HIPAA INFORMATION SERIES

6. What To Expect From Your Health Plans

This paper is the sixth in a series of ten developed by the Centers for Medicare & Medicaid Services (CMS) to communicate to the health care industry key concepts and requirements contained in HIPAA – The Health Insurance Portability and Accountability Act of 1996. The series focuses in particular on HIPAA's electronic transactions and codes sets requirements and what providers need to know to prepare for them.

This paper discusses the provider / health plan relationship and the importance of on-going communication in the HIPAA implementation process.

What are Trading Partner Agreements?

Most providers are familiar with the concept of business agreements and contracts – they are an integral part of doing business. These agreements detail the services, conditions, and costs of doing business with health plans and clearinghouses.

Many health plans use agreements called "Trading Partner Agreements" or TPA to establish the details of how electronic data interchange (EDI) will be conducted between the plan and the providers it deals with. From a business perspective, a trading partner agreement makes sense. It is a valuable resource and protects your interests, as well as the interests of your trading partner.

For more information, see paper 8 in this series, "Trading Partner Agreements," which details the kinds of information you can expect to find in a TPA.

HIPAA COMPLIANCE IS A TWO-WAY STREET

Your health plans, payers, billing services, and clearinghouses are your partners in the HIPAA compliance process.

NOTE: Each Health Plan's Trading Partner Agreement will be different and tailored to your needs and the needs of your health plans. This gives each party much needed flexibility.

Compliance Deadlines

April 16, 2003
Begin Testing

October 16, 2003
Compliance with Electronic Transactions & Code Sets

STANDARD TRANSACTIONS

1. Claims or equivalent encounter information

2. Payment and remittance advice

3. Claim status inquiry and response

4. Eligibility inquiry and response

5. Referral certification and authorization inquiry and response

6. Enrollment and disenrollment in a health plan

7. Health plan premium payments

8. Coordination of benefits

Pending approval:
9. Claims attachments

10. First report of injury

CODE SETS

1. Physician services/ other health services- **both HCPCS and CPT-4**

2. Medical supplies, orthotics, and DME- **HCPCS**

3. Diagnosis codes- **ICD-9-CM,Vols 1&2**

4. Inpatient hospital procedures– **ICD-9-CM,Vol 3**

5. Dental services– **Code on dental procedures and nomenclature**

6. Drugs/biologics– **NDC for retail pharmacy**

X12N Implementation Guides

The ASC X12 N Implementation Guide for each standard transaction is the official set of rules surrounding the specific electronic transactions standards. Your health plans, payers, billing services, software vendors and clearinghouses rely on these documents to become compliant with the electronic transactions and code sets requirements of HIPAA. Each guide contains technical requirements for the use of specific formats and the data elements within the formats. For example, there are four 837 implementation guides that provide detailed information concerning how various types of health care claims should be structured. For a more technical discussion, see paper 4 "Overview of Electronic Transactions and Code Sets."

> **TIP:** Implementation guides are designed to assist those who implement any of the HIPAA electronic transactions and code sets. Frequently, this is a covered entity's information systems (IS) department or software vendor.

What is a companion guide?

You may also receive a "companion guide" from your health plan. This document is a set of special instructions that provides further guidance on how the health plan is interpreting the implementation guides. While HIPAA specifies implementations guides, companion guides have been independently created and are tailored to meet individual health plans' particular needs. For example, a companion guide, or other types of special instructions from health plans, detail what data the health plan will specifically require for transactions where data may be required on a situational basis.

> **TIP:** A "companion guide" is the term commonly used to describe a document developed by many health plans to supplement the HIPAA implementation guides.

What about business associate agreements?

A business associate is a person or organization that performs a function or activity on behalf of a "covered entity." Companies such as billing and software vendors are not considered covered entities under HIPAA; however, many of these companies have a business relationship with covered entities and may be considered their business associates. For example, vendors may provide claims processing functions, practice management, or billing software services for a covered entity. Because they also have access to Protected Health Information (PHI), business associates must agree to the privacy and security requirements of HIPAA. The business associate agreement is used to describe the business associate's responsibilities for protecting the privacy and security of PHI. Even though covered entities are already required to comply with all HIPAA privacy and security requirements, if they are business associates they still must have a business associate agreement between them.

TECHNICAL WEBSITES

X12N Implementation Guides: www.wpc-edi.com

Retail Pharmacy Guides: www.ncpdp.org

National Provider Identifier: http://aspe.hhs.gov/admnsimp/bannerid.htm

Provider Taxonomy Codes: http://www.wpc-edi.com/codes/Codes.asp

Current Dental Terminology Codes: www.ada.org

Current Procedural Terminology Codes: http://www.ama-assn.org

Healthcare Common Procedure Coding System (HCPCS) http://www.cms.gov/medicare/hcpcs

International Classification of Diseases (ICD) www.cdc.gov/nchs

IMPORTANT NOTE

Providers will need to review their current, as well as planned systems, to ensure that HIPAA standard transactions and codes sets are utilized and the formats for standard identifiers are supported.

See paper 4, "Overview of Electronic Transactions and Code Sets" for additional information.

Communicate with your health plans

Communication is essential to HIPAA compliance. Ask your health plans about their HIPAA implementation plans. It is a good idea to document the information you receive. Many providers are asking health plans to provide their responses to certain questions in writing. Whether you choose to formally write each of your plans, or call them on the phone – it is important to ask them the following information.

> **IMPORTANT:** If you have not received information from your health plans, check your individual health plans' web sites or call them and ask about their HIPAA implementation plans.

Sample questions for your health plans

> *Are you HIPAA compliant? Do you have a trading partner agreement for your providers?*

> *When do you plan on testing and implementing the HIPAA transactions?* Use of the HIPAA transaction and code sets is mandatory beginning October 16, 2003. Many health plans will be implementing the transactions on a staggered basis in order to reduce the workload come October. Find out from your health plans when they will be ready for testing each transaction. Internal testing should begin no later than April 16, 2003 – even if your testing does not yet include direct testing with trading partners. See paper 7 in this series, "What you need to know about testing," for more information.

> *Do you have an implementation companion guide, or any other type of special instructions for your providers?* The companion guides explain how a health plan is implementing the standard transactions and provides details unique to that health plan.

> *What assistance can you offer to your providers?* Many health plans offer assistance to their contract providers. Help can take the form of written tips and advice, or even technical assistance.

> *What policy or business changes may be enacted as part of the your compliance effort?* Your health plans may choose to change certain business practices as a result of HIPAA implementation requirements. For example, a plan may decide to change its authorization requirements or policies, in order to more efficiently use the HIPAA electronic standards for authorizations.

> *What about Direct Data Entry (DDE) systems and web-based software?* Your health plans may offer Direct Data Entry or web-based systems for conducting HIPAA transactions. Plans may continue to offer these services, in addition to EDI, but they are not required to do so. Find out if your health plans will continue to offer and support these applications.

HIPAA Deadlines

April 14, 2003
Privacy Deadline
(April 14, 2004 for small health plans)

April 16, 2003
Testing
You should start testing your software no later than April 16, 2003.

October 16, 2003
Electronic Transactions & Code Sets Deadline

NOTE: Medicare will require that all Medicare claims be submitted electronically, with the exception of those from small providers and under certain limited circumstances.

July 30, 2004
National Employer Identifier
(August 1, 2005 for small health plans)

April 21, 2005
Security Deadline
(April 21, 2006 for small health plans)

Remember, HIPAA electronic transactions can eliminate the inefficiencies of paper claims. Now that Medicare will be requiring claims be submitted electronically (with the exception of those from small providers and under certain limited circumstances), other health plans may later follow suit. Stay in contact with your health plans and stay abreast of their HIPAA implementation plans.

FOR MORE INFORMATION ABOUT HIPAA…

Visit the CMS HIPAA web site:
http://www.cms.hhs.gov/hipaa/hipaa2

E-mail your questions to askhipaa@cms.hhs.gov

Call our CMS HIPAA HOTLINE 1-866-282-0659

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Sign up for free email notification of newly published HIPAA regulations:
http://www.cms.hhs.gov/hipaa/hipaa2/regulations/lsnotify.asp

Learn about the latest HIPAA Administrative Simplification outreach materials and events. Join the CMS HIPAA outreach listserv. To sign up, just go to our web site:
http://www.cms.hhs.gov/hipaa/hipaa2