

**Health Insurance Portability and Accountability Act (HIPAA)
Electronic Transactions & Code Set Standards:
What HRSA Grantees Need to Know**

- **The Transactions Rule:**

Aug. 17, 2000 – Final Regulation ("Transactions Rule") published
Access the text of the regulation and answers to FAQs at
<http://aspe.os.dhhs.gov/admnsimp/bannertx.htm>

- **Compliance date:**

Oct. 16, 2002 – Compliance with Final Regulation

The compliance date will be delayed until **October 16, 2003** for individuals or entities that submit a compliance extension plan to Centers for Medicare and Medicaid Services (CMS) **no later than Oct. 15, 2002**. **It is important to note that HHS will not pay Medicare claims that are not submitted electronically after October 13, 2003. Providers with fewer than 10 employees are exempt from this provision.**

- **How to Obtain a Compliance Extension:**

CMS has developed a model compliance plan (a short form) and is offering the option to submit the HIPAA Model Compliance Plan form electronically. CMS urges all covered entities that intend to submit the plan to do so electronically at the web site. You will receive a confirmation number if you do so, as proof of submission. The model plan and online help is available at:
<http://www.cms.gov/hipaa/hipaa2/ASCAForm.asp>

- **Purpose of the Regulation:**

To standardize the way health care data is exchanged electronically in order to streamline the processing of health care transactions, reduce the volume of paperwork, save money, and provide better service for providers, insurers, and patients

- **What the Regulation Does:**

Establishes standard data content and formats for submitting electronic claims and other administrative health care transactions.
Establishes coding standards for reporting diagnoses and procedures as well as non-medical data.

- **Entities that Must Comply with the Regulation:**

All health plans, health care clearinghouses and health care providers that transmit information electronically through any of the transactions standardized by the Transactions Rule.

- **Effect on HRSA Grantees:**

Providers must familiarize themselves with the requirements of the regulation and assess the degree to which systems must be modified or renovated in order to come into compliance. Under the Transactions Rule, providers who electronically send or accept the transactions standardized by the Transactions Rule must be able to do so using only the standard transaction by the compliance deadline. Standardized formats and data content will be required for the following electronic transactions:

- health care claims or encounters
- referral certification and authorization
- claim payment and remittance advice
- health claim status
- coordination of benefits
- health plan eligibility
- enrollment/disenrollment in a health plan
- health plan premium payments

The regulation also requires the use of standardized coding to represent the data to be transmitted. Code sets include:

- Current Procedure Terminology (CPT-4)
- International Classification of Diseases, 9th Revision, Clinical Modification (ICD-9-CM)
- HCFA Common Procedure Coding System (HCPCS)
- Code on Dental Procedures and Nomenclature, 2nd Edition (CDT-2)

Please be aware that no Medicaid local codes will be accepted. Medicaid agencies are expected to adopt a set of national codes now in development.

- **Next Steps:**

Each organization must determine for itself the best way to achieve compliance with this regulation. **We strongly suggest that every provider take immediate**

steps to start compliance activities if they have not already done so.

These are some suggested initial steps:

Identify an individual in your organization as a HIPAA liaison, or form a HIPAA compliance workgroup/committee to promote internal awareness of HIPAA.

Identify the needs of your organization by performing a "gap analysis." In other words, determine how the HIPAA electronic transactions and code set regulation will impact your operations and systems.

Submit the compliance extension plan to CMS, as it is likely that you, as well as most other health plans and health care providers, will not meet the October 16, 2002 compliance date.

Develop a compliance plan and identify potential resources to assist with execution.

Contact your health plans, fiscal intermediaries, clearinghouse, state Medicaid agencies and vendors etc. for information on their HIPAA compliance progress and plans. Specifically, you need to know what level of support and associated costs can be expected from each of these entities.

- **Resources:**

HRSA HIPAA Website

<http://www.hrsa.gov/website.htm>

DHHS Administrative Simplification Website

<http://aspe.os.dhhs.gov/admsimp/>

Centers for Medicare and Medicaid Services (CMS)

<http://www.cms.gov/hipaa>

Southern HIPAA Administrative Regional Process (SHARP) workgroup

<http://www.sharpworkgroup.com/>

Workgroup for Electronic Data Interchange's (WEDI) Strategic National Implementation Process (SNIP)

<http://snip.wedi.org>

- **Questions:**

Looking for answers to your HIPAA Administrative Simplification questions?

Send your question to

AskHIPAA@cms.hhs.gov