



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

NEWSLETTER

Volume 12 No. 46

June 2002

TO: All Providers, Vendors, HMOs and Electronic Submitters

SUBJECT: Health Insurance Portability & Accountability Act (HIPAA); Revised Implementation Schedule

EFFECTIVE: **IMMEDIATELY**

PURPOSE: The purpose of this Newsletter is to increase provider awareness of HIPAA (the Health Insurance Portability and Accountability Act of 1996) and announce a revised HIPAA implementation schedule for New Jersey Medicaid.

BACKGROUND: In 1996, the Health Insurance Portability and Accountability Act (HIPAA) became law. It requires, among other things, that the Department of Health and Human Services (DHHS) establish national standards for electronic health care transactions and code sets. These national standards 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. The original deadline for covered entities to comply with these new national standards was October 16, 2002.

In December 2001, the Administrative Simplification Compliance Act (ASCA) extended the deadline for compliance with HIPAA Electronic Health Care Transactions and Code Sets standards (codified at 45 C.F.R. Parts 160,162) one year to October 16, 2003 for all covered entities other than small health plans. In order to qualify for this extension, covered entities must submit a compliance plan by October 16, 2002. Completion and timely submission of this model compliance plan will satisfy this federal requirement. If you are a covered entity and do not submit a compliance plan, you must be compliant with the HIPAA Electronic Health Care Transactions and Code Sets standards by October 16, 2002.

The compliance plan must be filed with the Centers for Medicare and Medicaid Services (CMS). The compliance plan is available for electronic completion, via the CMS web site, at www.cms.gov/hipaa/hipaa2/ASCAForm.asp. An on-line confirmation number will

be provided as acknowledgment of your extension. Covered entities have the option of submitting their own version of a compliance plan that provides equivalent information. Refer to the "How to File" section of the on-line instructions for information on how to file alternative submissions. You will not receive any specific notice that your compliance plan has been approved. For those filing electronically, your electronic confirmation number will serve as your only approval notice.

New Jersey Medicaid has filed a compliance plan with CMS and will delay their mandatory implementation until October 16, 2003. New Jersey Medicaid 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, 2003. All providers who submit claims electronically must adhere to the HIPAA implementation guide requirements no later than October 16, 2003.

- Claims and Encounter Data (837 Version 4010)
- Professional/Institutional/Dental and National Council for Prescription Drug Program NCPDP (Version 5.1)
- Remittance Advice (835 Version 4010)

New Jersey Medicaid will implement the remaining HIPAA transaction sets effective October 16, 2003:

- 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)

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 a required implementation date of April 14, 2003 with the exception of certain small health plans that have until April 2004. The HIPAA Security final rule has not yet been published.

The New Jersey Medicaid program intends to issue periodic newsletters regarding HIPAA information and Medicaid-related requirements and plans. In the next several

weeks, you should expect to receive a HIPAA Survey. All entities are encouraged to complete and return the survey as soon as possible. In addition, New Jersey Medicaid will be issuing a revised Electronic Media Claims (EMC) manual and agreement, which will detail the HIPAA requirements specific to New Jersey Medicaid. The revised EMC manual and agreement will be provided via a separate newsletter.

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, 2003.

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.

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