



Health Care Reform: Administrative Simplification Provisions

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Defining Administrative Simplification

- ❖ **Patient Protection and Affordability Act (PPACA) –H.R. 3590 – now referred to as Affordable Care Act (ACA)**
- ❖ **Administrative Provisions identified in two sections of health care reform bill**
 - Section 1104 – Administrative Simplification
 - Section 10109 –Development of Standards for Financial and Administrative Transactions
- ❖ **Significant changes to the HIPAA requirements**
- ❖ **Allows for adoption of standards and operating rules via Interim Final Rules, eliminating the need for NPRMs**

What are Operating Rules?

❖ New Concept of Operating Rules

- are defined as “the necessary business rules and guidelines for the electronic exchange of information that are not defined by a standard or its implementation specifications as adopted”

❖ Requires that operating rules

- “to the extent feasible and appropriate, enable determination of an individual’s eligibility and financial responsibility for specific services prior to or at the point of care;”

and

- “provide for timely acknowledgment, response, and status reporting that supports a transparent claims and denial management process (including adjudication and appeals)”

❖ Operating Rules to be developed by a non-profit entity meeting specific conditions defined by HHS

Administrative Simplification

ACA Section 1104 & 10109 Details

- ❖ **Rule Development** - Instructs HHS to issue rules to implement new and amended standards and operating rules for electronic administrative and financial transactions.
 - Adopts Operating Rules – to create uniformity in implementing electronic standards; for each standard transaction.
 - Establishes a standard for unique Health Plan Identifier (HPID)
 - Establishes a standard and associated operating rules for electronic Health Claims Attachments.
 - Establishes a standard for Electronic Funds Transfer (EFT) in healthcare .

- ❖ **Transaction Standardization** - Specifies the new or revised standards that must be used for the electronic exchange of administrative and financial transactions.
 - References all existing HIPAA transactions.
 - Adds standard for claims attachments.
 - Adds standard for electronic funds transfers.

- ❖ **Additional Requirements** - Instructs HHS to establish requirements for both HHS and various entities involved in processes related to the creation and maintenance of standards and operating rules.
 - Establishes an operating rules review committee by 4/1/14. Could include NCVHS.
 - Instructs HHS to solicit industry input on the need for greater uniformity in financial and administrative transactions every 3 years, starting 1/1/12.
 - Provides accelerated schedule for the review and update of Standards and Operating Rules (every two years beginning April, 2014).

❖ Operating Rules – Implementation

- ❑ HHS required to adopt operating rules, based on recommendations from developer of rules, NCVHS and consultation with providers
- ❑ Eligibility and Claims status (Phase I)
 - July 1, 2011 –adoption of operating rules
 - January 1, 2013 –effective date of operating rules
- ❑ EFT, Claims payment / remittance advices (Phase II)
 - July 1, 2012 –adoption of operating rules
 - January 1, 2014 –effective date of operating rules
- ❑ Health Claims, health plan enrollment / disenrollment, health plan premium payment, referral certification and authorization (Phase III)
 - July 1, 2014 –adoption of operating rules
 - January 1, 2016 –effective date of operating rules
- ❑ HHS may use expedite rulemaking (interim final rule with 60 day comment)

New Standards for Electronic transactions – Timelines

- ❖ HHS to adopt:
 - ❑ **Health Plan ID's** (aka National Plan ID's) to be effective not later than Oct 1, 2012
 - ❑ **an EFT standard**, to be adopted no later than Jan 1, 2012 and effective not later than Jan 1, 2014
 - ❑ **a Claims Attachment standard and set of operating rules**, to be adopted no later than Jan 1, 2014 and effective not later than Jan 1, 2016

Administrative Simplification *Development and Implementation*

Implementation

Administrative Simplification requirements will be deployed in 3 phases

Phase I

Operating Rules for –

- Eligibility
- Claim status

Phase II

New Standards for –

- Electronic Funds Transfer
- Health Plan ID

Operating Rules for -

- Payment & Remittance
- Electronic Funds Transfer (EFT)

Phase III

Operating Rules for -

- Health Claims
- Enrollment / Disenrollment
- Premium Payments
- Referral & Pre-Auth
- Electronic Attachments

New Standards for –

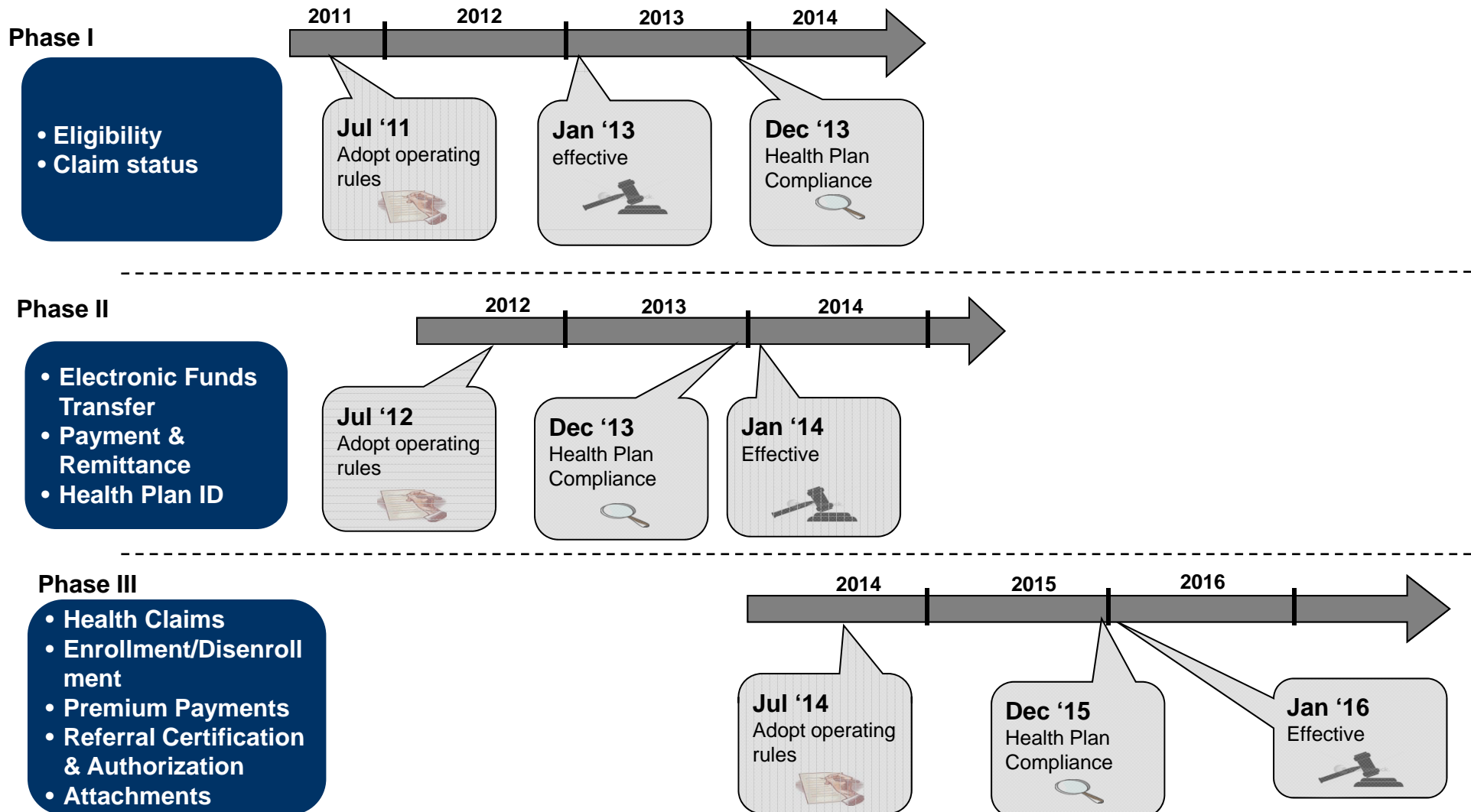
- Electronic Attachments

Administrative Simplification

Health Plan Certification Requirements

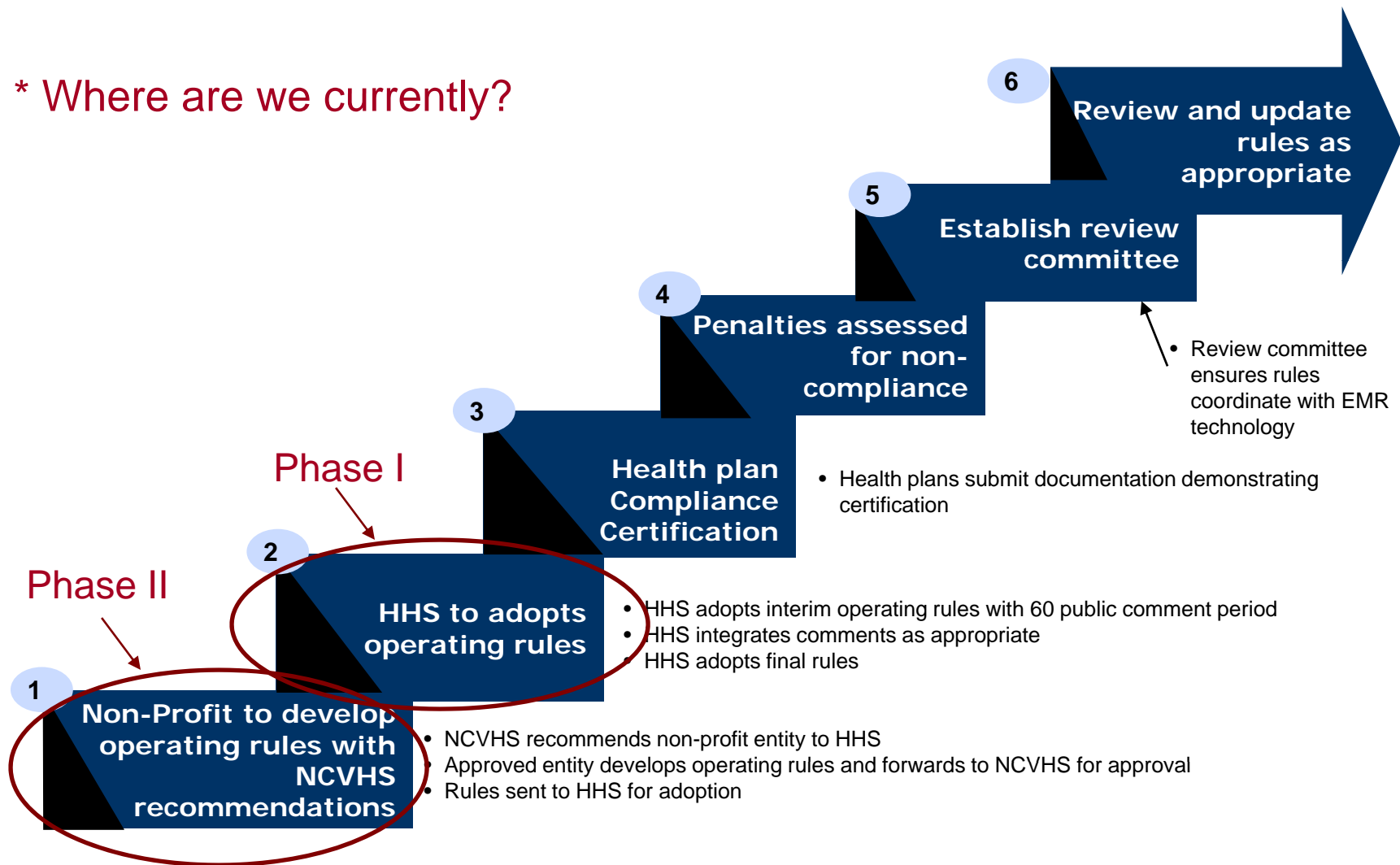
- ❑ New requirement for health plan compliance:
 - Health plans must file a statement with HHS confirming compliance with the Standards and Operating Rules.
 - December 31, 2013 for Eligibility, Claim Status, EFT and ERA.
 - December 31, 2015 for Claim, Enrollment, Attachments and Referral/Authentication.
 - No later than April 1, 2014, penalties for non-compliance will be assessed:
 - \$1 per covered life until certification is complete.
 - Annual max per covered life: \$20.
 - Secretary will establish a process with a reasonable notice and a dispute resolution mechanism before penalties are assessed.
- ❑ Requires the Secretary to promulgate a final rule to establish a unique Health Plan Identifier based on the input of the National Committee of Vital and Health Statistics; requires the rule to be effective by October 1, 2012.

Regulatory Timeline for Administrative Simplification



Process for implementing Administrative Simplification

* Where are we currently?



What We Know:

- Operating rules defined as “necessary business rules”
- Adoption and Effective Dates Established
 - Eligibility & Claim Status Effective Date Jan 1, 2013
- Rulemaking process may be expedited

What We Don’t Know:

- Definition of “necessary business rules”
- The entity(s) who will develop operating rules
- How Operating Rules and the Standards will be coordinated
- What changes will be needed to 5010 as result of Operating Rules

What We Know:

- Final Rule Expected to be released “soon”
- Effective Date for HPID is October 1, 2012

What We Don't Know:

- What is the purpose of the NHPI
- What will it look like
- HPID granularity
- Who will be the enumerator
- How will the HPID implementation impact the mandated 5010 transactions

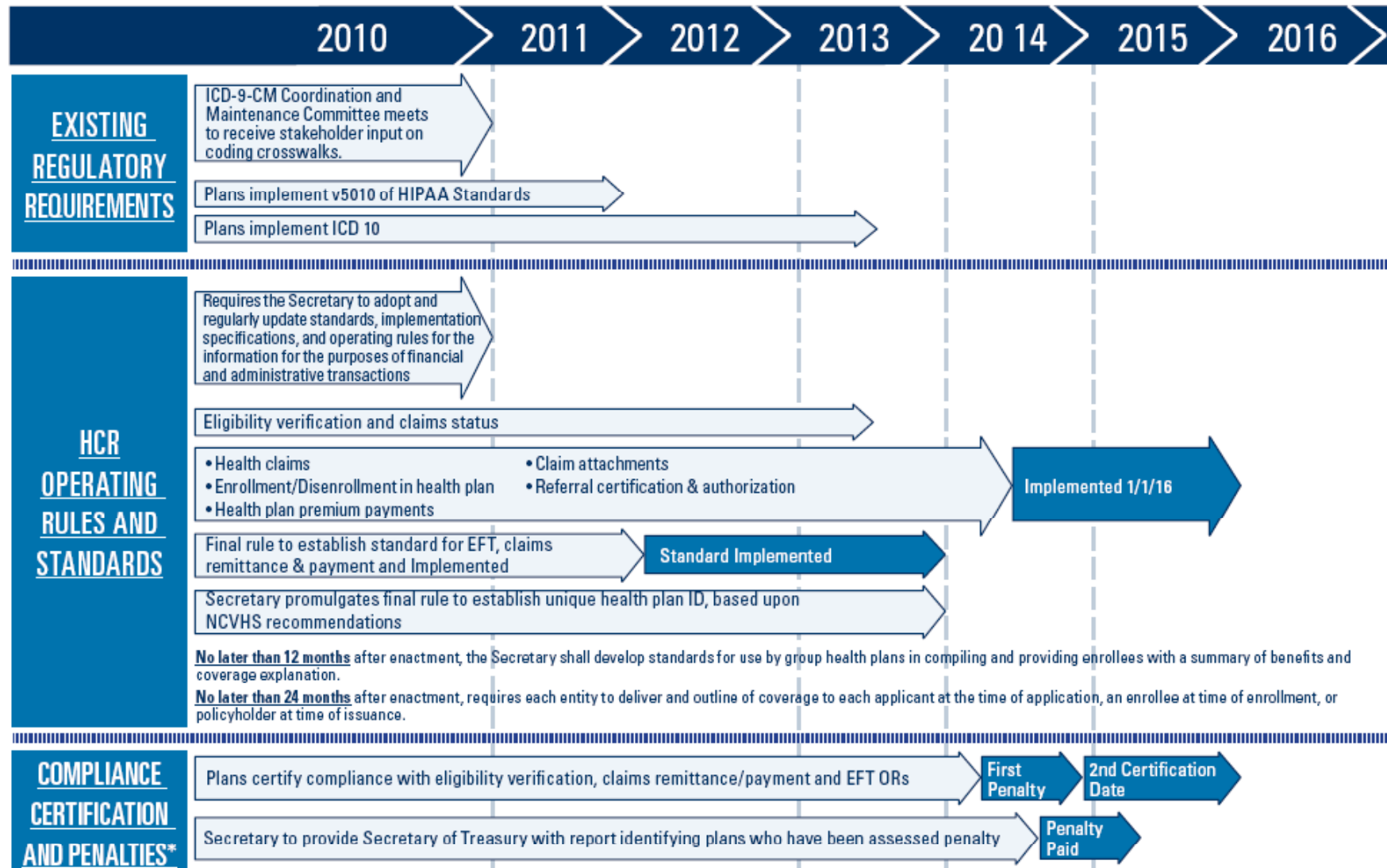
What We Know:

- A standard for EFT needs to be adopted by January 1, 2012
- Operating rules for EFT and 835 need to be adopted by July 1, 2012
- The compliance date for the EFT standard and operating rules for EFT and the ERA (835) is January 1, 2014

What We Don't Know:

- What EFT standard will be named
- Who will be named the operating rule entity for EFT and/or ERA (835)
- Details of the operating rules

HEALTH CARE REFORM LEGISLATION: ADMINISTRATIVE SIMPLIFICATION PROVISIONS TIMELINE



*Requires health insurance plans to comply with HIPAA operating rules by the Secretary by April 1, 2014, or face a penalty (\$1 per covered life until certification is complete not to exceed \$20 per covered life per year [or not to exceed \$40 per covered life if the plan knowingly provided inaccurate or incomplete information]). Requires the Secretary to establish a process with a reasonable notice and dispute resolution mechanism before penalties could be assessed. Creates a process for periodic review and updates to all HIPAA standards. [Sec. 1104 of the Act]

Questions?

