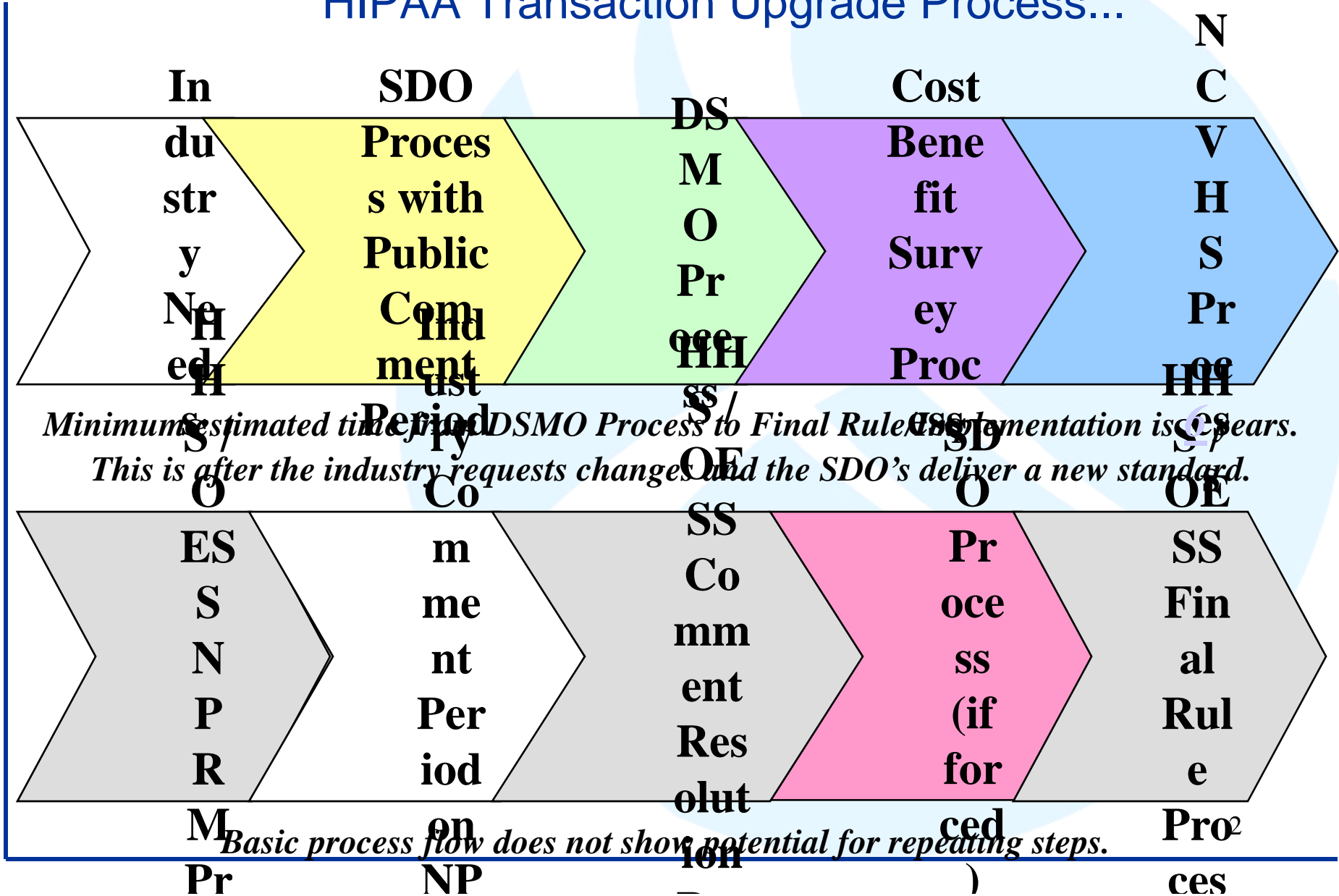


# **Impact of Adopting New HIPAA Standards**

2008 MMIS Conference  
September 14-18, 2008

## The very simplified big picture of the Current HIPAA Transaction Upgrade Process...



## ***Designated Standards Maintenance Organizations (DSMO) Change Requests***

***National Committee on Vital and Health Statistics (NCVHS)  
recommended to Department of Health and Human Services in  
09/26/2007 letter <http://www.ncvhs.hhs.gov/>***

- 1055 – Telecommunication version D.Ø and Batch Standard 1.2 Implementation Guides
- 1057 – Medicaid Subrogation Implementation Guide version 3.Ø
- 1042 – ASC X12 835 Health Care Claim Payment/Advice
- 1043 – ASC X12 837 Health Care Claim: Institutional
- 1044 – ASC X12 837 Health Care Claim: Professional
- 1045 – ASC X12 837 Health Care Claim: Dental
- 1051 – ASC X12 276/277 Health Care Claim Status Request and Response
- 1052 – ASC X12 278 Health Care Services Review – Request to Review and Response
- 1054 – ASC X12 834 Benefit Enrollment and Maintenance
- ASC X12 820 Payroll Deducted and Other Group Premium Payment for Insurance Products
- ASC X12 270/271 Health Care Eligibility Benefit Inquiry and Information Response

## ***DSMO Change Requests***

### ***NCVHS heard testimony from DSMO on 01/29/2008***

- 1064 – Errata for ASC X12 278 Health Care Services Review – Request to Review and Response
- 1065 – Errata for ASC X12 837 Health Care Claim: Institutional Claims
- 1066 – Errata for ASC X12 837 Health Care Claim: Dental Claims
- 1060 – ASC X12 820 Payroll Deducted and Other Group Premium Payment for Insurance Products
- 1063 - Post Adjudication Standard Implementation Guide version 2.0
- 1067 – ASC X12 270/271 Health Care Eligibility Benefit Inquiry and Information Response

## ***HIPAA Adoption***

### ***How does a standard get adopted?***

- Industry creates/modifies standard for business needs
- Industry makes a request via the DSMO, DSMO approve recommendation and bring recommendation to NCVHS
- NCVHS hears public testimony, recommends to Secretary of HHS
- HHS drafts a notice of proposed rule making (NPRM) and receives approval of departments using the Administrative Procedures Act
- **NPRM is published and public comments received**
- HHS reviews public comments, drafts a final rule, and receives approval of departments (APA)
- HHS publishes final rule with implementation date

## ***NPRM Response Topics (Pharmacy Industry)***

- Transactions, ICD10 named
- Timelines proposed
- Costs, benefits analysis

### Other topics:

- Billing of supplies by pharmacies – *industry requested clarification be given to current use of NCPDP standards*
- Billing of services by pharmacies – *industry requested clarification to allow use of NCPDP standards, instead of HHS' opinion that did not reflect pharmacy business*
  - Incorrect statement that NCPDP standards did not handle HCPCS. Standards have supported HCPCS since version 5.0.
- *Respond what you agree with*
- *Respond what you disagree with and offer alternatives*

## ***Timeline for Adoption of NCPDP Standards Proposed in NPRM***

- Telecommunication and Batch Standard
  - on and after April 1, 2010
- Medicaid Subrogation
  - no later than 24 months after the effective date of the final rule.
  - Small health plans would have an additional 12 months for compliance.
  - Willing trading partners would be able to agree to use the Medicaid subrogation standard voluntarily at any time after the effective date and before the compliance date. For example, covered entities that implement Version D.0 may choose to implement the Medicaid subrogation standard at the same time because such an action can be accommodated in the work flow.
- *Note: pharmacy industry utilizes the ASC X12 835 (remittance advice), the 834 (enrollment) and the 270/271 (eligibility) is used in electronic prescribing*

# **NCPDP Standard Implementation Guides**

## ***Telecommunication Standard Implementation Guide Version D.0***

Supports the following processes (and others)

1. Eligibility Verification
2. Claim
3. Service
4. Information Reporting
5. Prior Authorization
6. Predetermination of Benefits

## *What changed in Telecom?*

- **Field and Segment Defined Situations**
  - Fields and segments displayed as optional within the Implementation Guide were reviewed and determined, according to the transaction type and its associated response, to be “Not Used”, “Required if”, “Required”, or “Optional”. Fields and segments cannot be used in a manner other than as stated in the situations. This action was taken to address the situational versus optional data requirements discussed in the HIPAA Privacy Regulations.
- **Request and Response Matrices**
  - The industry expanded the segment usage matrices to help clarify which segments and fields are sent for each transaction type. The segments and the fields within each transaction type have been very specifically defined.

## ***What changed in Telecom?***

- **Medicare Part D enhancements –**
  - A new entity of Facilitator and the process of Informational Transactions enhanced.
  - Eligibility Transaction enhanced for the Facilitator to provide patient eligibility information for Medicare Part D and other insurance coverage,
  - Long Term Care Pharmacy claim processing enhancements to appropriately identify and process Medicare Part D claims.
- **Medicare Part B enhancements –**
  - Three segments were added to allow for the processing of Medicare certificates of medical necessity.
  - New data elements were added to allow for the items needed to process Medicare Part B transactions and assist in the crossover of claims from Medicare to Medicaid.

## ***What changed in Telecom?***

- The **only method for billing of compounds** is by the use of the Compound Segment. The two alternatives supported in previous versions for compounded claim processing were removed.
- **Clarification for pricing guidelines.** New fields were added and existing fields redefined to further clarify/correct the financial balancing of transactions.
- **Coordination of Benefits (COB) -**
  - Extensive clarification was made to the Implementation Guide for Coordination of Benefits processing. COB is more complicated with more complex rules than in the past. Specificity was given to the COB process by including new data elements such as patient responsibility and benefit stage fields as well as refining the use of the Other Coverage Code field.

## ***What changed in Telecom?***

- **Prior Authorization** Additional guidance was given for the Prior Authorization transactions with the addition of a new section to the implementation guide.
- **Prescription/Service Reference Number (402-D2)** was increased to 12 digits.
- **Payer to Payer processing** addresses the business needs of crossover and subrogation transactions and Information Reporting.
- **Service Billings** now have their own Transaction Code (S1, S2, S3).

## ***Batch Standard Implementation Guide Version 1.2***

- New version requested (from 1.1 to 1.2)
  - Editorial changes made
- A batch “wrapper” for the Telecommunication Standard Implementation Guide
- The same parsing routines can be used for the batch detail records as the real-time transactions

## ***Medicaid Subrogation Standard Implementation Guide Version 3.0***

- New implementation guide requested to be named
- Medicaid Subrogation is a process whereby Medicaid is the payer of last resort. The state has reimbursed the pharmacy provider for covered claims and now is pursuing reimbursement from other payers for these claims. Some states may choose to “Pay” all claims in full, through a federal waiver, at the point of receipt and “Chase” reimbursements from responsible third parties after the fact.
- The Medicaid Subrogation transactions use the Telecommunication Standard Implementation Guide transactions wrapped in the Batch Standard Implementation Guide (The same parsing routines can be used for the batch detail records.)

***FYI***

## ***Post Adjudication Standard Implementation Guide Version 2.0***

- Request for new implementation guide to be named
- ***Is proceeding under separate time schedule (TBD) but entities can begin voluntary usage now***
- Client Groups, Pharmacy Benefit Managers (PBMs), Payers, Fiscal Agents, Vendors, and Administrative Oversight Organizations will use this format to share post-adjudicated pharmacy claim data. The data is used to support
  1. Auditing of services
  2. Retrospective DUR review
  3. Statistical reporting
  4. Evaluate Health Care
  5. Evaluate Contractor performance
  6. Develop and evaluate Capitation rates
  7. Pay reinsurance (stop loss) to contractors
  8. Develop fee for service payment rates.

In the current environment, data is shared in an inefficient manner because a common industry-wide format does not exist. This document provides standard methods that entities can use to share this data.

# Industry Activities

## ***Educational Activities***

- **ASC X12 educational sessions**
  - ASC X12 developing individual educational program by transaction TR3
  - Conducting audiocast and face-to-face educational sessions
  - [www. http://www.x12.org/webinars/](http://www.x12.org/webinars/)
- **Workgroup for Electronic Interchange (WEDI) educational sessions**
  - Obtain input from industry on NPRMs (Transactions and ICD10)
  - <http://www.wedi.org/>
- **NCPDP planning educational sessions**
  - Web casts for Telecom D.Ø in Jan/Feb 2007
    - Archival copies available at [http://www.ncpdp.org/news\\_outreach.asp](http://www.ncpdp.org/news_outreach.asp)

## *Guidance*

- WEDI
- Timeline project lead by NCHICA and WEDI
  - <http://www.wedi.org/public/articles/details~66.shtml>
- NCPDP
- HIPAA Implementation White Paper for NCPDP Standards
  - [http://www.ncpdp.org/news\\_hipaa\\_snip.asp#WPHINS](http://www.ncpdp.org/news_hipaa_snip.asp#WPHINS)
  - Surveys for Telecom D.Ø, Batch 1.2, Medicaid Subrogation 3.Ø
    - Presented to NCVHS in July 2007
  - Survey for Post Adjudication 2.Ø
    - Presented to NCVHS in January 2008
  - Implementation Guide for Payer Sheets
    - Consistent approach to sharing processing requirements

## ***Thank You***

Lynne Gilbertson  
Vice President, Standards Development  
NCPDP  
[lgilbertson@ncpdp.org](mailto:lgilbertson@ncpdp.org)