

A Healthcare Call to Action

HIPAA Administrative Simplification, the Affordable Care Act, and the Health Care EFT & ERA Transactions

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Topics to be Covered

- The Need for Administrative Simplification
- HIPAA and Affordable Care Act
- Operating Rules
- The Health Care EFT Standards
- EFT and Electronic Remittance Advice (ERA)
- The Section 1179 Debate

The Need for Administrative Simplification

Costs:

- 17% of U.S. GDP is spent on health care (20% by 2020)
- Est. 1/3 of all Health Care Spending is on Administrative Costs (\$315 Billion by 2018)
- Up to 12% of a physician practice's annual revenue are Billing and Insurance Related costs
- Per physician, 2/3 of an FTE (27 hours) is necessary for BIR tasks

Higher administrative costs = Less quality care

The Need for Administrative Simplification

More Costs: The Coming Baby Boom Tsunami

- Medicare enrollment will double over next 2 decades
- Affordable Care Act will increase the # of insured by 32 million
- Increase in Claims and Expenditures

The Need for Administrative Simplification

The Solution: Less Paper, Postage and Time

- Paper & Postage (\$): According to the U.S. Healthcare Efficiency Index, more than 5 billion health care transactions today are conducted electronically, at a cost savings of more than \$23.5 billion versus paper – the magic “ROI” – with room for more savings – an additional \$29 billion if all transactions were conducted electronically
- Time (\$\$\$): If physician practices and hospitals took 10% less time to receive and post payments = \$3 billion over ten years

HIPAA and the Affordable Care Act

The Health Insurance Portability and Accountability Act of 1996 - HIPAA “Then”

- Brought the word “standard” into our health care vocabularies
- Held the promise of a more streamlined, efficient and economic way of conducting the business of health care
- Demanded an open and prescriptive process for adoption
- And let’s not forget privacy and security issues (“Please Stand Behind This Line” at the pharmacy counter)

HIPAA and the Affordable Care Act

HIPAA Now: Administration Simplification Renaissance

Impacts are greater, stakes are higher than ever before

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- As industry’s business needs change, now more than ever there is a need for transparency and collaboration – We ARE the industry.
- We can do it “better, faster, cheaper” but still maintain and/or improve quality

HIPAA and the Affordable Care Act

The Affordable Care Act

- Accelerates the timelines for adoption of standards for acknowledgements, claims attachments, health plan identifier
- Brings operating rules into the mix
- Provides for health plan HIPAA compliance and increases penalties for health plans that do not certify compliance to CMS

Operating Rules

Standards

- Nine (10) Administrative Transactions
- Eight Standards Adopted

Operating Rules

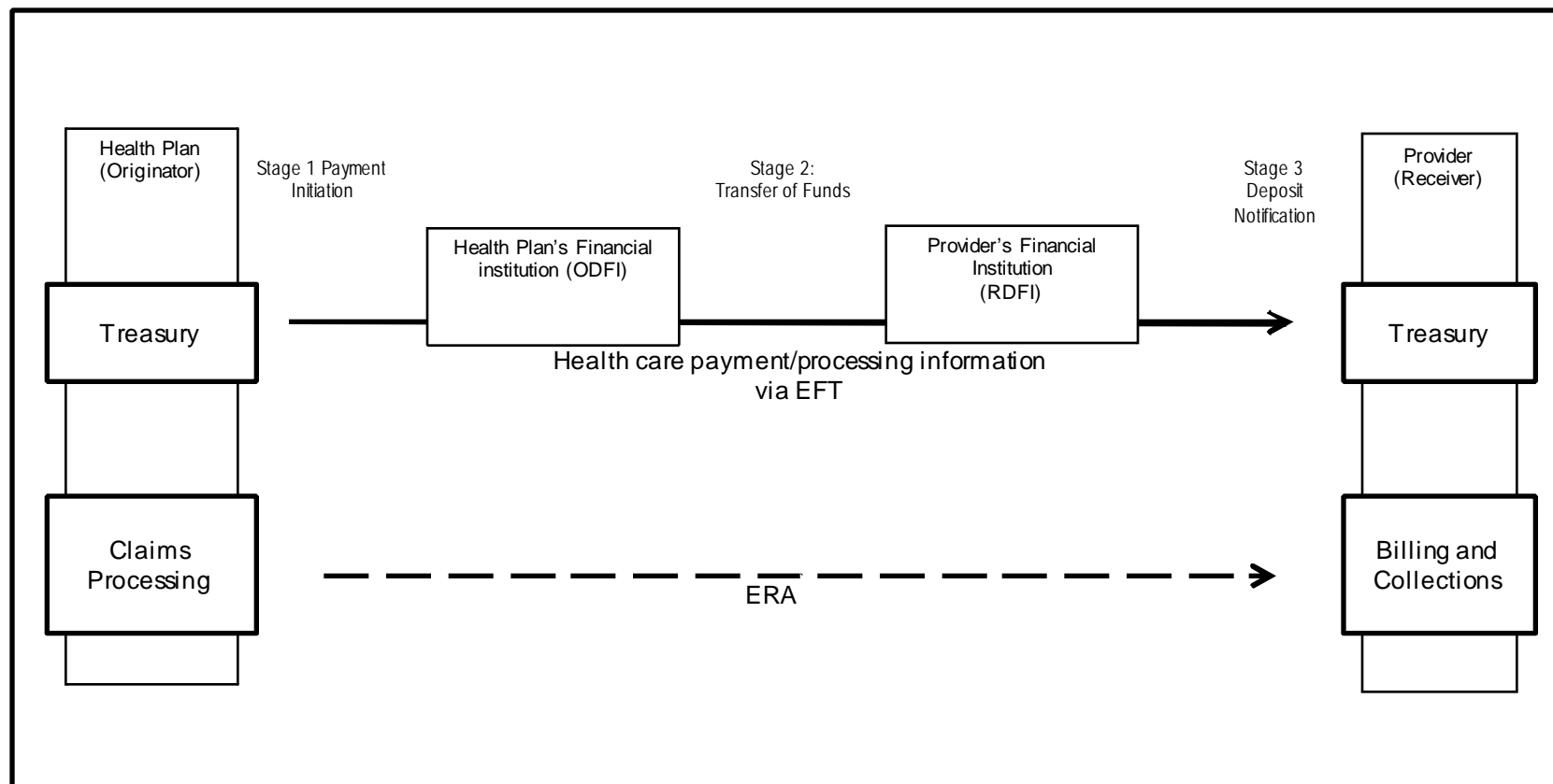
- Must be adopted for all transactions for which the Secretary has adopted a standard
- Modeled after NACHA Operating Rules

The Health Care EFT Standards

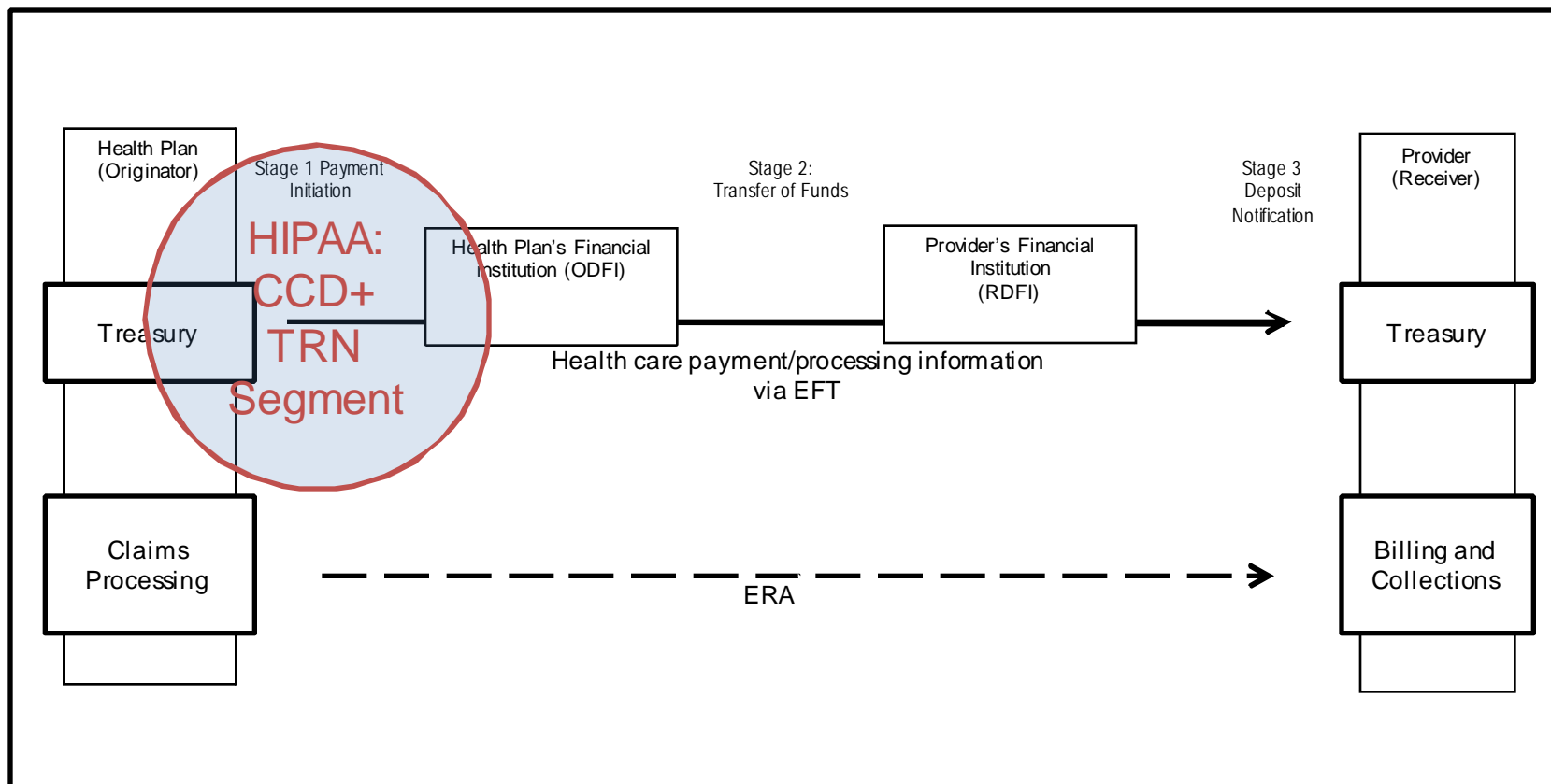
Electronic Funds Transfer (EFT) and Remittance Advice (RA) Standard

- Adopts the CCD+Addenda as standard for EFT between a health plan and the plan's bank or financial institution
- Adopts the X12 TRN Segment (835) as standard for data in Addenda
- IFC published in the Federal Register on January 10, 2011
- Statutory compliance date is January 1, 2014.

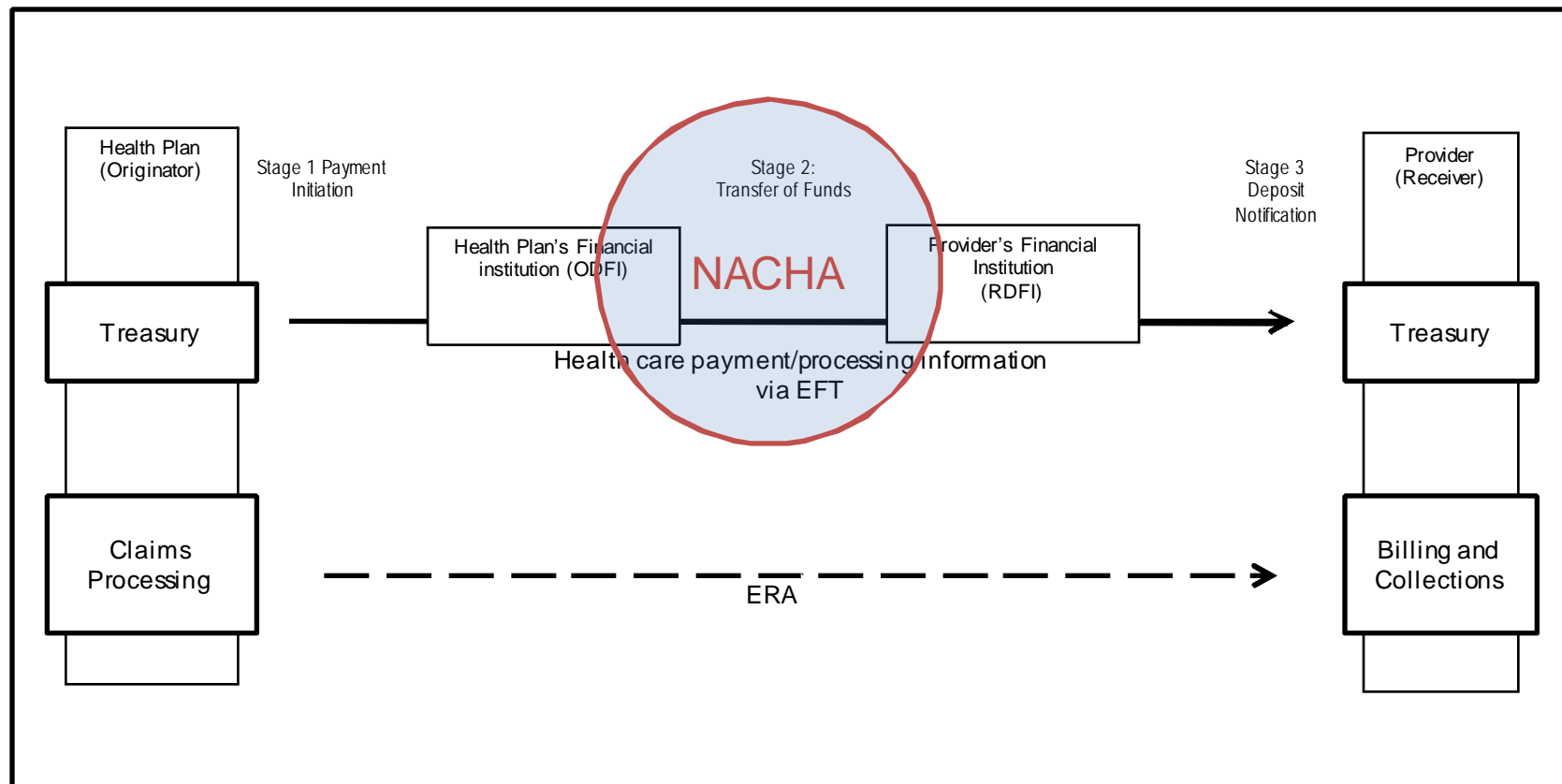
The Health Care EFT Standards



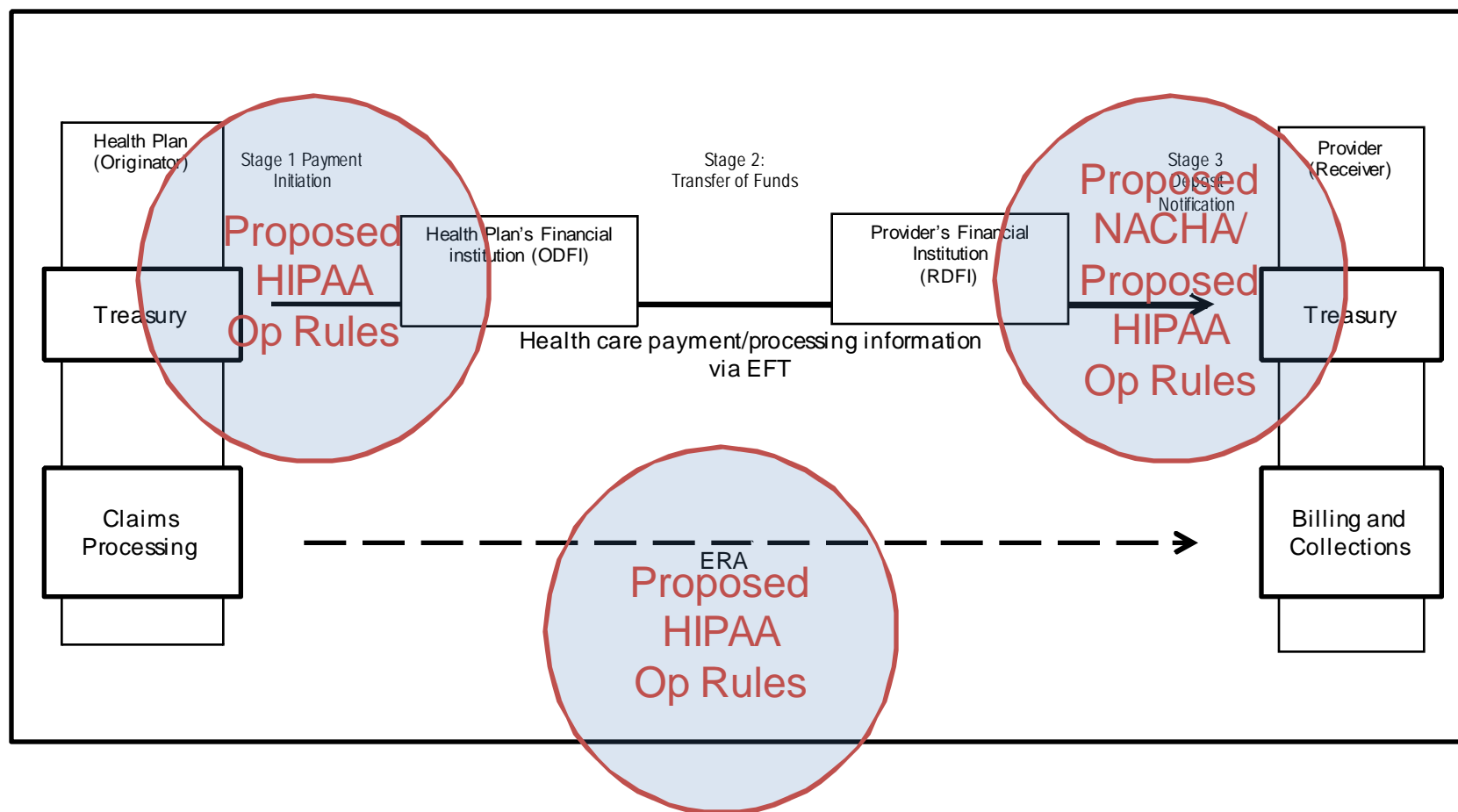
The Health Care EFT Standards



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The Health Care EFT Standards



The Health Care EFT Standards

- Standardizes the ACH transaction
 - Specific format, data elements
 - Provider can request use of standard (CCD+ in ACH Network)
- Room to Experiment
 - CTX
 - Claim payments through non-ACH networks (Fedwire, Card Networks)

Administrative Simplification Resources

- CMS Website
<http://www.cms.gov/home/regsguidance.asp>
- Click on “HIPAA Administrative Simplification”
- <http://www.cms.gov/ICD10>
- Listserv: http://cms.gov/ICD10/02d_CMS_ICD-10_Industry_Email_Updates.asp

Questions?

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