



State of New Jersey
Department of Human Services
Division of Medical Assistance & Health Services

NEWSLETTER

Volume 11 No. 37

May 2001

TO: All Providers and Electronic Submitters

SUBJECT: Health Insurance Portability & Accountability Act (HIPAA)

EFFECTIVE: IMMEDIATELY

PURPOSE: Increase Provider Awareness of HIPAA

BACKGROUND:

The purpose of this Newsletter is to increase provider awareness of HIPAA (the Health Insurance Portability and Accountability Act of 1996) and HIPAA's effect on the New Jersey Medicaid program.

HIPAA is comprised of two major legislative actions: health insurance reform and administrative simplification. The administrative simplification provisions direct the Secretary of the U. S. Department of Health and Human Services (DHHS) to adopt standards for administrative transactions, code sets, and identifiers, as well as standards for protecting the privacy and security of health care data. HIPAA will have a significant impact on the health care industry over the next several years.

The Transaction Set Final Rule is the first of the administrative simplification requirements to be published in the Federal Register. It was published on August 17, 2000 and its standards must be adopted within two years of the effective date of the final rule. The rule requires providers to use the standards for electronic transactions such as: submitting claims, receiving remittance advice statements, querying patient eligibility, checking claim status, requesting prior authorization where required, premium payments and enrollments. This will enable the entire health care industry to communicate electronic data using a single set of standards, thus eliminating all non-standard formats currently in use. Once these standards are in place, a health care provider will be able to submit a standard transaction containing the same standard data content to any health plan. This will simplify many clinical, billing and other financial applications and reduce administrative costs and burdens in existence today. These standards must be fully implemented by covered entities by the required federal compliance date, October 16, 2002.

The Final Rule on Transaction Sets defines standardized formats and data content for the following transactions:

- Claims and Encounter Data (837 Professional/Institutional/Dental and National Council for Prescription Drug Program NCPDP)
- Remittance Advice (835)
- Claims Inquiry and Response (276/277)
- Eligibility Inquiry and Response (270/271)
- Referrals and Authorization (278)
- Premium Payments (820)
- Benefit Enrollment (834)
- Claims Attachments (275) - DRAFT ONLY

The national identifier standards, also part of the HIPAA administrative simplification provisions, include the following: National Provider Identifier, National Employer Identifier, National Individual Identifier and National Health Plan Identifier. DHHS has chosen not to publish any anticipated dates for the release of these final rules at this time. However, we expect the National Provider Identifier to be among the first to be developed.

In regards to the HIPAA privacy and security standards, these are standards that define the patient's rights, how they are to be protected and standards that are required at all stages of transmission and storage of health care information to ensure confidentiality of the patient's data. The HIPAA Privacy final rule was put into effect April 14, 2001, with modifications to the rule to be proposed within 30 days. The HIPAA Security final rule has not yet been published.

In addition to the above federal HIPAA legislation, New Jersey is proposing State legislation known as HINT (Healthcare Information Networks and Technologies). HINT promotes the development and use of healthcare Electronic Data Interchange (EDI) using the national standards to achieve healthcare administrative simplification, resulting in potential cost savings for both the public and private sectors. HINT requires all entities regulated by the Department of Banking and Insurance (DOBI) to implement the standard health care transactions, beginning with the enrollment (transaction set 834) and claim forms (transaction set 837 Professional/Institutional/Dental), prior to the federal legislative timeline. Since the Medicaid program is not regulated by DOBI, Medicaid is not required to adhere to the earlier implementation date dictated by HINT. However, the New Jersey Medicaid program has volunteered to follow the earlier timeline proposed by the HINT legislation. This means we will accept HIPAA standard health care claim transactions from providers, prior to the federal HIPAA timeline, on a **voluntary** basis. The **mandatory** receipt and submission of HIPAA standard transactions between the Medicaid program and Medicaid providers will not become **mandatory** until October 16, 2002. Additional information on HINT can be obtained by accessing the following web site: <http://www.naic.org/nj/njhomepg.html>.

In conclusion, we will support the exclusive use of the HIPAA standard transaction and code sets and discontinue support of all existing non-version 4010 HIPAA compliant transactions, effective October 16, 2002. All providers who submit claims electronically must adhere to the HIPAA implementation guide requirements no later than October

16, 2002. Providers may voluntarily start using HIPAA transactions effective July 1, 2002.

The New Jersey Medicaid program intends to issue periodic newsletters regarding HIPAA information and Medicaid-related requirements and plans. All providers who submit claims electronically, or intend to submit claims electronically, are strongly encouraged to contact their billing agent (electronic submitter) now, to ensure that existing software is upgraded or replaced according to HIPAA specifications. As required by Federal law, the New Jersey Medicaid program will NOT be permitted to accept any electronic claims in a non-HIPAA format (i.e. current formats) effective October 16, 2002.

If you have any questions in regards to the above, please contact Michael Chiofolo at (609) 588-2759 or Joyce Episcopo at (609) 588-0373.

**RETAIN THIS NEWSLETTER NUMERICALLY BEHIND THE NEWSLETTER TAB
(BLUE TAB MARKED "5")**