# Enhance Your Organization's Awareness of HIPAA (HIPAA on the Job)

Save to myBoK

*by Bonnie Cassidy, MPA, RHIA, FHIMSS*

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When the Health Insurance Portability and Accountability Act (HIPAA) became effective in 1996, many hospitals and physicians mistakenly assumed that its provisions did not apply to them. Similarly, many e-health vendors have yet to wake up to the fact that HIPAA applies to them as well.

In reality, Title II of HIPAA deals specifically with **security and privacy of patient health information that is stored or collected by or transmitted between providers, plans, or clearinghouses.**

Some industry experts believe HIPAA to be the most sweeping healthcare legislation in the last 30 years and project that it will have a significant impact on the use of information technology in the industry. According to these experts, enforcement of HIPAA will either stifle the use of information technology in the healthcare industry or will accelerate the development and implementation of electronic medical records systems and foster widespread adoption and integration of Internet technology and use.[1]

If you lived through the passage of the prospective payment system (PPS) that brought us Diagnosis-related Groups (DRGs), you know what a "significant impact" means to the daily lives of HIM professionals. The industry consensus is that the effect of HIPAA will be far more extensive than preparation for Y2K. The difference is that almost 20 years later, HIM professionals have emerged as the true leaders in information management and regulatory compliance. Now is the time to demonstrate that you've got what it takes to enhance your organization's awareness of HIPAA.

## What Are the Basics?

What is HIPAA designed to do? Its primary objectives are to:

- ensure health insurance portability
- reduce healthcare fraud and abuse
- guarantee security and privacy of health information
- enforce standards for health information

With the passage of HIPAA, the Department of Health and Human Services (HHS) initiated a multiyear effort to adopt standards required by the act's administrative simplification provisions (known as Part F). The goal was to reduce healthcare's costly administrative overhead.

To accomplish this goal, the act requires HHS to adopt standards to facilitate uniform electronic commerce and electronic data interchange (EDI). Although the law does not require that any health information be collected or electronically transmitted, it calls for standards to safeguard the privacy and confidentiality of individually identifiable health information that is transmitted and stored electronically.

Given the focus on health information, who better than HIM professionals to take the lead in educating and promoting organizational preparedness for HIPAA compliance?

## Where Are We?

HHS has identified most of the code sets, transaction sets, and identifiers to be used by payers and providers in the electronic transmission of health information. The agency also has published proposed rules related to security, privacy, transactions and code sets, and national provider and employer identifiers.

The publication deadlines for the final rules are subject to change; however, the important thing to remember is that organizations will need to be in compliance two years after final regulations are published. Check the HHS Web site at http://aspe.os.dhhs.gov/admnsimp/pubsched.htm for updates.

When the final rules are issued, providers will face significant requirements to implement new business and information system policies and procedures. The size and scope of the rules related to HIPAA will redefine how providers access, transmit and disclose health data.[2]

For monitoring progress and changes, you may want to visit some of the sites in "HIPAA Help Online" periodically. Also, visit AHIMA's Web site (www.ahima.org) for more articles on HIPAA.

## HIPAA Help Online

Tentative schedule of HIPAA administrative simplification regulations—http://aspe.os.dhhs.gov/admnsimp/pubsched.htm

Frequently asked questions about standards for electronic transactions—http://aspe.os.dhhs.gov/admnsimp/faqtx.htm

Frequently asked questions about national provider numbers—http://aspe.os.dhhs.gov/admnsimp/faqnpi.htm

Frequently asked questions about national standard employer numbers—http://aspe.os.dhhs.gov/admnsimp/faqemp.htm

Frequently asked questions about code sets—   http://aspe.os.dhhs.gov/admnsimp/faqcode.htm

White paper on the unique health identifier for individuals—http://ncvhs.hhs.gov/noiwp1.htm

Data Interchange Standards Association's information site about ASC X12—http://www.x12.org/

## Are We Ready?

How many people in your organization have seen the proposed rule publication schedule or something like it? That is a good place to begin. Let your executives and department heads know that these are some very significant dates and that your organization must start planning for success.

We know that nearly **everyone** in the healthcare industry will be touched by HIPAA **compliance**. Payers, employers, providers, clearinghouses, healthcare information system vendors, billing agencies, and service organizations will all be affected.

Your organization needs to ensure that staff members understand the proposed rules and that they have a plan to bring their organization into compliance with them. In particular, your organization should understand the implications of rules relating to **security, privacy, transactions and code sets, identifiers, and compliance management.**

## Does Everyone in My Organization Understand the Impact of HIPAA?

What is the scope of this law? HIPAA will affect all functions, processes, and systems that store, handle, or generate health information.

Healthcare organizations will be required to completely rethink the manner in which they protect the security and privacy of patients and consumers. It mandates standard formats for the most common transactions between organizations. Many organizations will need to replace or substantially change their current systems and processes to comply with HIPAA regulations.

For instance, you should be researching and educating yourself about HIPAA's transaction standards. The transaction standards will replace our current flat file standards (fixed-length records and fields). In other words, in the future, the HCFA 1500 for professional claims and the UB-92 for hospital claims will not be the same as we know them today.

The transaction standards require the adoption of the X12 N standard for professional and institutional claims. It's a good idea to review the related references in the X12 N implementation guide, including:

- X12 N 837 (Healthcare claim)
- X12 N 835 (Payment/advice)
- X12 N 276 and 277 (Claim status request and response)
- X12 N 834 (Benefit enrollment and maintenance)
- X12 N 270 and 271 (Eligibility benefit inquiry and response)
- X12 N 820 (Payment order/remittance advice)
- X12 N 278 (Request for services review/response)

## Why Should We Comply?

The consequences for organizations that do not comply with HIPAA are substantial. Organizations that violate the rules may be fined up to $25,000 per standard violated per calendar year. Individuals who violate the rules can suffer criminal penalties that include fines of up to $250,000 and imprisonment of up to 10 years, if the offense is committed with intent to sell, transfer, or use individually identifiable health information for commercial advantage, personal gain, or malicious harm. (Citizens, however, cannot sue providers for disclosure under HIPAA.)

Besides statutory penalties, organizations should want to comply with HIPAA because of the potential for **administrative cost savings** and **improved customer service**. The administrative benefits are expected to include:

- reduction in manual processing
- decrease in the variability of processes
- an estimated $9 billion in cost savings in the healthcare industry

The customer service benefits are expected to include:

- claims—reduce processing errors, shorten claims processing cycle times, and provide online claims status reporting
- eligibility—reduce the waiting time for verification of eligibility
- referrals—reduce errors in processing and provide faster coordination between referring physicians

Other possible benefits of HIPAA include:

- improved efficiency
- reduced labor costs
- reduction in claims rejections
- education in "write-off" amounts
- enhanced detection of fraud

We must continue to remind ourselves and our colleagues of the goals and benefits of HIPAA as we prepare for compliance.

## What Is My "Action Plan" for the Next Few Months?

In the next few months, you must be proactive in helping to prepare your organization prepare for HIPAA compliance. Steps in your action plan should include:

- conduct your own research on HIPAA. For example, read the proposed rules, articles in the *Journal of AHIMA*, and other HIPAA-related information

- prepare and give a presentation on HIPAA for your staff or local HIM association

- conduct the self-assessment in the May installment of "HIPAA on the Job"

- propose giving your HIPAA presentation at your organization's next department director meeting

- schedule a meeting with your boss to discuss HIPAA preparedness at your organization

- create a HIPAA compliance work plan with tasks, timelines, individual names, and budget

- through these activities and others, carve out your role in HIPAA compliance planning for your organization

## Notes

1. Dahm, Lisa. "HIPAA of 1996." Published by the Health Law and Policy Institute, University of Houston Law Center. Available at www.law.uh.edu/healthlaw/.

2. Moynihan, James, and Marcia McLure. "HIPAA brings new requirements, new opportunities." *Healthcare Financial Management* 54, no. 3 (2000): 52.

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