HIPAA STANDARDS FOR ELECTRONIC TRANSACTIONS

FINAL REGULATIONS – 45 C.F.R. PARTS 160 AND 162
PUBLISHED AUGUST 17, 2000
65 F.R. 50311 (2000)
AND MODIFIED MAY 31, 2002

ALI-ABA Pension, Profit-Sharing, Welfare,
and Other Compensation Plans

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1. Application of Electronic Transaction Standards. The final standards for electronic transactions were published on August 17, 2000. The effective date of the rule is October 16, 2000, the effective date with respect to the various parties affected by the regulations varies by the type of the entity. Modifications to the final regulations with respect to the standards for retail
pharmacy transactions for claims, encounters, and coordination of benefits were published on May 31, 2002. The modifications to the final regulations are not actually included in the modifications published in the Federal Register, but are available at http://hipaa-dsmo.org/crs/fasttrack.pdf. However, the preamble to the regulations indicates that compliance with the privacy standards will be required at the same time as compliance with these regulations and if the privacy standards are substantially delayed, or if Congress does not enact privacy standards to supercede the regulations, HHS may seriously consider suspending the application of this regulation or taking action to withdraw it; however, this caveat was not repeated in the regulation. The Administrative Simplification Compliance Act was enacted on December 27, 2001, permitting covered entities to apply for an extension to the compliance deadline for electronic transactions for one year. The Administrative Simplification Compliance Act also clarified it did not extend the deadline for compliance with the privacy regulations and in fact it codified the compliance deadline for the privacy regulations. These rules apply to health plans, health care clearinghouses and health care providers that transmit any health information in an electronic form.

a. Health plans include group health plans that have 50 or more participants or they are administered by an entity other than the employer that established and maintained the plan. This includes both insured and self-insured employee welfare benefit plans. A health plan is also defined to include HMOs, Parts A and B of Medicare, Medicaid, the issuer of a Medicare supplemental policy, the issuer of a long-term care policy, any employee welfare benefit plan that is established or maintained for the purposes of offering or providing health benefits to the employees of two or more employers, the health care program for active military personnel, the veterans health care program, CHAMPUS, Indian Health Services program, the Federal Employees Health Benefit Program, the state child health plan, and Medicare Plus Choice, and any other individual or group plan or combination of individual or group plans that provides or pays for the cost of medical care.

b. A health care clearinghouse is any public or private entity that either processes or facilitates the processing of information received from another entity in a non-standard format into a standardized format or received standard transactions from one entity and facilitates processing that information into non-standard format for a receiving entity and this includes billing services, repricing companies, community health management information systems, or community health information systems and value added networks and switches.

c. The regulation also defines a trading partner agreement as an agreement that relates to the exchange of information in electronic transactions, whether the agreement is distinct or a part of a larger agreement between each party to the agreement.

A transaction is the exchange of information between two parties to carry out financial or administrative activities related to health care. The information exchange covers health care claims and equivalent encounter information, health care payment and remittance advice, coordination of benefits, health care claims status, enrollment and disenrollment in a health plan, eligibility for a health plan, health plan premium payments, referral certification and authorization, first report of injury, health claims attachments and other transactions that the Secretary may prescribe by regulation. Modifications can be made to the data standards only once every 12 months by the Secretary of Health and Human Services and at any time during the first year after the standard is