 31 FTE's 5,000 hours
- 16 hours electronically

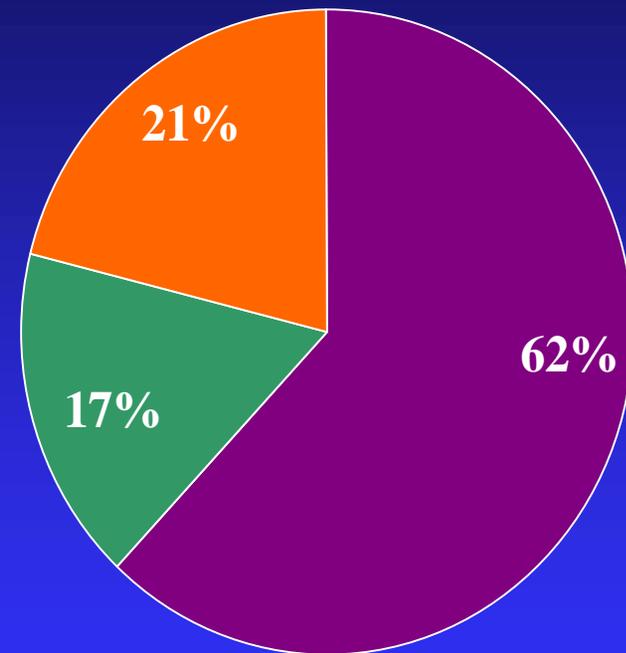
## HIPAA Administrative Simplification

# Why Privacy and Security?

## HIPAA Administrative Simplification - Privacy and Security

### Why Privacy and Security?

- Increasing corruption and unauthorized access of electronic information
- Organizations reporting unauthorized use of computer systems in 1999



Source: 1999 CSI/FBI Computer Crime & Security Survey

■ Yes   ■ No   ■ Don't Know

## HIPAA Administrative Simplification - Privacy and Security

### What is Required for Privacy?

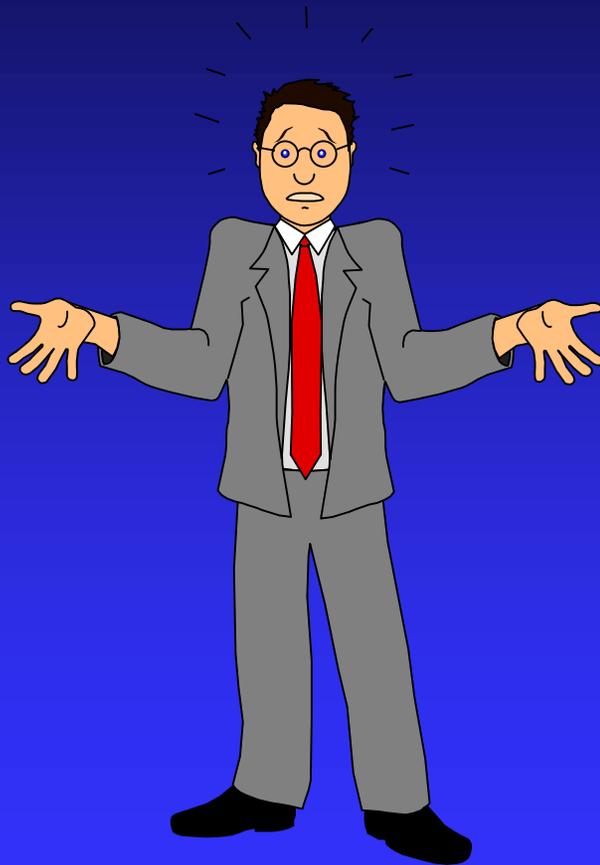
- Specific requirements for policies and procedures
- Policies and procedures for the appropriate use and disclosure of protected health information
- Minimum Necessary Use and Disclosure
- De-Identification policies
- Application to Business Partners
- Notice of Information Practices and Rights of Individual concerning Authorization and Access to individual information

## What is Required for Privacy?

- Administrative Requirements
  - ◆ Privacy Officer
  - ◆ training of staff
  - ◆ sanctions policies
  - ◆ monitoring processes
  - ◆ mitigating effect of unauthorized release
  - ◆ documentation available concerning compliance
- Policies and procedures for exceptions to individual authorization

# Privacy Regulations

Final Rule: 65 Fed. Reg. 82798, 12-28-00



- Paper, e.g. Faxes
- Conversations, e.g. Dictation

# Final Rule: 65 Fed. Reg. 82798, 12-28-00

- Marketing Communications
- Patient Authorization
- Fundraising Activities
- Benefits Coordination Activities

# Authorizations



- Consent prior to using or disclosing protected information for treatment, payment or healthcare operations
- Authorization prior to using for all other purposes

# Right of Individuals: Access

- Right of access to inspect and obtain a copy of protected health information

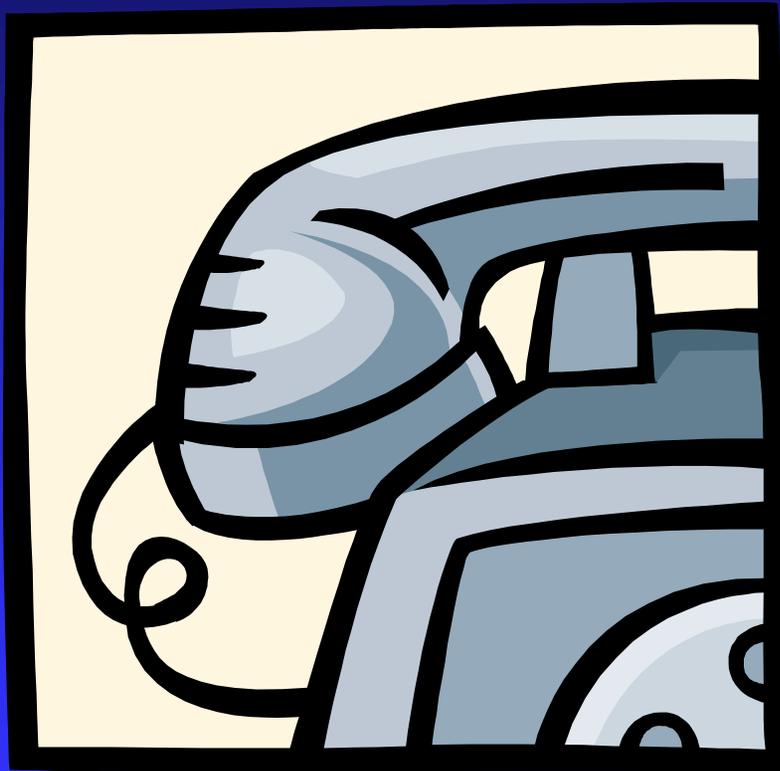


# Rights of Individuals:



- Right to amend record
- Right to review list of disclosures
- Right to request that use of disclosures be restricted

# Policy on Transcription



- Information may not be dictated into cellular phones or public telephones where others can overhear the dictation or into equipment with an activated auto answer

# Policy on Transcription



- Authorized carriers only may ship dictation
- Off-site transcriptionists
- Audio Cassette Tapes, CD's or other voice files
- Name carrier in policy

# Information Systems



- Log-Off Required
- Users must log off when not transcribing **UNLESS** a pause feature removes the document from screen view and access

# Policy on Transcription

- Storage & Deletion of Dictation Voice File
- Store voice file only for the length of time necessary to transcribe and review documentation
- Voice file must then be deleted from digital system or erased from an analog system
- Transcribed tapes may not be reused until first erased.

## HIPAA Administrative Simplification

# What is Required for Security?

## HIPAA Administrative Simplification - Privacy and Security

### What is Required for Security?

- Standards for Security of Health Information
- Covers all electronically maintained or transmitted individual health information
- Health care providers, plans, and clearinghouses

## HIPAA Administrative Simplification - Privacy and Security

### What is Required for Security?

- Administrative Procedures to Guard Data Integrity, Confidentiality, and Availability
- Physical Safeguards
- Technical Security Services

# Email - Accidents & Hackers

- Obtain written consent
- Explain risks of using email to patients
- List conditions of using email

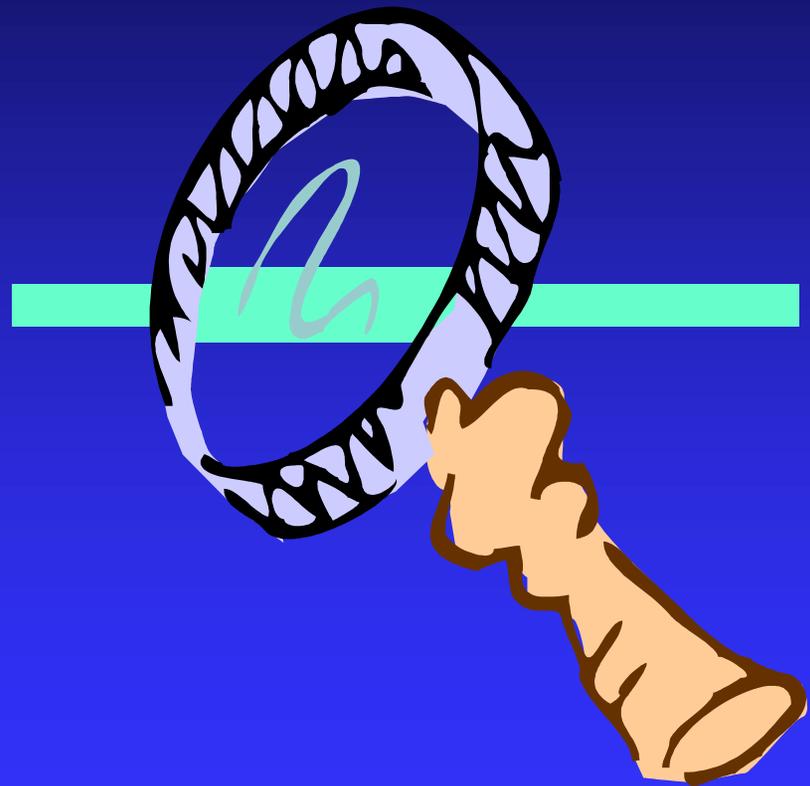
HIPAA Administrative Simplification

What's Our Next Step?

## HIPAA Administrative Simplification

### What's Our Next Step?

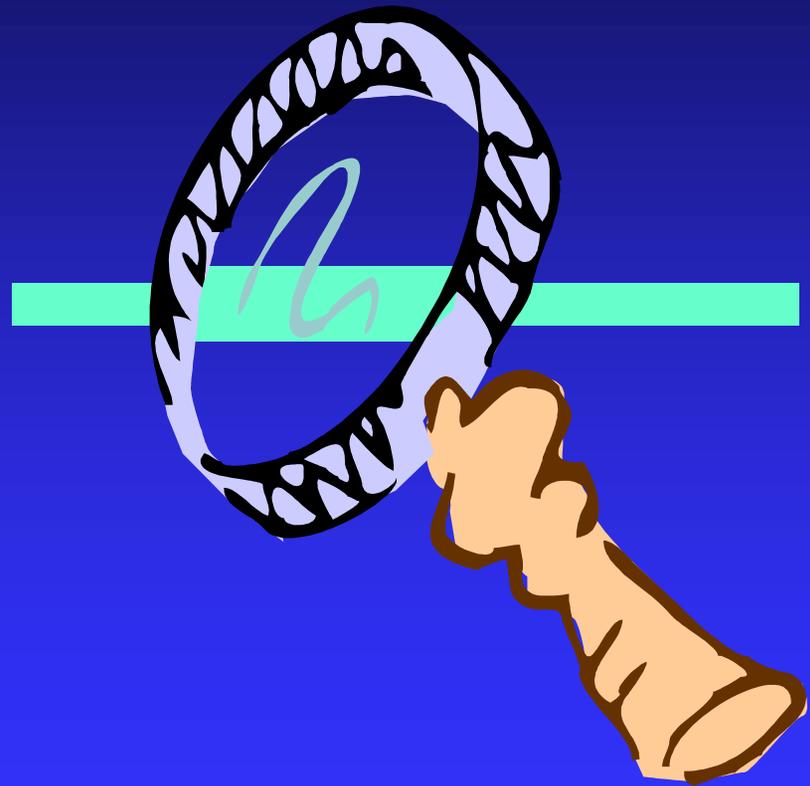
- Establish Steering Committee
- Educate Officers
- Conduct Risk Assessment & Gap Analysis
- Conduct Interviews
- Review of state law



## HIPAA Administrative Simplification

# What's Our Next Step?

- Visualize compliance within business strategy
- Education and Awareness
- Establish Monitors



# HIPAA Responsibility



- Oversight Authority Compliance
- Security: Information Systems
- Privacy: HIMS

“Failure to prepare is preparing to fail”  
--Mike Murdock