**Technical Support Services**
**for the Medicaid**
**HIPAA-Compliant**
**Concept Model**
**(MHCCM)**

# HIPAA EDI Transaction Risk Assessment Checklist

## (For State Self-Assessment)

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**Prepared for:**
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# HIPAA EDI TRANSACTION RISK ASSESSMENT CHECKLIST (STATE SELF-ASSESSMENT)

The risk assessment checklist is provided as a self-assessment tool to allow States or agencies to gauge where they are in the overall picture of HIPAA implementation. This checklist is intended to be used by the HIPAA Coordinator, HIPAA Project Lead, or other key agency representative in the State, Medicaid agency, or other agency. Use of this checklist is voluntary; it is intended to assist the agency and is not required to be submitted to CMS.

The Yes column following each item can be checked if the person completing it can respond positively to the question (i.e., the item is completed or in progress). The Yes column can also be checked if adequate resources and planning have been allocated for future efforts. If these criteria are not met, the No column should be checked. Two critical parameters often appear in the question sets. The first addresses whether a thorough analysis was performed resulting in a clear understanding of the task in question. The second addresses whether a firm commitment of specific allocation of funds and/or resources exists to accomplish the task.

There are no official score sheets or right or wrong answers; the list of questions is provided as an aid to help establish a barometer of progress and highlight work still needing to be accomplished. The list is also intended to provide ideas on areas that States or agencies may not have considered in their project efforts toward HIPAA compliance. It is in the organization's best interest to answer the questions as honestly and accurately as possible. The HIPAA Project Lead or HIPAA Project Coordinator is usually in the best position to provide accurate answers to the questions and can act as the best judge of the status of each project area in the checklist.

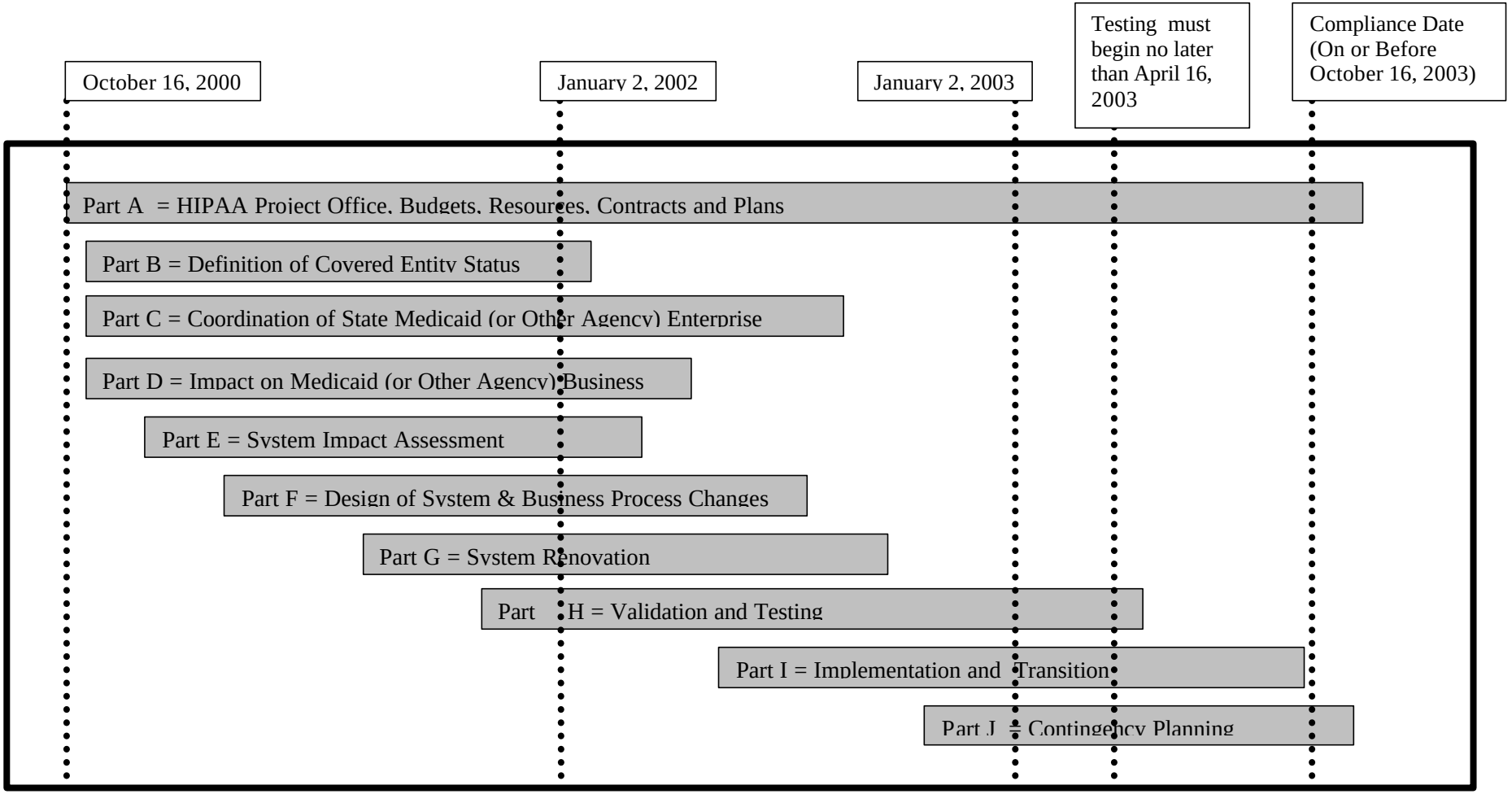
**Each question for which a No answer was supplied should be examined, and the reason for which No was given should be understood. If, in fact the No answer is proper for the activities required to become HIPAA compliant, it need not be considered further and N/A can be put in the answer boxes. The checklist is intended to serve as a tool for identifying areas of risk. Every No answer remaining after the analysis is an indication of an area of risk. The more remaining Nos, the higher the risk for achieving HIPAA compliance. In general, the project is at low risk if the answers are mainly Yes or N/A. However, even in the case of many No responses to the questions, this checklist is not intended to give the impression that the organization is not going to successfully achieve HIPAA compliance. It should allow better focus of organization efforts in the time remaining until Oct. 16, 2003.**

Please be aware that this checklist only applies to the Transaction Standard – Rule 1. Rule 2, Privacy, must also be implemented in this time period. Activities pertaining to Rule 2 are <u>not</u> included in this checklist.

The timeline graphic is based on the GAO guidelines for project implementation. It illustrates the overlapping of project phases and activities and the overall chronology of project activity. The timeline also provides comparison dates of January 2, 2002 and January 2, 2003 to provide a general indication of where each organization should be in the project timeline. This is a depiction of an "ideal project". Roughly, a HIPAA Project can correlate its own timeline to this one by aligning its actual start date with this timeline's start date (October 16, 2000) and then comparing its tasks and activities with the timeline for the 10 defined project areas (A-J).

Sources for useful HIPAA-related information are suggested in some of the checklist items below (CMS white papers can be found at either WWW.MHCCM.ORG or WWW.CMS.GOV). In addition, white papers on the WEDI-SNIP website (SNIP.WEDI.ORG) and the State NMEH representative can provide more information.

# PLOTTING THE PROJECT TIMELINE



# HIPAA EDI TRANSACTION RISK ASSESSMENT CHECKLIST – State Self-Assessment

## Checklist Contents



## Part A – HIPAA Project Office, Budgets, Resources, Contracts, and Plans

### 1. HIPAA Project Office (HPO) Established

*HPO can be statewide, agency or department specific. Responsibilities, structure, schedule, tracking, and reporting set up. For guidance, read the CMS paper "*GETTING ORGANIZED FOR HIPAA: *States' Best Practices for Scaling Mt. HIPAA"*

| | Yes | No |
|---|---|---|
| Is an HPO established? | | |
| Does the HPO have a written charter and a defined role? | | |
| Does the HPO have support at the highest State executive levels? | | |
| Is there a current Organization chart and Charter document? | | |

## 2. HIPAA Budgets, Resources, And Contracts

*Resources identified and available*

| | Yes | No |
|---|---|---|
| Are the HIPAA budget requirements known in detail? | | |
| Are the needed APDs submitted and approved for HIPAA? | | |
| Is there a resource plan? | | |
| Are the staffing requirements assessed for the entire project? | | |
| Are staffing resources available when needed? | | |
| Does the HPO have a firm commitment of resources and staff to meet the requirements? | | |
| Are all necessary RFPs for resources and staff completed? | | |
| Are contracts in place for additional resources and staff? | | |
| Are contracts in place for needed software (translators, for example)? | | |
| Are other needed services and support contracts in place? | | |

## 3. State or Agency HIPAA Plan

*Overall State plan should include State agency coordination. May need sub-plans for specific areas, associated offices or subordinate departments (Project Mgmt, Status/Tracking, Testing, Risk Management, Configuration Management, QA/QC, Contingency Planing, etc.) For help on the format and contents of system and software development related plans, see the IEEE Software Engineering Standards at WWW.IEEE.ORG. Lots of good software management related information, including Risk Management, is available from the Software Engineering Institute at WWW.SEI.CMU.EDU.*

| | Yes | No |
|---|---|---|
| Is there an overall State or Agency (or comparable) HIPAA plan? | | |
| If needed, are there individual department plans? | | |
| Are reasonable timelines established for critical activities? | | |
| Are specific individuals responsible for updating the plan? | | |
| Does the plan include outreach activities? | | |
| Is there a plan for implementation of future HIPAA rules (NPI, Transaction Version Changes, Plan ID, Claims Attachments)? | | |

### 4. Scheduling and Tracking Project Activities

*Tracking individual plans & schedules for renovation effort*

| | Yes | No |
|---|---|---|
| Do HIPAA schedules define tasks and milestones, indicating responsible entities and dependencies? | | |
| Is there a process and tools to support maintaining HIPAA project plans and schedules? | | |
| Do all departments, divisions, and units report to the HPO on HIPAA progress? | | |
| Is there periodic Executive level review of progress and deadlines? | | |
| Has a request for a one-year implementation delay been submitted (by Oct 16, 2002)? | | |

## Part B - Definition of Covered Entity Status

### 5. Definition of Covered Entity Status

*Definition of Medicaid covered entity status and its relationship to other State agencies (Depts. of Health, Mental Health, Aging, etc.). For guidance, read the CMS paper "*ARE YOU A COVERED ENTITY? *And When Does Rule 1 Apply?"*

| | Yes | No |
|---|---|---|
| Has the Medicaid State agency defined its own Covered Entity boundaries? | | |
| Have any exempt components been identified? | | |
| Does the agency have any components, (e.g., Provider role, Clearinghouse role, or Sponsor role) which would qualify it as another type of Covered Entity? | | |
| Does the Medicaid agency know the Covered Entity status of the other State agencies with which it does business? | | |
| Does the HIPAA Project Plan cover all relationships? | | |

## Part C – Coordination of State Medicaid (or Other Agency) Enterprise

### 6. Outreach To Trading Partners

*Inclusion of the State Medicaid Enterprise. For guidance, see the CMS paper "*OUTREACH TO DATA TRADING PARTNERS*: "You're OK, I'm OK""*

| | Yes | No |
|---|---|---|
| Does the agency have an Outreach Plan? | | |
| Is the execution of the plan on schedule? | | |
| Have issues related to testing with Partners been identified and resolved? | | |

| | | |
|---|---|---|
| Have transition issues been identified and resolved? | | |
| Has the MHCCM (Medicaid HIPAA Compliant Concept Model) Enterprise Perspective been used to verify that all trading partners are included? | | |

## 7. Provider Survey

*Provider readiness indicator*

| | Yes | No |
|---|---|---|
| Has a survey been sent to providers to determine their HIPAA readiness? | | |
| Has the potential EDI volume been determined? | | |
| Is the system able to handle all incoming data via all routes of data submission? | | |

## 8. Inventory Of Data Exchange Partners And Data Exchanged

*All covered exchanges should be known and classified as to transaction type*

| | Yes | No |
|---|---|---|
| Was the Y2K inventory of data exchange partners and data reviewed and used as a starting point? | | |
| Have the inventories been updated for HIPAA? | | |
| For covered entities, have the data exchanges that require the use of standard transactions been identified? | | |
| Is the opportunity to use any non-mandated standards (277 unsolicited, 275, 997) being considered? | | |

## 9. Trading Partner Agreements

*Assuring that Trading Partner agreements are updated for HIPAA*

| | Yes | No |
|---|---|---|
| Have trading partner and Chain of Trust agreements been developed? | | |
| Was a model agreement used? | | |
| Was legal counsel involved in developing the contract language? | | |

## 10. Business Associate Agreements

*Assuring Business Associates are doing what is needed for compliance*

| | Yes | No |
|---|---|---|
| Have all business associate contracts been examined in light of the Transaction rule? | | |
| Are all needed parts of these contracts rewritten to ensure HIPAA compliance? | | |

| | | |
|---|---|---|
| Was a model contract used as an example? | | |
| Was legal counsel involved in developing the contract changes? | | |

## Part D – Impact on Medicaid (or Other Agency) Business Processes

### 11. Business Process Identification, Review, And Re-Engineering

*Assessed for HIPAA impact, prioritized for re-engineering (requiring changes in policy, procedure, training and use of data) and for contingency planning*

| | Yes | No |
|---|---|---|
| Have the business functions been inventoried? | | |
| Has the inventory been verified against the business functions identified in the MHCCM Operations Perspective? | | |
| Have the business processes been assessed for HIPAA impact? | | |
| In particular, has the electronic availability of eligibility determination been assessed to determine required changes in day-to-day operations? | | |
| Have the processes been prioritized for re-engineering? | | |
| Have the processes been prioritized for contingency planning? | | |
| Are specific plans in place for critical/top priority business processes? | | |
| Can all impacted business processes be ready by the transition date? | | |

### 12. HIPAA Standard Code Sets (Loss of Local Codes)

*Identification and decisions on how to implement new standard codes, how to live without local codes, impact on systems which use local codes, impact on business processes. For guidance, see the CMS paper "*DATA CONTENTS AND CODE SETS: *The Devil is in the Details"*

| | Yes | No |
|---|---|---|
| Has the impact of the loss of local codes and adoption of standard codes on business processes been assessed? | | |
| Has the impact of the loss of local codes and adoption of standard codes on systems been assessed? | | |
| Can required legal and policy changes to support the loss of local codes be implemented in a timely manner? | | |
| Have needed requests for code set changes been submitted and coordinated with the NMEH sub-workgroups (local codes, taxonomy, prior auth, EOB, etc.)? | | |
| Is the impact that switching to standard codes will have on policies, procedures, retraining of staff, and communication with providers known? | | |

## Part E – System Impact Assessment

### 13. System Assessments

*Gap analysis, inventory of files, mapping of X12 transactions to internal formats, COTS analysis. See the MHCCM Toolkit for mapping and gap analysis support tools.*

| | Yes | No |
|---|---|---|
| Has a Gap Analysis been performed? | | |
| Have mandated standard HIPAA transactions been mapped (270, 271, 276, 277, 278 request, 278 response, 820, 834, 835, 837, 837 COB)? | | |
| Have all non-mandated X12 transactions that are planned to be implemented been mapped (e.g., 277 UNSOLICITED, 275, 997)? | | |
| Have all affected system components been identified? | | |
| Has system assessment been completed? | | |

### 14. Input Modes

*Fax, paper, file, DDE, web-based, etc. – assure data elements available for later standard transactions, strip and store (data element storage for later use) issues*

| | Yes | No |
|---|---|---|
| Have all modes of input for all types of transactions been identified? | | |
| Has a plan been developed to maintain or implement each type of input? | | |
| Has the Medicaid position regarding all modes of input including DDE, web, etc. been documented? | | |
| Have these positions and approach(es) been communicated to providers and other data trading partners? | | |
| Has the completeness of the impact assessment been verified by using the MHCCM Operations Perspective section on Claims Submission? | | |

### 15. Systems Interfacing With The MMIS

*All systems that interface with the MMIS evaluated for impact. How to merge data from new and old claims. How to handle data warehouses with mixture of data types, etc*.

| | Yes | No |
|---|---|---|
| Is there a master systems architecture diagram for the Medicaid enterprise? | | |
| Does it include all the points of data exchange that may be impacted by HIPAA formatting or data standards? | | |

| | | |
|---|---|---|
| Have all interfacing systems been assessed for HIPAA impact? | | |
| Are plans complete for the necessary modifications to the other systems? | | |

## Part F- Design of System and Business Process Changes

### 16. Solution Designed

*For MMIS and all other impacted systems – translation or clearinghouse decided upon. Access to historical claim data considered.*

| | Yes | No |
|---|---|---|
| Has an overall approach to achieving compliance been decided upon and documented? | | |
| Has the design of the compliant system been completed? | | |
| Have needed software and system changes been detailed? | | |
| Has a cleanup of master files (insurance, employer, provider, patient, etc.) been planned to insure error-free conversions of the data? | | |
| If a translator and/or a clearinghouse are part of the solution, are their roles clearly and completely defined? | | |
| Are strip and store (data element storage for later use) needs defined? | | |

## Part G – System Renovation

### 17. System and Software Solution Renovations

*MMIS modifications, translator, and clearinghouse interfaces developed & installed. Other Medicaid systems and software renovations done.*

| | Yes | No |
|---|---|---|
| Is there a schedule for design, development, and implementation? | | |
| Are the system renovations prioritized? | | |
| Is there a QA/QC function incorporated into the renovation process? | | |
| Are the system renovations complete? | | |

## Part H – Validation and Testing

### 18. Test Plans

*Test schedule, Test environments ready. For guidance on testing, read the CMS paper "Testing! Testing! Do You Read Me?"*

| | Yes | No |
|---|---|---|
| Is there an overall plan for testing? | | |
| Does the test plan include translator, clearinghouse, provider and all other data exchange interfaces? | | |
| Does the test plan include a representative sample of all data exchange partners? | | |
| Does the plan provide for preparation and scheduling of a test facility or separate test environment? | | |
| Is there a plan to certify the correctness of input/output systems? | | |
| Is it planned to require that EDI providers demonstrate they have successfully tested? | | |
| Is there a plan to certify EDI submitters? | | |

### 19. Testing

*Testing of Renovated Software and Business Processes*

| | Yes | No |
|---|---|---|
| Is the use of a separate testing facility planned? | | |
| Is there a test environment separate from operations? | | |
| Is there an automated way to generate sample test data? | | |
| Is there an automated method for running tests? | | |
| Does the testing process include unit, system, integration and regression tests for all system changes? | | |
| Do the planned tests address the following 6 levels of WEDI recommended testing:<br>1) Integrity testing 2) Requirements testing 3) Numerical Balancing testing 4) Situation testing 5) Code Set testing 6) Type of Service/Product Type testing? | | |
| Is there a system in place to record, prioritize and track test failures through to correction and retest? | | |
| Is there a QA/QC function incorporated into the testing process? | | |

# Part I – Implementation and Transition

## 20. Implementation Plan

*Implementation of the Renovated Systems*

| | Yes | No |
|---|---|---|
| Is there a plan for implementing the renovated systems? | | |
| If parallel operations are planned, are the resources in place? | | |
| Are there plans to track and correct system problems identified during operations? | | |
| Are there plans to implement modified business processes? | | |
| Are there resources available to track process problems identified during operations? | | |

## 21. Transition Plan

*Plans for the transition to HIPAA standard transactions*

| | Yes | No |
|---|---|---|
| Has phase-over or transition been planned? | | |
| Does the plan include parallel operations? | | |
| Have trading partners been informed of the transition plan? | | |
| Are trading partners prepared to meet the dates in the transition plan? | | |
| Has the plan been discussed with providers? | | |
| Are providers prepared to meet the dates in the transition plan? | | |
| Does the plan include enough time to test transactions thoroughly, and to phase in new standards before the beginning of the transition? | | |

## Part J – Contingency Planning

### 22. Contingency Plans

*Based on business continuity needs, prioritization of business functions (pay claims), risk assessments.*

| | Yes | No |
|---|---|---|
| Is there a contingency plan in case all trading partners and providers have not completed transition by the end of the transition period? | | |
| Is there a contingency plan in case the transition is not complete by the HIPAA deadline? | | |
| Was the contingency plan based on plans developed for Y2K? | | |
| Does the focus of the contingency plan reflect the critical business functions? | | |
| Does the contingency plan identify how compliance with HIPAA will be achieved for transaction types that cannot be supported before the deadline? | | |
| Are there plans and resources to test the contingency plan? | | |
| Have the resources needed for contingency operations been identified? | | |
| Are contingency operations resources available? | | |