

BHG UPDATE

HIPAA Clock is Running

The Health Insurance Portability and Accountability Act (HIPAA) of 1996 and its Administrative Simplification (AS) provisions were promulgated to coerce health care organizations to reduce costs. Healthcare costs have risen to 15 percent of gross domestic product and represent a burden to U.S. businesses competing in the world market.

In healthcare provider and payer organizations together, three to four people handle the paper to administer a case for each person who receives hands-on care. The government saw two opportunities to force the industry to pursue administrative cost savings by: 1) mandating standard e-transactions, codes and identifiers; and, 2) establishing standards that enable the use of the Internet instead of expensive, private networks to process enrollment and claims. More specifically, HIPAA requires:

- Standardization of electronic patient health, administrative and financial data
- Nationally recognized, unique health identifiers for individuals, employers, health plans and health care providers
- Security standards protecting the confidentiality and integrity of "individually identifiable health

information," past, present and future.

The U.S. Department of Health and Human Services (DHHS) was charged with rule making to implement the HIPAA standards which are grouped generally into three categories: 1) Electronic Transactions and Code Sets; 2) Security and Electronic Signature; and, 3) Privacy of Individually Identifiable Health Information. Most health care organizations will have 24 months from the effective date of the final rules to achieve compliance. The effective date is 60 days after a rule is published. The first final rule on electronic data interchange (EDI) transactions was published in August 2000 and health care organizations must be in compliance with the standards for EDI by October, 2002. Compliance with the privacy rule is set for February 2003. The final rule for security has not been issued, but compliance is also expected in 2003.

HIPAA calls for severe civil and criminal penalties for noncompliance, including fines up to \$25K for multiple violations of the same standard in a calendar year and fines up to \$250K and/or imprisonment up to 10 years for knowing misuse of individually identifiable health information.

For more information, visit this website: <http://www.ahima.org/hot topics>.

HIPAA: Challenge or Opportunity

Despite an early misconception shared by many health care organizations that HIPAA is just another challenge for information services departments like Y2K, the Administrative Simplification (AS) mandates will have a significant

impact on almost every functional business unit in both payer and provider organizations. Providers, especially, will be impacted broadly and deeply since effective compliance will require organization-wide implementation. (Pg. 2)

Behavioral Health Generations

Volume 1, Issue 2
January 2001

Special points of interest:

- *Health Insurance Portability and Accountability Act Implementation by 2002*
- *HIPAA Implementation may force significant reengineering of provider business practices.*
- *BHG UM/QI Committee reorganized to address ODMH and ODADAS standards.*

Inside this issue:

HIPAA Clock is Running 1

HIPAA: Challenge or Opportunity 1

EDI Compliance Just 19 Months Away 2

BHG UM/QI Committee Reorganizes 3

BHG to Provide New Services 4

New Phone Numbers 4

HIPAA: Challenge or Opportunity (Continued From Pg. 1)

Below is a summary list of the steps necessary to assure compliance:

- Building initial organizational awareness of HIPAA
- Comprehensive assessment of the organization's information security systems, policies and procedures
- Developing an action plan with deadlines and timetables
- Developing a technical and management infrastructure to implement the plan
- Implementing a comprehensive action plan, including:
 - Developing new policies, processes and procedures
 - Building "chain of trust" agreements with service organizations
 - Re-designing a compliant technical information infrastructure
 - Purchasing new, or adapting current information systems
 - Developing new internal communications
 - Training and enforcement
- Conducting regular, comprehensive audits

It has been estimated that HIPAA compliance will consume

33 cents of every healthcare dollar spent between now and 2003. Whether the number is accurate or not is immaterial, compliance will be costly and in most organizations the costs have yet to be determined and budgeted.

Although compliance costs are front loaded, opportunities for cost savings exist, particularly in the areas that enable e-commerce, such as the standards for electronic transactions, code sets and national identifiers. Electronic data interactions (EDI) using standardized code sets processed through the Internet has the potential to significantly reduce the days in accounts receivable, to accelerate the exchange of information regarding plan enrollment, claims processing and coordination of benefits and to reduce the people, paper, and postage necessary to accomplish those tasks.

Organizations that find ways to save costs by restructuring in-house processes and embracing the advantages of EDI, standardization and management of customer and supplier relationships via the Internet will do well and gain competitive advantage in their marketplace. Organizations that cling to old paradigms and seek least-cost methods for mere compliance with HIPAA AS standards will fail, or at the very least, lose significant competitive advantage.

"HIPAA compliance will consume 33 cents of every healthcare dollar spent between now and 2003."

EDI Compliance Just 19 Months Away

Today many healthcare providers and plans use EDI, Electronic Data Interchange or the digital exchange of standard business documents and data. In fact, DHHS estimates that 400 formats are used in the US today for health care claims processing. This apparent lack of standardization makes it difficult for vendors to develop software, inhibits potential efficiencies, and increases costs for health care providers and health plans.

In order to perform EDI using a common interchange and data structure, widely adopted use of standards is required. As part of HIPAA, DHHS was directed to issue standards for electronic data transactions used in the administration of health care data and claims. The HIPAA Standard EDI format requires standardization of the data content by specifying uniform definitions of the data elements that will be exchanged in each type of electronic transaction and identification of the specific codes or values that are valid for each data element. The code sets for physical medicine adopted in the HIPAA standards for EDI include:

- ICD-9-CM (vol. 1 & 2)
 - Diseases, injuries, impairments, other health related problems, their manifestations, and causes of injury, disease, impairment, or other health-related problems

- CPT, CDT, or ICD-9-CM (vol. 3) -
 - Procedures or other actions taken to prevent, diagnose, treat, or manage diseases, injuries and impairments
- NDC - drugs
- HCPCS
 - Other health related services, other substances, equipment, supplies, or other items used in health care services

The code sets for behavioral health have not been determined. A task force of representatives from several states will meet soon to develop standardized HCPCS for behavioral health. Rick Tully will represent Ohio on the task force.

Simply said, the HCFA 1500 will be replaced as the accepted format for claims submission and all providers will be required to use the new standard format (ANSI 837). Diagnosis and procedure codes may also change as standards are identified and adopted for use nationwide. The deadline for compliance with the HIPAA EDI standards is October, 2002, just 19 months away. (Pg. 3)

EDI Compliance Just 19 Months Away (Continued from Pg. 2)

To ease the transition, MACSIS will serve as a clearinghouse to translate the 1500 to the new standard format but the translation function will not continue indefinitely.

A lot of work needs to be done to assess current operations, to develop new strategies and processes to take advantage of the Administrative Simplification opportunities, and, to identify and acquire the resources necessary to implement the strategies. The Health Information Management Services Society (HIMSS) suggest the following steps to comply with the EDI requirements:

- Determine HIPAA compliance of the transactions and code sets currently in use
- Determine HIPAA compliance of current information and feeder systems currently in use
- Consult IS vendors about system upgrades and/or new products for HIPAA compliance
- Consult business partners about their compliance plans and methods to secure the "business" relationship
- Identify long term advantages of additional EDI and e-

commerce opportunities and analyze the cost-benefit of potential business strategies

- Conduct a full HIPAA impact analysis to make educated and strategic decisions.

The MACSIS implementation process demonstrated that time flies when major operational change is underway. The system and process changes required to implement MACSIS pale in comparison to the broad and sweeping organizational changes that will result from HIPAA compliance. Don't delay. Get started on your compliance planning today.

Get updates and interpretative information about HIPAA at the following website co-sponsored by Bricker and Eckler (BHG counsel) and the Ohio Hospital Association: <http://www.bricker.com/affserv/practice/hcare/hipaa>.

"The deadline for compliance with the HIPAA EDI standards is October, 2002, just 19 months away."

BHG UM/QI Committee Reorganizes

In the wake of the Ohio Department of Mental Health (ODMH) decision to mandate use of the Ohio Scales and the Adult Scales A&B to measure outcomes, the BHG Utilization Management and Quality Improvement Committee, which had focused its efforts on pilot projects to test other instruments for outcomes and utilization assessment, found itself looking for a new purpose and direction. Faced with a variety of relevant projects to assist Boards and providers to comply with ODMH and ODADAS standards such as implementation of a utilization management plan, peer review, CQRT follow-up, performance improvement planning, consumer satisfaction assessment, outcomes implementation and others, Committee Chair Bill Harper, Executive Director of Recovery Services of Warren and Clinton Counties led committee members at the October 2000 meeting in an exercise to prioritize activities. The Committee identified implementation of the ODMH Outcomes process and development of a BHG wide system to assess consumer satisfaction as the most pressing issues for now. The Committee also decided to reorganize itself and alter the meeting schedule to reduce travel time and increase the effectiveness of member activities.

The Committee has split into a Northern Group chaired by Paul Lilley of the Hancock County Board and a Southern Group chaired by Kandy Witte of Quality Review Services,

Inc. The Northern Group will focus on ODMH Outcomes implementation. The Southern Group will focus on consumer satisfaction. The regional groups will meet separately in each of the first two months of the quarter, usually in Findlay (Northern) and Fairfield (Southern). The groups will meet together in Troy during the third month of the quarter. The quarterly combined meetings of the UM/QI Committee for calendar year 2001 will be in January, April, July and October.

The Lilley's group will serve as a clearinghouse for information and ideas regarding outcomes implementation including identification of potential areas of economy such as equipment purchasing. Witte's group has identified alternatives to the MHCA customer satisfaction survey and will pilot the new instruments and sampling and administration processes.

Both groups are looking for new members and provider participation that will assure successful completion adoption of the projects. If you would like to work with either or both groups, contact Paul Lilley (419.424.1985 or pjohn@brt.bright.net) or Kandy Witte (513.860.2130 or kandy2828@qrsinc.org).

Behavioral Health Generations

7372 Kingsgate Way
West Chester, OH 45069

Phone: 513 759 2666
Fax: 513 759 6326
E-mail: bosslerlz@bhg.org

**We will be on
the Web in
March! Watch
for us.**

*Promoting Improved Performance and
Outcomes Through Collective Voice and
Action*



COMMUNICATION LINKS:

BHG Main Number	513-759-2666
Bosserman, CEO	513-759-6345
Kirschner, MIS Director	513-759-6346
Medley, Claims	513-759-6347
Gentry, Enrollment	513-759-6348
PC Anywhere Remote	513-759-6328 or 888-636-8281
Fax:	
BHG Main	513-579-6326
MACSIS Enrollment	513-759-6329 or 888-780-0242

BHG to Provide New Services to Member Boards

Since the Council of Governments (COG) was established in the mid-nineties, the founders of BHG have encouraged administrative efficiencies and cost savings through collaboration on issues and activities affecting all member boards. Collaboration is evidenced by joint activities and shared products and services provided by BHG such as:

- **MACSIS** (Multi-agency Community Services Information System) – a billing service for providers and processing center for Behavioral Health and Outcomes module data.
- **CQRT** (Consumer Quality Review Team) – an ODMH grant to BHG funds an on-going external review of the public mental health system.
- **Customer Satisfaction** – a standardized approach to assessment of client satisfaction with local services and comparative data across BHG.
- **Funding Resource** – the number and diversity of clients and providers represented by BHG provide leverage for grants and other sources of special funding.

At a recent planning session, the Board directed the BHG CEO develop an audit plan and procedures to assist member Boards to fulfill their statutory requirement to ensure that community mental health and substance abuse services

meet the standards set by ODMH and ODADAS and comply with the requirements for Medicaid participation. The auditing and evaluation services will significantly enhance the value of BHG membership. Although the details are yet to be developed, the BHG audit service will integrate the requirements of Medicaid and other local Board audits into a process that will be implemented for contract providers two times per fiscal year. The cost of the audits will be borne by BHG. BHG will contract with member Boards for staff time to complete the audits for other member Boards.

The audit service may also serve as the basis for future services to agencies in the area of performance improvement planning and process implementation.

The audit service will be developed and piloted in several BHG member agencies prior to the end of the fiscal year. If appropriate and successful, implementation across BHG could occur in FY 02.