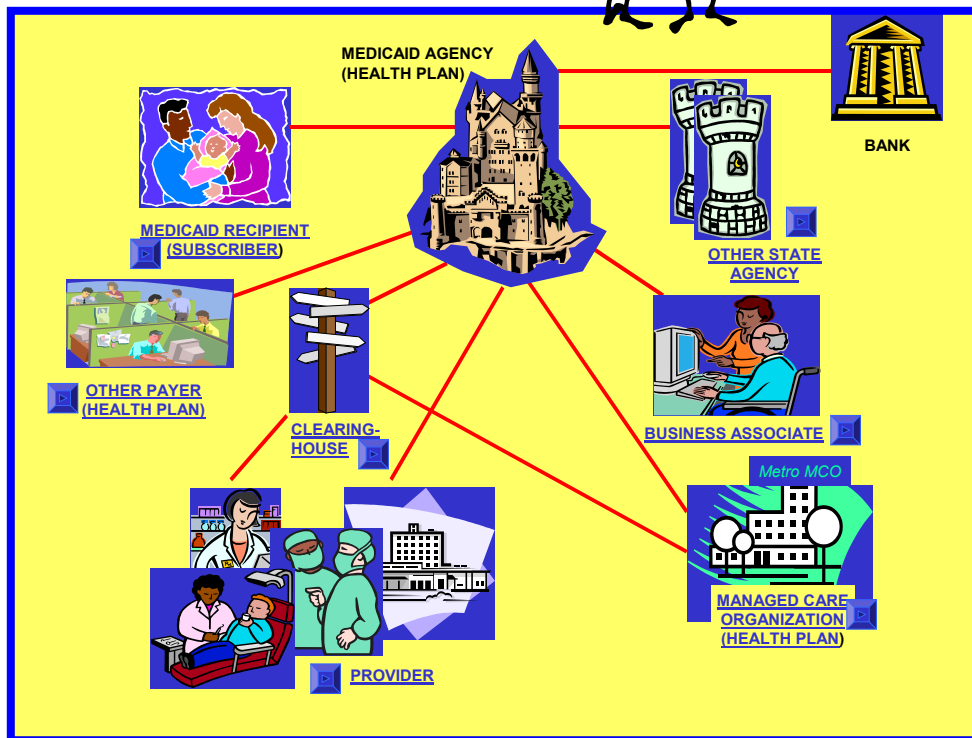


# Centers for Medicare & Medicaid Services

## OUTREACH TO DATA TRADING PARTNERS:



### ROAD MAPS TO HIPAA COMPLIANCE VOLUME 2, MAP 2



November 26, 2001

*This paper is the second in the year 2 series of the Centers for Medicare & Medicaid Services (CMS) white paper publications. Year 2 publications are dedicated to practical, how-to approaches to comply with HIPAA requirements.*

## **OUTREACH TO DATA TRADING PARTNERS**

### **States' Best Practices and Other Recommendations**

#### **WHY DO OUTREACH?**

HIPAA addresses data exchanged between two covered entities; compliance is required at both ends. In order to achieve compliance across the Medicaid universe, communications are exchanging partners. The Medicaid enterprise contains a unique variety of fee-for-service, managed care, waiver and multi-agency programs. In this universe, the Medicaid agency is the 400-pound gorilla. Although the Medicaid agency is not responsible for the HIPAA status of other covered entities, e.g., other State and local agencies; all providers, it is likely that in most States, the provider, managed care organizations, and other agency staff are looking to Medicaid for directions and answers.

**"You're Okay; I'm Okay"**



The reasons why the Medicaid agency should implement whatever level of outreach is within its budget and resources are to:

- ❑ Ensure that the electronic billing population is ready for the cut-over to prevent disruption in service or payment of providers
- ❑ Verify that other State agencies responsible for delivery of services to Medicaid eligibles understand their need for compliance
- ❑ Ensure that all contractors performing services for Medicaid agencies are up to speed in their areas of compliance requirements
- ❑ Assist the small and atypical providers and local agencies in understanding what they need to do
- ❑ Participate in HIPAA initiatives sponsored by provider associations and other payers in the State or Region to benefit from the training and implementation programs developed by these other organizations
- ❑ Develop reasonable testing schedules with data exchange partners to avoid chaos as the cut-over date nears
- ❑ Reassure the Medicaid consumer and provider that the State is doing everything necessary for compliance and is in control of its implementation plan
- ❑ Inform the Medicaid enterprise regarding planned activities and progress
- ❑ Work with key partners to develop contingency plans

In preparing for the Year 2000, States had to reach out to internal and external entities with whom they exchanged data to determine the level of awareness and readiness of the other parties, and to plan ahead for testing and contingency plans. In the Year 2000, our focus was on a single element, date fields. HIPAA has a far greater impact than the addition of a century to the date. The electronic standards mandated by HIPAA affect the key data sets required by the provider and payer communities to administer the delivery of health care. The end result promises to bring efficiencies and simplification across the Medicaid enterprise. Achieving compliance is another matter. Between Rule 1 (Transactions and Code Sets) and Rule 2 (Privacy), almost every function within the Medicaid agency must be examined to determine if changes are required, and if so, what changes.



## **TOPICS COVERED IN THIS PAPER**

This paper covers the following topics:

- ❑ Inventories of Data Trading Partners and Business Associates
- ❑ Implementation Plan for Outreach Strategies
- ❑ Communications
- ❑ Web Sites
- ❑ Outreach Materials



This paper looks outward from the Medicaid organization's HIPAA Project Management Office to the immediate circle of Data Trading Partners (DTP) and Business Associates (BA) who are the first line of contact in the exchange of electronic information impacted by HIPAA. It also looks beyond the first circle to intermediate levels of organizations affected by HIPAA, and ultimately to the outer limits of the Medicaid enterprise universe.



## **DEFINITIONS**

The *Data Trading Partner* (DTP) is any other entity external to the Medicaid agency with which the agency exchanges information, e.g., providers, managed care organizations, or another State agency. The information exchanged may be in electronic, fax, automated voice response, voice, or paper format; the DTP may or may not be a HIPAA Covered Entity<sup>1</sup>. As part of its Outreach planning, each State should categorize its DTPs in terms of their covered entity status and EDI activities. Included in that exercise is recognition of the entity's status as a Health Plan, a Provider, or both.

The *Business Associate* (BA) as defined in Rule 2 (Privacy)<sup>2</sup> acts on behalf of the covered entity. The covered entity is for ensuring that its BAs implement changes where necessary to maintain the compliance. For example, the fiscal agent must be able to send and receive required transactions, and protect the confidentiality of individually identifiable health data. The BA could itself be a covered entity, e.g., another State agency health plan.



## **CHECKLIST APPROACH**

Responses to a survey of States' requests for topics for white papers included a suggestion from the State of Oklahoma for "a checklist approach." The following material is organized in a checklist format and includes information from the National Medicaid EDI HIPAA (NMEH) sub-Work Group (SWG) on Outreach.

**Contact Dann Stevens of Iowa,  
NMEH Lead for Outreach, for  
more information.  
[Dstevens@dhs.state.ia.us](mailto:Dstevens@dhs.state.ia.us)**

The following checklist on Inventories is subdivided by type of DTP or BA and exhibits tools proposed or developed by States to assist in the Outreach activities.

## **CREATE INVENTORIES OF DATA TRADING PARTNERS AND BUSINESS ASSOCIATES**

States first need to identify who is in their data trading universe and then they need to prioritize these entities. Many States have severely restricted budgets or even budget freezes. The following suggestions for inventories are intended to be a menu of Outreach opportunities.

<sup>1</sup> See CMS publication, *Road Maps to HIPAA Compliance, Volume 2, Map 1*, for a discussion of Covered Entities.

<sup>2</sup> See DHHS title 45 CFR Parts 160.103. Rule 2 defines business associates as "...legal, actuarial, accounting, consulting, management, administrative accreditation, data aggregation, and financial services.

They are:

- ❑ Business Associates
- ❑ Medicaid Fee-for-Service Providers
- ❑ Managed Care and Prepaid Organizations
- ❑ Potentially Non-Covered Entity Data Trading Partners
- ❑ Other Agency Covered Entity Providers
- ❑ External Associations
- ❑ Other Payers
- ❑ Other External Data Exchanges



For States with large numbers of providers and other partners, it is useful to have a database derived from the provider or vendor master files so that HIPAA-specific data can be collected. It is recommended to conduct a survey of the data trading partners to find out how many currently send and receive electronic transactions and plan to do so in the future. Different communications can be sent to different categories of partners.

We begin with an Inventory of Business Associates because these entities are seen under HIPAA as an extension of the Medicaid agency. States are obligated to communicate with their outsourcing contractors to ensure their HIPAA compliance where required. The Medicaid agency, as the covered entity, is the responsible party for HIPAA implementation. However, the agency must ensure that the BA adheres to applicable HIPAA standards so as not to jeopardize the compliant status of the agency.

## **INVENTORY OF BUSINESS ASSOCIATES**

*Typical Business Associates of Medicaid agencies are contractors who perform the important outsourced functions involving receipt, handling, and sending of health data.*

### **BUSINESS ASSOCIATE FUNCTIONS**



- ❑ **FISCAL AGENT SERVICES**
- ❑ **DATA ENTRY AND/OR ERROR CORRECTION**
- ❑ **PRIOR AUTHORIZATION OF OUTPATIENT SERVICES**
- ❑ **ADMISSION CERTIFICATION FOR INSTITUTIONAL SERVICES**
- ❑ **ENROLLMENT AND/OR CASE MANAGEMENT FOR WAIVER SERVICES**
- ❑ **MCO CHOICE COUNSELING (ENROLLMENT BROKER SERVICES)**
- ❑ **PROFESSIONAL REVIEW**
- ❑ **OUTSOURCED SURVEILLANCE AND UTILIZATION REVIEW (SUR)**
- ❑ **FRAUD AND ABUSE DETECTION SERVICES**
- ❑ **THIRD PARTY LIABILITY COLLECTION**
- ❑ **REVENUE MAXIMIZATION**
- ❑ **COST SETTLEMENT**
- ❑ **PROVIDER AUDITS**
- ❑ **ACTUARIAL SERVICES**
- ❑ **RESEARCH**
- ❑ **POLICY AND PROGRAM DEVELOPMENT**
- ❑ **OTHER<sup>3</sup>**

<sup>3</sup> E.g., a non-risk pharmacy benefit manager; other State agencies may function as a business associate even though not named as such in the law, for example, a Department of Finance who issues checks to providers.

### **ACTION STEPS**

*Obtain current list of contractors from the Contract Management office.*

- Leverage Y2K inventories or create new inventory.
- Flag or separate by type of contract and type of data exchange

**Contractor Lists**

*Design inventory database*  
Include information useful to Outreach and future testing, e.g.,

- Type of contractor
- Type of data exchange (eligibility, claims, encounters, financial)
- Presence of individually identifiable health care information
- Applicability of Security Rule
- Number of enrollees or covered eligibles associated with contract
- Contact information, e.g., name, telephone number, address, etc.



*A survey is recommended to determine the BA's self-assessment of awareness, readiness, and progress. The State may*

**Survey of  
BA  
Readiness**

*need to change contract language to ensure BA compliance with HIPAA.*

## INVENTORY OF MEDICAID FEE-FOR-SERVICE PROVIDERS

The most critical group of data trading partners in any State is the fee-for-service provider community. Most States already have inventories of their electronic data interchange (EDI) providers, but they may want to distribute a survey to all providers, including current non-EDI, to determine the number of providers likely to be submitting X12N transactions on the date of cut-over. The following includes covered entity providers using EDI and non-EDI.

### FEE-FOR-SERVICE PROVIDERS

- ❑ **ELECTRONIC BILLERS (EDI)**
- ❑ **DIRECT DATA ENTRY BILLERS (DDE)**
- ❑ **WEB SUBMITTERS (WWW)**
- ❑ **PAPER BILLERS**
- ❑ **TURN-AROUND DOCUMENT SUBMITTERS (TAD)**
- ❑ **COMMON MEDICAL MARKET PROVIDERS<sup>4</sup>**
- ❑ **OTHER BILLING CATEGORIES DESIGNATED BY STATE**



The above categories may be important if the State wants to send different types of communication and schedule separate meetings for these types of providers.

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<sup>4</sup> Common Medical Market includes providers in border States (contiguous State lines), Canada, tertiary care facilities in other States, and other island or mainland facilities used by the Trust Territories.

### ACTION STEPS

*Begin with your current provider database and inventories used for Y2K.*

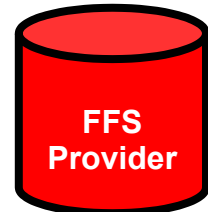
- Leverage Y2K inventories
- Flag or separate by type of media (EDI, DDE, WWW, TAD)

**Inventory  
of  
Providers**

*Design inventory database tailored to Outreach requirements of HIPAA.*

Include information useful to Outreach data collection and future testing, e.g.,

- Status of provider (active...)
- Monthly volume
- Type of transactions (X12N 837, 835, 270...)
- Contact information, e.g., name, telephone number, address, etc.



*A survey may be needed to obtain an accurate account of numbers of providers and volumes of transactions intended to be HIPAA compliant. The survey should ask questions about provider readiness for testing and implementation.*



# INVENTORY OF MANAGED CARE AND PREPAID ORGANIZATIONS

*Use a separate list for at-risk, prepaid organizations because the data exchanges are different from those conducted with fee-for-service providers. Managed care organizations (MCOs) are covered entity health plans responsible for receiving enrollment transactions (X12N 834) and premium payments (X12N 820) from Medicaid, and may be responsible for sending compliant X12N encounter data. MCOs need to know the State's intentions for implementing these transactions as soon as possible since they have to conduct their own remediation before testing with the State. These transactions are typically electronic and high-volume.*

## MCOs

- ❑ **MANAGED CARE ORGANIZATION (PREPAID HEALTH PLAN)**
- ❑ **MENTAL HEALTH MCO**
- ❑ **DENTAL MCO**
- ❑ **PHARMACY BENEFIT MANAGEMENT AT RISK**
- ❑ **LONG TERM CARE PLAN**
- ❑ **PRIMARY CARE CASE MANAGEMENT**
- ❑ **PRIMARY CARE PROVIDER PLAN**
- ❑ **OTHER CAPITATED ARRANGEMENT**



## ACTION STEPS

*Begin with your current MCO database and inventories used for Y2K.*

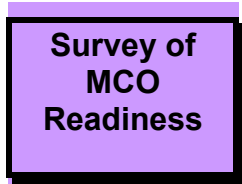
- Leverage Y2K inventories
- Flag or separate by type of contract, number of enrollees



*Design inventory database and tailor to capture data on status of MCO readiness, testing schedule, volume, e.g.,*

- Contract type
- Number of enrollees
- Type of transactions (e.g., X12N 834, 820, 837 encounter, 270...); volume
- Geographic location
- Contact information

*Conduct survey to obtain missing information and determine contractor level of awareness, readiness, and progress.*





## INVENTORY OF POTENTIALLY NON-COVERED ENTITY DTPs

The following types of providers may bill Medicaid in a variety of ways. They may be exempt from compliance with HIPAA; however, the State may encourage or insist that some of these providers conform to the X12N standards for certain transactions, particularly claims, encounters, and eligibility verification. Each State must define the boundaries of its own Covered Entities and describe their relationships and data exchanges.

### NON-COVERED ENTITY DATA TRADING PARTNERS

- **GRANTEES**
- **SCHOOLS**
- **“ATYPICAL SERVICE PROVIDERS”<sup>5</sup>**
  - Taxi cabs
  - Family member care takers
  - Carpenters
  - Others

**Survey of Provider Readiness**

Surveys are recommended for the non-covered entity provider, especially if the State intends to

bring them into the EDI and MMIS environment



### ACTION STEPS

**Inventory of Non-Covered Providers**

- Leverage Y2K inventories or create new inventory.
- Flag or separate by type of contract, number of enrollees

*Design inventory database*

Include information useful to Outreach and future testing, e.g.,

- Type of contract
- Number of providers
- Number of enrollees or covered eligibles
- Type of data exchange (rosters, vouchers, paper invoices)
- Potential for HIPAA-compliant EDI
- Geographic location
- Contact information



<sup>5</sup> See definition of “Atypical Service Provider” in Rule 1, Section 160.103, and official Comments. “Transactions for certain services that are not normally considered health care services... would not be subject to the standards...”

## **INVENTORY OF OTHER AGENCY COVERED ENTITY PROVIDERS**

*Many State Medicaid agencies have agreements with sister agencies to provide services for the Medicaid population. Typical examples are:*

SERVICE	SISTER AGENCY
Medicaid Waiver	Departments of Aging, Developmental Disabilities, and Social Services Other Departments
Mental Health	State, County, City Department of Mental Health
Early and Periodic Screening, Diagnosis, and Treatment	State, County, City Department of Public Health
Immunizations	State, County, City Department of Public Health

### **ACTION STEPS**



*Design inventory database tailored to needs for Outreach to multiple State and local agencies.*

Include information useful to Outreach and future testing, e.g.,

- Type of contract
- Number and type of eligibles
- Type of services provided
- Type of data exchange (eligibility, claims, encounters, financial)
- Presence of individually identifiable health care information
- Applicability of Security Rule
- Contact information



## **INVENTORY OF EXTERNAL ASSOCIATIONS**

*Every State has provider associations and other organizations representing DTPs. These associations may be developing resources to help their members with HIPAA compliance. Medicaid agencies can benefit from joining forces with these external partners.*

ORGANIZATION	SHARED INFORMATION
Medical, Hospital Association	Web sites Surveys Notifications to Providers HIPAA workshops Schedule of public meetings
Association of MCOs	Same
Association of County Departments of Health, Mental Health	Same
Coalition of State or Regional Insurers, Payers, Providers, e.g., UHIN, NCHICA, WA, HI, CO, NY, MA...	Web sites Information on HIPAA Test platform; schedule Joint work products on implementation strategies and solutions
Consumer Advocacy Groups	Information on Privacy

### **ACTION STEPS**

*Develop list of external associations and contact numbers, including:*

- Type of Association
- Type and number of membership
- Link to Association's Web site
- Calendar of public meetings for each organization
- Collection of and collaboration on information disseminated by the organization to its members
- File of correspondences between the Medicaid agency and the associations



## OTHER PAYERS

State Medicaid agencies coordinate benefits with local payers and out of State payers. These other payers are covered entity health plans with the exception of Workers' Compensation. Examples are:

### OTHER PAYERS

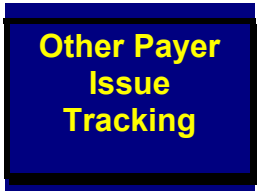
- ❑ **INDIAN HEALTH SERVICE (IHS)**
- ❑ **WORKERS' COMPENSATION (EXEMPT)**
- ❑ **IN-STATE INSURANCE COMPANIES**
- ❑ **GROUP HEALTH INSURANCE PLANS**
- ❑ **OUT-OF-STATE INSURANCE COMPANIES**
- ❑ **MEDICARE CONTRACTORS**
- ❑ **OTHER**

### ACTION STEPS

*Design inventory database*

Include information useful to Outreach data collection and future testing, e.g.,

- Type of contract
- Number and type of eligibles covered
- Type of data exchange (eligibility, claims, encounters)
- Presence of individually identifiable health care information
- Applicability of Security Rule
- Contact information



## OTHER DATA EXCHANGES

State Medicaid agencies share data with and receive data from other agencies and organizations. Some of these may need to be assessed for impact of HIPAA and for coordination. Examples are:

### OTHER DATA EXCHANGES

*Discussions are on-going regarding these data exchange partners and the benefits or impact of HIPAA on the data exchange requirements.*

- ❑ **MEDICAID STATISTICAL INFORMATION SYSTEM (MSIS)**
- ❑ **IMMUNIZATION REGISTRY**
- ❑ **NATIONAL ELECTRONIC DISEASE SURVEILLANCE SYSTEM (NEDSS)**



### ACTION STEPS

*Identify all additional external data exchange partner who are not Covered Entities under the law, and work out the ground rules for future data content in these data exchanges.*

#### List of External Data Exchange Partners

- Type of entity
- Type of data exchange (eligibility, claims, immunization records, infectious disease information, encounters)
- Presence of individually identifiable health data
- Frequency of reporting
- Media
- Applicability of Security Rule

## **PRIORITIZING OUTREACH ACTIVITIES**

The above checklists cover the major points of contact between the Medicaid agency and its DTPs and BAs. Since many agencies have resource limitations and time is running out, it may be necessary for a State to prioritize its outreach efforts. The following are criteria that could be used for targeting the most critical DTPs.

- Does the DTP currently send/receive covered transaction data electronically?
- Which transactions?
- Does the DTP indicate a desire to send/receive data electronically as of the cutover date?
- Is the DTP a high-volume provider?

These criteria can be used by a State to both plan its outreach and schedule testing between the State and its DTP. A State's assessment and impact analysis process should result in its own criteria for prioritization. For example<sup>6</sup>, there could be tiers established for DTP outreach:



### TIER 1:

- Electronic Billers
- MCOs receiving electronic enrollment and premium payments
- Users of electronic eligibility verification
- All Business Associates

### TIER 2:

- Providers receiving/desiring to receive electronic remittance advices
- Providers receiving/desiring to receive electronic claims status
- Other State and local agencies

### TIER 3:

- DDE providers
- Web-based billers and MCOs
- Atypical providers, e.g., Waiver service provider

### TIER 4:

- All DTP affected only by Privacy
- DTP partners sending/receiving transactions for which there are still issues under discussion, e.g., encounter data, prior authorization requests, coordination of benefits

### TIER 5:

- All other DTPs

For States proceeding with an Outreach campaign, the following sections provide suggestions for Planning, Communications, Web sites, and Outreach Materials. These sections are accompanied by Best Practice examples from States.

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<sup>6</sup> Note: This is only an example. Each State is expected to establish its own priorities.

## **IMPLEMENTATION PLAN FOR OUTREACH STRATEGIES**

A plan is needed to size and price the Outreach strategy, control the schedule, and prioritize the tasks. The plan takes into account all of the inventories, surveys, and data collection suggested above. A different strategy is likely needed for each category of data trading partner. The Outreach implementation plan should specify the strategy planned for each group of DTP and provide a schedule for the roll out.



			W	T	F	S
45						
46		PRIORITIZE DTP AND DATA EXCHANGES				
47						
48		<b>SURVEY ALL DTP</b>				
49		Awareness?				
50		Readiness?				
51		Volume EDI?				
52		Test schedule?				
53						
54		ENTER INTO DTP READINESS DATABASE				
55						
56		<b>DEVELOP DTP OUTREACH PLAN</b>				
57		<b>Develop outreach strategy for each type of DTP</b>				
58		What materials?				
59		What media?				
60		Schedule?				
61		Meetings?				

## **COMMUNICATIONS**

Some States are including HIPAA information in periodic mailings to providers, newsletters, and other standard forms of communication. One of the most effective means of communication is through State-sponsored or other entity-sponsored meetings. The following is a list of meeting opportunities in which many States are engaged:

- State sponsored regional meetings
- State HIPAA Project Management Office staff as speakers at DTP meetings
- State participation in Industry Coalitions and Coalition-sponsored meetings

- State sponsored workshops for MCOs and/or different provider types
- Meetings co-sponsored with Sister Agencies
- State participation in national forums and conferences
- State participation in Standards organizations and NMEH
- Mobile HIPAA booth developed by State and transported to meetings
- Including HIPAA training in regular provider training

Communication is the cornerstone of the Outreach program. It can be a full-time job for some staff to cover all these meetings, but the pay-off is optimal sharing of information that paves the way for coordinating testing and developing contingency plans within the DTP community.

## **HIPAA WEB SITES**

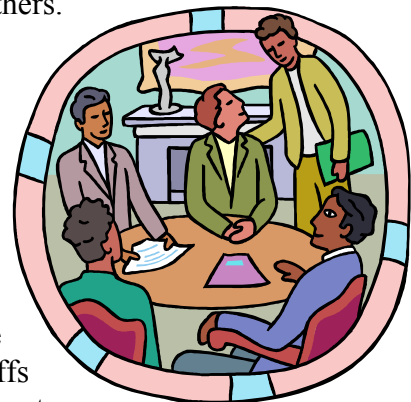
By far the most efficient means of communication with all DTPs is through a Web site developed and maintained by the State. Best Practices for Web sites can be seen by visiting sites established by the States of Indiana and Washington.

Web sites:

<http://maa.dshs.wa.gov/dshshipaa>  
[www.indianamedicaid.com](http://www.indianamedicaid.com)

*State of Indiana:* Indiana’s survey was distributed through three avenues: online through the Web site, through existing training sessions, and by a mailing to 10% of the providers. Indiana reported that about 62% of responses were either unsure of the impact or expecting a huge impact from HIPAA. The online response was not as high as anticipated. The link for this State is [www.indianamedicaid.com](http://www.indianamedicaid.com). Other States are encouraged to send their Web sites to the NMEH SWG on Outreach, *HIPAA Integration & Transition (HIT)*, for inclusion in its Web site roster.

*State of Washington:* Seven agencies in the State of Washington have joined to coordinate HIPAA educational offerings to providers and others. Four primary agencies, Department of Social & Health Services, Department of Health, Labor and Industries, and the Health Care Authority, organized the group. Their generic equivalents exist in most states: Social services, health records, workers’ compensation, and State benefits. Although workers’ compensation systems like Washington’s are technically exempt under HIPAA, the State realized there was no benefit to being a non-compliant island in a sea of HIPAA-compliant payers. The partner agencies also jointly briefed legislators and their staffs on HIPAA this spring – this proved to be a very effective way to





approach legislators. The new Web site is at <http://maa.dshs.wa.gov/dshshipaa>.

Also contact Dann Stevens of Iowa, NMEH Lead for Outreach, for more information on outreach activities and new State Web sites: [Dsteven@dhs.state.ia.us](mailto:Dsteven@dhs.state.ia.us)

## **OUTREACH MATERIALS**

The NMEH SWG on Outreach, *HIPAA Integration & Transition (HIT)*, is the major source of information on Outreach for State Medicaid agencies. Minutes from a recent meeting of this SWG cite the following examples of Outreach activities in several States (*Note: some of these events may have occurred prior to the publication date of this paper*):

<b>STATE</b>	<b>OUTREACH ACTIVITY</b>
Arizona	HIPAA survey included in provider newsletter
California	<ul style="list-style-type: none"> <li>▪ Provider participation focus group</li> <li>▪ Encouraging providers to move from paper to EDI</li> <li>▪ Beta testing provider on-line claim status inquiry</li> <li>▪ Awaiting decision on clearance to post provider survey results on-line</li> </ul>
Indiana	Annual provider training in September 2001 will feature a section on HIPAA.
Kansas	HIPAA Awareness and Readiness for Kansas (HARK) group established to promote statewide HIPAA awareness. Collaboration of State hospital and medical societies, BCBS of Kansas, State agencies including Medicaid, and vendors.
Louisiana	Establishing a provider Web site relating to HIPAA
Maryland	In the "train the trainer" phase of HIPAA transition.
New York	Is preparing for Phase I of a new MMIS implementation in October 2001.
North Carolina	Drafting a FAQ sheet for providers and will include this in their Web site.
Oregon	Is launching their HIPAA educational efforts and will be training staff on HIPAA.
West Virginia	Took an overview approach with their providers in June 2001.
Wisconsin	Wisconsin has a HIPAA booth that they have been circulating to various association meetings. They have been including articles in the monthly provider newsletter and are now ready to begin an insert featuring only HIPAA information in the newsletter.

*Meetings of HIT are the 3<sup>rd</sup> Wednesday of each month. Phone 972-605-7999 confirmation # 44050 (this number and time are good through the end of 2001).*