



HIPAA

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Jim Moynihan
McLure-Moynihan Inc.
Agoura Hills, CA
www.mmiec.com

An Overview of EDI and the Origins of HIPAA



Administrative Simplification

Healthcare
Insurance Portability
and Accountability Act

Privacy

Security



What is **HIPAA** About?

- HIPAA is all about Standards!
- Standards for automating the business process of Claims Administration
- Standards for the security and confidentiality of Health Information



Let's Define Our Terms

- **Electronic Data Interchange:**
 - The exchange of computer-processable data in a standardized format between two enterprises.
- **Electronic Commerce:**
 - Any use of a variety of technologies that eliminate paper and substitute electronic alternatives for data collection and exchange. Options include Interactive Voice Response, Fax, Email, Imaging, Swipe Cards and multiple Web-based Internet tools.



Eliminating Paperwork

- **A Decades-Old Quest**
 - 1950s First Steps
 - 1960s Tape-based standards
 - 1970s Industry-Specific Standards
 - 1980 Cross-Industry Standards
 - 1990s EDI evolves into EC
 - 2000s Stay Tuned!



▶ EDI and EC: A Place for Both

- **EDI**
 - Standards-based data exchange - the foundation of quality transaction processing.
 - System to system exchanges of highly *structured* data.
- **Electronic Commerce:**
 - Multiple ways to communicate unstructured data.
 - People-to-system or people-to-people exchanges.



What Standards?

- **What is ANSI?**
 - American National Standards Institute
 - Since 1917 the only source of American National Standards
- **What is ASC X12**
 - Accredited Standards Committee X12, chartered in 1979
 - Responsible for cross-industry standards for electronic documents



Healthcare EDI/EC

- Medicare practices and procedures created today's electronic claims processes.
- Claims clearinghouses arose to meet the mapping and editing needs of providers and commercial claims payers.
- Medicaid's practices and procedures created today's electronic eligibility processes.



▶ **Administrative Simplification**

- New England Journal of Medicine article claims 19-24% of US Healthcare Costs are Administrative.
- Private Sector Response - the Bush Administration and WEDI.



.....▶ **1993 WEDI Recommendations**

- **To automate the claims process will require:**
 - **Standards for key Employer-Health Plan data exchanges.**
 - **Standards for key Payer-Provider data exchanges.**
 - **Uniform Code Sets**
 - **National Identifiers**
 - **Patient**
 - **Provider**
 - **Payer**
 - **Employer**



.....▶ **1993 WEDI Recommendations**

- **National Guidelines to preempt state standards**
 - **Signatures**
 - **Security**
- **The Clinton Reform Initiative incorporated many of the WEDI recommendations with some embellishments.**
- **Support for Administrative Simplification survived the death of the Clinton Healthcare Reform Initiative**



Privacy

The “leak” of the HIV Positive Diagnosis led to an alarmed public and a series of hearings on Privacy.

- **Bipartisan consensus on administrative simplification found its expression in HIPAA legislation of 1996. WEDI recommendations were incorporated with additional requirements related to Privacy.**



1996-2000 Waiting for Rules

- **NCVHS**
 - **DHHS charged NCVHS to hold hearings on:**
 - Transaction Standards
 - Code Sets
 - Identifiers
- **Security and Privacy Proposed Rules**
 - **Security Guideline 8/98**
 - **Privacy Proposed Rule 11/99**



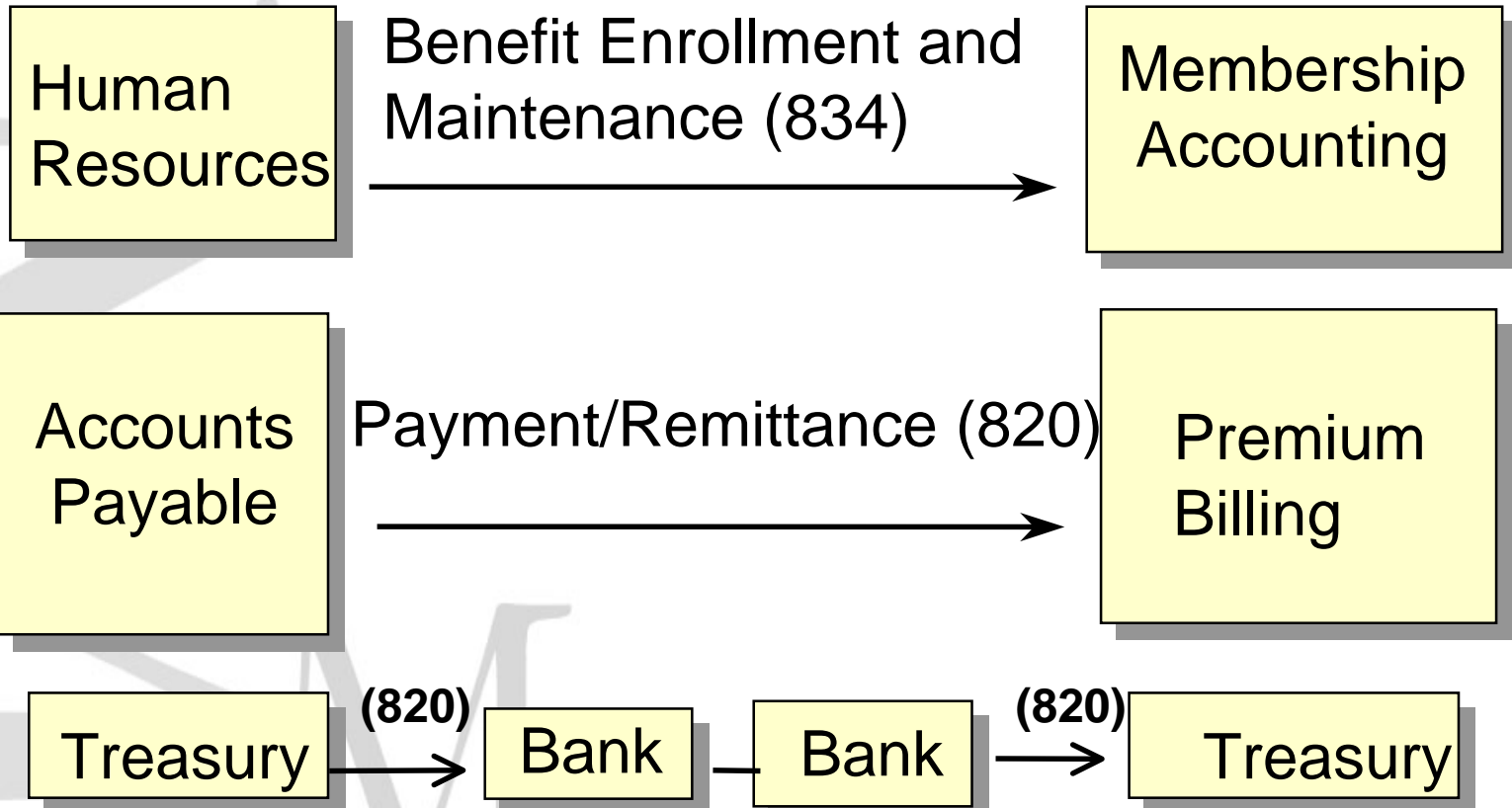
Security

- **“Protected Health Information”**
 - individually identifiable that has ever been:
 - electronically transmitted
 - electronically stored
- **Administrative procedures**---documented general practices for establishing and enforcing security policies
- **Physical safeguards**---documented processes for protecting physical computer systems, buildings, and so on
- **Technical security services**---processes that protect, control, and monitor access
- **Technical security mechanisms**---mechanisms for protecting information and restricting access to data transmitted over a network

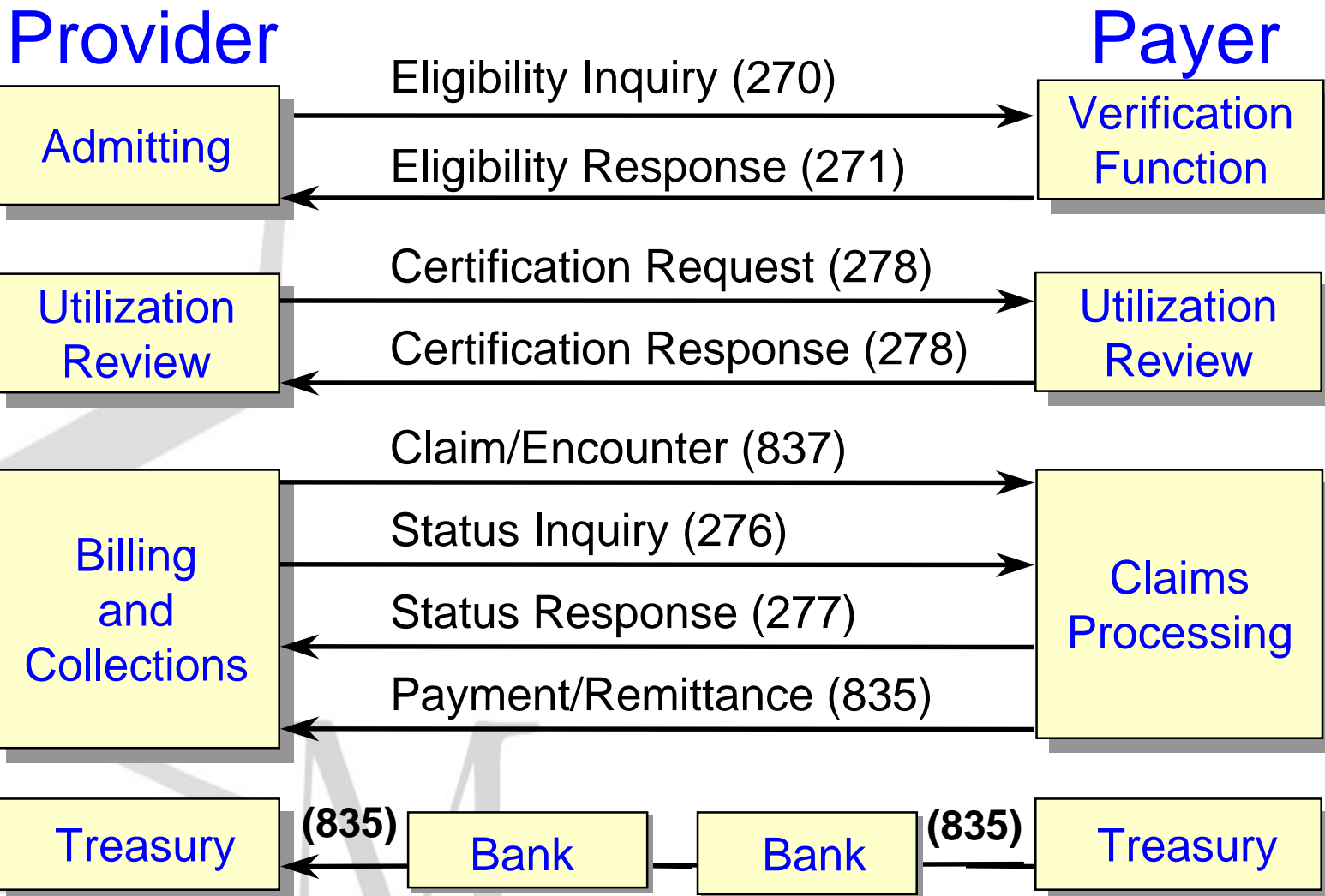


Employer/ Plan Sponsor

Health Plan



The Claims Process





Where Are We Now?

- **Claims Administration will move into the mainstream of Corporate Electronic Document Exchange.**
 - ASC X12 and other standards bodies can help move the industry to long sought goals of a “networked” healthcare industry.
- **Providers and Payers will adopt improved Security practices to keep patient information confidential**
 - Internet security guidelines will also allow the E-commerce revolution to find applications in healthcare.