HIPAA 101

HIPAA FAQs

by Paula Sandoval, LISW**,** Aspen Behavioral Health

Q. What is the HIPAA Act of 1996 and why did Congress enact it?

A. HIPAA stands for the .Health Insurance Portability and Accountability Act [P.L. 104-191] enacted or signed into law by Congress in August 1996. HIPAA can be broken down into two major components: Health Insurance Reform and Administrative Simplification.

Health Insurance Reform, which has been in effect for a while now, was intended to address portability and continued healthcare coverage by:

- Increasing the chance for individuals, regardless of any health or pre-existing conditions, to get, keep, or replace their health insurance coverage when changing jobs or residence;

Administrative Simplification was designed to:

- Hold providers and others responsible for carrying out and maintaining reasonable and appropriate administrative procedures, technical security measures, and physical safeguards to ensure the integrity and confidentiality of data; and to protect against reasonably anticipated threats and unauthorized uses and disclosures of consumer health information;

- Cut down the cost of administrative operations; and eliminate multiple ways of doing business. The current way of doing business include:

    - Using different state generated local codes on claim or billing forms;
    - Using multiple identification numbers for providers, health plans and patients;
    - The application of different standards when transmitting certain transactions electronically and no assurance of security over the internet; and
    - No consistent mechanism of accountability for making sure that patient information is kept private, confidential, and accurate;

- Give Congress the authority to mandate a uniform set of nationally recognized healthcare industry standards when transmitting administrative and financial transactions including claims and/or other individually identifiable information electronically; and

- Give consumers greater control over knowing how their information is being used, what disclosures of their information have been made, and having the right to inspect, obtain a copy, and request corrections of inaccuracies in their health records.

Q. What is Protected Health Information (PHI)?

A. Protected health information is individually identifiable health information that is kept or sent in any form or medium (e.g. computer, e-mail attachments, file cabinet, software program, pictures, tape recorder, courier service, etc.,) by a healthcare provider, health Plan, and employer or healthcare clearinghouse. It is information which is gathered on an individual as a result of accessing healthcare services which have been received in the past, are receiving now, or will be receiving in the future regarding their physical, mental health, or condition by which there is a reasonable basis to believe that the information obtained identifies them or can be used to individually identify them. Information on the individual used on claims/billing or payment for services in the past, present, and/or future is also considered individually identifiable health information.

Q. What benefits can come from HIPAA implementation?

A. Some of the benefits that can come from implementing HIPAA include:

- An improvement in current practices, policies and procedures around the security and privacy of consumer health information;
- Less work and cost once information is computerized from the current manual system;
- Fewer errors in processing with the standardization of nationally recognized code sets and transactions;
- Faster payment or an increased turn around time for reimbursements when submitting claims/billing;
- Less waiting when verifying eligibility
- Better response time between referring physicians;

Q. What are the major areas covered under the HIPAA regulations?

A. The HIPAA regulations can be grouped under 4 main categories of regulations. These include:

- **Standards for Electronic Transmissions**
  - Use of transactions and code sets with same definition data and standard format when information is shared and/or transferred electronically between provider of service and payer and/or health plan

- **Unique Identifiers** – HIPAA regulations mandate the use of standard/uniform identifiers proposed to include:
  - National Provider Identifier (proposed 10 numeric position with a check digit at the 10^{th} digit)
  - Health Plan Identifier (proposed 10 numeric position with a check digit at the 10^{th} digit)
  - Employer Identifier (based on IRS Employer Identification Number-EIN with nine numeric positions)
  - Patient/Consumer Identifier – Pending Privacy Legislation

- **Privacy Standards of Individually Identifiable Health Information** *[45 CFR Parts 160 and 164]*. Some of the areas which the Privacy Standards address include the following:

  - Increases consumer control over their health information;
  - Increases consumer right to access their medical record, make corrections and/or request for inaccuracies in their medical record to be amended, and gives consumers the right to know how their information may be used and who else has accessed their information;
  - Imposes boundaries on the use and disclosure of private health information;
  - Requires accountability and abiding by appropriate safeguards from health care providers and others in order to protect an individual's private health information;
  - Privacy Standards propose " minimum necessary standards" limiting access to PHI to work force on a need to know only based on role or job function;
  - No authorization needed from consumer for the use of their protected health information in the process of treatment, payment, reimbursement or collection activities, and health care operations or (TPO); providers, however, must give consumers A Notice of Provider's Privacy Practices;
  - Privacy standards include "Business Associates" a privacy rule with conditions on the use of information addressed with a written agreement/assurance from those outside the provider/organization whose services are contracted with for the provider's purpose of carrying out usual health care operations or functions and not for the business associate's personal use. Some examples of business associates may include billing person, information storage entity, courier service, etc., who have access to PHI. Safeguarding PHI information from misuse would also be part of the agreement.

- **Security Standards**

  - Rules pertaining to the use of reasonable and appropriate administrative, technical and physical safeguards which will protect against potential threats and unauthorized uses and disclosures of consumer's confidential information

Q. Who will need to comply with the Administrative Simplification regulations of HIPAA?

A. All covered entities will need to comply with the HIPAA regulations. This includes health care and/or behavioral health care providers, health plans such as insurance companies, Medicare, state Medicaid plans, and health care clearinghouses or organizations that currently bill or send protected health information electronically. Although some health care providers/organizations may not need to comply with following the electronic transaction standards in the short run, it is expected that requirements imposed by Medicare, Medicaid and other plans and payers will ultimately drive the need to comply. The standards for privacy and security were initially considered as only having to do with electronic health information;

however, the Department of Health and Human Services has since expanded the scope of HIPAA to include manual/paper records as well.

Q. What is a transaction as it applies to HIPAA?

A. A transaction for the purpose of complying with HIPAA is all confidential information (electronic or paper) in need of being protected, which is either received or sent between two parties for the purpose of carrying out financial or administrative activities in relation to health care. Examples of information in an electronic medium form includes information on diskettes, CDs, electronic mail attachments, etc.,

Q. What type of information can be considered an electronic transaction?

A. Claims or encounters sent electronically, eligibility confirmations, referral certifications and authorizations, and inquiries on the status of a claim to health plans and/or other payers are considered electronic transactions (see WEDI – SNIP Appendix I: Model HIPAA Privacy And Security Audit For Small Practices, p.6 on the PDF file at http://snip.wedi.org/public/articles/2002_0510_1.2.pdf for further explanation on electronic transactions and code sets). The Department of Health and Human Services reported that there are currently 400 + formats of electronic data information used by various payers.

Q. What are code sets?

A. According to the Rule, Code Sets are defined as " any set of codes used to encode data elements, such as tables of terms, medical concepts, medical diagnostic codes, or medical procedure codes". Code sets must include the codes and the description of the code. The following include some examples of code sets:

- Diagnosis Codes: ICD-9-CM (International Classification of Diseases, 9th Edition, Clinical Modification, Volumes 1, 2 and 3)
- Procedures Codes: CPT-4 (Current Procedural Terminology, 4th Edition)
- Inpatient Service Codes: ICD-9-CM, etc.,
- CPT-4 and HCPCS (Health care Financing Administration Common Procedure Coding System) will be used for physician services, physical and occupational therapy, radiology procedures, hearing and vision services, ambulance, etc.,

Q. What are Identifiers?

A. The HIPAA rules include national identifier standards for developing unique identifiers for service recipients, health care providers, employers, and health plans. The intent of using these identifiers is to increase efficiency and consistency in the transmission of electronic transactions among those in the health care industry.

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References and Resources

The National Association of Social Workers Mental and Behavioral Health Practice Update (Volume 2, Number 3, January 2002) *Overview of Administrative Simplification Provisions*. Information available at http://www.naswdc.org/practice/update/mbh0203.htm

The New Mexico Health Policy Commission (HPC), in collaboration with NM CHILI (the New Mexico Coalition for Healthcare Information Leadership Initiatives). *The HIPAA Awareness & Preparedness Program: What you need to do, and How to do it*, *HIPAA Desk Reference.* This information is available on line and in PDF. Format at http://hpc.state.nm.us/hipaaap/deskreference.pdf

US Department of Health and Human Services Office of Civil Rights (OCR). *Standards for Privacy of Individually Identifiable Health Information [45CFR Parts 160 and 164]* http://www.hhs.gov/ocr/hipaa/finalmaster.html

The National Association of Social Workers Mental and Behavioral Health Practice Update , No. 939 (Volume 2, Number 1, November 2001). *Consent, authorization, and notice under HIPAA privacy regulations.* Information available at http://www.naswdc.org/practice/update/mbh0201.htm

U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration (SAMHSA) Web: *HIPAA Information Home Page.* Information available at http://www.samhsa.gov/hipaa/index.html

The Center for Medicare and Medicaid Services provides you with information on HIPAA and divides it into two main sections: **HIPAA Insurance Reform** and **HIPAA Administrative Simplification** for their web site go to: http://www.cms.hhs.gov/hipaa/

The Workgroup for Electronics Data Interchange (WEDI) – Strategic National Implementation Process (SNIP) has created various draft form public documents/articles for the purpose of educating and increasing public awareness. WEDI –SNIP update their information as changes occur. One of these documents or white papers provides information for small practice implementation on HIPAA, which is also available to download free. Information on "Security and Privacy White Papers" is available at http://snip.wedi.org/public/articles/index.cfm?Cat=17.

Bellucci, M.M., Johnson, R. A, Parker, S., and Thornton, M. National Council HIPAA Project Team, National Council for Community Behavioral Healthcare (2001). *The HIPAA Handbook: What Community Behavioral Healthcare Organizations Need To Know About HIPAA.*

Phoenix Health, a health care information technology consulting and outsourcing firm, sponsors a HIPAA advisory Web site, which posts updated News on HIPAA, white papers, fact sheets, FAQs, and articles about HIPAA Administrative Simplification. Available online at www.hipaadvisory.com/.