10 Ways to Keep Implementation Costs Under Control (HIPAA on the Job)

Save to myBoK

by Margret Amatayakul, RHIA, FHIMSS

HIPAA's administrative simplification requirements aim to improve the efficiency and effectiveness of the healthcare system. As an industry, we expect to improve productivity and reduce costs. Yet many providers anticipate spending a significant amount of money to comply with the requirements. How can we resolve this contradiction?

Spend Money to Save Money?

Part of the contradiction stems from the fact that HIPAA proposes to achieve broad-based efficiencies through enhanced use of information technology. The rules reflect a significantly higher level of automation than currently exists in healthcare, while being scalable, flexible, and technology-neutral to accommodate the remaining paper-based world.

For example, the privacy rule requires that a notice of privacy practices be given to every patient. To determine that a specific patient has been given the notice (and which version of the notice was given, if the provider has issued updates), an organization needs a tracking mechanism. If the organization has an enterprise-wide master patient index (EMPI), it can track the date and version of the notice given to each patient. If the organization does not have an EMPI, it may be advantageous to implement one for other reasons but it is not required by HIPAA.

In fact, the regulation does not stipulate how to track that the notice has been given to every patient. A variety of alternatives should be evaluated for the environment, including simply giving each patient a notice at every encounter, placing an acknowledgment of receipt of the notice in the medical record, and manually pulling it to verify; optically scanning the acknowledgment and making it available to review through the admissions/registration screen; implementing an EMPI; or implementing another solution that would achieve the intended purpose.

Another reason why implementing HIPAA seems costly is the surrounding media hype. Before the ink was dry on the rules, pundits were predicting implementation costs of two or three times Y2K. Large expenditures were also described as a means to obtain regulatory relief prior to the release of the privacy rule. In some cases, these pronouncements have become self-fulfilling prophecies.

Market factors contribute to cost perceptions as well. As with any complex set of requirements, some want to capitalize on HIPAA to buy or sell solutions. CIOs may see HIPAA as an opportunity to justify increased IT expenditure or HIM professionals may use HIPAA as the impetus for an MPI cleanup. Neither of these ideas is wrong, but they need to be applied within the context of their true purpose. In the notice example above, an EMPI may truly improve continuity of care and a document imaging system may improve patient financial services workflow.

Consulting services can be a significant cost if not monitored and used appropriately. Keep in mind that many HIPAA solutions can be created and implemented internally. In fact, many IT professionals have wanted to implement stronger access controls or already have the tools to perform more auditing, but organizational priorities or culture has restricted their implementation or use. Alternatively, understanding how the organization compares with others or obtaining leverage from an independent perspective are services that cannot be provided from within.

The lack of a clear picture of future benefits also appears to drive up HIPAA implementation costs. Few organizations have set goals or realized benefits in planning for HIPAA—often only the costs of implementation are considered. While there are clear savings from the transactions in productivity and cash to the bottom line, few organizations have established specific, measurable goals.

For example, benefits from the transactions regulations should include savings in personnel working the phones for eligibility verification and increased cash flow and reduced bad debt from fewer claims denials by performing eligibility verification for all patients, not just scheduled admissions.

In the privacy and security area, costs overshadow future benefits because benefits are more difficult to quantify. Loss avoidance is the most common benefit, but the cost of downtime, recreating files because back-ups were not secured or tested, fixes to workstations that have acquired viruses due to lack of adequate protection, and numerous other measures are quantifiable and should be part of the equation.

Think Creatively, Not Expensively

Providers should distinguish between necessary expenditures and those that may be excessive or attributable to other healthcare needs. As an industry, healthcare is very conservative and highly regulated and healthcare professionals often lack the confidence to create innovative solutions. Yet HIPAA provides not only the opportunity to think creatively, but requires a risk analysis that uses business decisions to drive solutions.

There is no need to reinvent the wheel, so evaluating some of the tools available to manage HIPAA compliance is recommended. But these tools can serve as the source of ideas for internal development if their cost-to-benefit ratios do not justify purchase.

For example, many HIM professionals are involved in helping the organization update policies and procedures for HIPAA.There are a range of tools and services available to assist in creating and managing documents. Some provide generic templates, while others provide elaborate tracking and groupware capabilities. If your organization already has e-mail, policies available on an intranet, and well-documented HIM procedures, an elaborate tool that combines these (and may not even be compatible with the organization's e-mail system or intranet) is probably overkill. Rather, a simple spreadsheet can be used to manage HIPAA documents. Assistance in creating key documents may be sufficient.

10 Ways to Stretch Your Dollars

The following ideas should help set a course for a low-cost HIPAA solution design. They identify where investment in outside services would be beneficial and where internal resources are probably adequate.

1. **Invest in understanding the rules.** This may be only an investment in time to read and discuss the rules, or it may entail obtaining external counsel to assist in highlighting key elements and providing practical interpretation. Either way, it's critical to achieving compliance.

2. **Inventory and use internal talent.** Within your organization, there may already be people with technical writing skills, training experience, database or spreadsheet knowledge, or even hacker skills that can contribute to implementing solutions in your organization. HIPAA does not "belong" to any one department; everyone needs to work together.

3. **Make HIPAA multidisciplinary.** Everyone in the organization must comply with the rules. Involving many groups in the planning and implementation ensures buy-in and produces creative solutions that meet everyone's needs.

4. **Don't involve too many people in decision making.** While multidisciplinary solution design is important, decisions made by committees take time and often result in a "lowest common denominator" solution rather than the best solution for the organization.

5. **The best solution is not the most expensive one.** The best solution is the one that will ensure compliance. It may require significant effort, but rarely a direct outlay of cash.

6. **Don't assume that solutions cannot be changed.** Solutions for today may need to be based on existing technical capability,but as the organization becomes more automated or changes in other ways, solutions can become more sophisticated. HIPAA requires testing and revision of solutions, which lays the groundwork for ongoing compliance.

7. **Seek outside counsel** from consultants, attorneys, and others appropriately. Use these resources to inform and interpret, benchmark, validate, and obtain solutions that are too costly to develop internally. However, turning over the complete HIPAA

program to an outsider generally does not achieve the level of organizational commitment required for ongoing compliance.

8. **Collaborate** to learn from others, achieve economies of scale, and improve satisfaction for members of the work force and patients. Physicians often practice at multiple hospitals and do not want to follow multiple policies. Patients can become confused by variations in the ways different providers may carry out the rules. Further, in today's business climate, one's competitors can become one's partners or even one's owner overnight. Collaborating on HIPAA is not giving away trade secrets. Privacy must be assured for all and should not be used as a competitive advantage.

9. **Investments in IT to support HIPAA can be used to advantage.** If you can send claims out the door faster, more economically, and more accurately, that is a distinct advantage. If you have found a more effective way to carry out a given policy, even though the policy is consistent across the community, there is real savings for you.

10. **Just do it!** There are risks associated with non-compliance; but there are also risks in overinvesting in outside solutions that don't work. Take stock of the resources at hand. There are probably more than you think. u

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