

TO: All Providers
FROM: CareFirst of Maryland, Inc.
DATE: May 2, 2003
SUBJECT: HIPAA Provider Outreach Activities

The April 14, 2003 HIPAA privacy deadline and the April 16, 2003 testing deadline, have passed, and the October 16, 2003 deadline for compliance with the HIPAA electronic transactions and code set standards is approaching quickly. Many providers are only now starting to think about what they need to do to become HIPAA compliant. To avoid being a HIPAA covered entity, some consultants are suggesting that providers consider switching from electronic transmission to paper claims. Their advice is extremely shortsighted and certainly not a panacea, especially for Medicare providers. Consider the following:

Requirement to go to electronic claims

Medicare will not accept paper claims, effective October 16, 2003. There will be exceptions for small providers and under other limited situations. Regulations are expected soon.

Negative fiscal impact of paper claims

Processing paper claims takes longer than electronic claims and has an increased rate of error. Faster payment can be made for electronic claims submitted to Medicare. Electronic Medicare claims can be paid 14 days after they are received while paper claims cannot be paid before 28 days after receipt. In addition, processing paper claims has increased administrative, postage and handling costs.

Changes to business processes

Switching from electronic transmission to paper claims would have numerous repercussions on the business processes of your office. Remember that HIPAA transactions include more than just claims submission. Providers often conduct eligibility queries, claim status queries, and referral transmission electronically. All of these would have to be done on paper to avoid being a HIPAA covered entity, ultimately leaving less time for patient care and more time devoted to administration. However, you could decide to do some paper transactions and some electronic transactions, but remember that the electronic transactions must be HIPAA compliant.

General HIPAA Information

What is HIPAA?

Congress passed the Health Insurance Portability and Accountability Act (HIPAA) in 1996. There are four main areas that comprise administrative simplification:

1. Electronic Transactions and code sets
2. Unique Identifiers
3. Privacy
4. Security

What are the HIPAA transactions?

Electronic Transaction Standards have been developed for the following exchanges of information that providers conduct:

1. Health care claims or equivalent encounter information;
2. Health care payment and remittance advice;
3. Health care claims status
4. Eligibility inquiry
5. Referral certification and authorization
6. Claims attachment (standards forthcoming)
7. First report of injury (standards forthcoming)

What is a HIPAA covered entity?

Under HIPAA, all health care clearinghouses, all health plans, and those health care providers that conduct certain transactions in electronic form or who use a billing service to conduct transactions on their behalf are considered covered entities.

What is “electronic”?

The term “electronic” is used to describe moving health care data via the Internet, an extranet, leased lines, dial-up lines such as for “direct data entry”, or DDE, private networks, point of service, and health data that is physically moved from one location to another using magnetic tape, disk or CD media. For example, if a provider transmits information electronically by transmitting claims, conducting eligibility queries, conducting claim status queries or referrals, they would be considered a covered entity under HIPAA.

A benefit to consider

HIPAA efficiencies include using the same format for all payers rather than separate formats for each payer, as is often done today.

HIPAA Deadlines:

- | | |
|------------------|---|
| April 14, 2003 | Privacy - all covered entities except small health plans. |
| April 16, 2003 | Electronic Health Care Transactions and Code Sets - all covered entities must have started internal software and systems testing. |
| October 16, 2003 | Electronic Health Care Transactions and Code Sets - all covered entities that filed for an extension and small health plans. |
| April 14, 2004 | Privacy - small health plans. |
| April 21, 2005 | Security - all covered entities except small health plans. |
| April 21, 2006 | Security - small health plans. |

Where to go for help:

CMS website: <http://www.cms.hhs.gov/hipaa/hipaa2>

HIPAA hotline: 1-866-282-0659

AskHIPAA mailbox, send an email to askhipaa@cms.hhs.gov

For more information on privacy, visit <http://www.hhs.gov/ocr/hipaa>.

For privacy questions, call 1-866-627-7748

(Source: CMS Joint Signature Memorandum dated April 25, 2003)

THIS BULLETIN SHOULD BE SHARED WITH ALL HEALTH CARE PRACTITIONERS AND MANAGERIAL MEMBERS OF THE PROVIDER/SUPPLIER STAFF. ALL BULLETINS ISSUED AFTER OCTOBER 1, 1999 ARE AVAILABLE AT NO COST FROM OUR WEB SITE AT www.marylandmedicare.com.

Questions regarding this bulletin should be directed to the provider relations department at (866) 488-0545.