MEDICAID HIPAA PLUS

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Mary Hogan, Director
Data and Systems Group, CMSO
7500 Security Boulevard
Baltimore, Maryland 21224

HIPAA's Here!

On August 17, 2000, the final rule for Transactions and Codes was published in the Federal Register. In the Federal Register, the rule itself is only eight pages long, and basically names the transactions and code sets that are the national standards.

The Department of Health and Human Services also published a much longer preamble, which describes the comments received on the proposed rule, and the Department's reasoning for the decisions made. Link to them, as well as press releases about the rules, from the HHS web site for Administrative Simplification, http://aspe.hhs.gov/admnsimp¤

Status of the Medicaid HIPAA Compliant Concept Model (MHCCM)

Development of the MHCCM began in July 2000. Work is rapidly progressing toward a working prototype to be demonstrated at the MMIS Conference September 26 – 28, 2000. This article provides a look at the current status of the MHCCM and a brief look at the development schedule.

MHCCM Status

The MHCCM begins with a high level Entity Relationship Diagram (ERD). The ERD is a graphical representation of a basic Medicaid enterprise showing the principal entities: beneficiaries, providers, payers, clearinghouses, and business associates. The ERD provides a high level view of activities which bind the entities together within the enterprise. The ERD will then transition the user into the Medicaid business processes so that the impact of HIPAA on the processes can be depicted.

A master list of generic Medicaid business processes has been defined. These have been grouped into six major business areas: Medicaid Administration, Claims Management, Reference Data Management, Recipient Administration, Program Management, and Provider Administration. These major business processes areas are

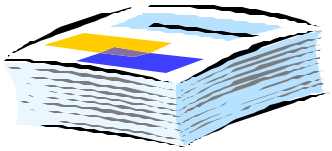
decomposed into multiple lower levels of detailed business processes. A master list of all processes at all levels has been developed and is included in the model, although it is subject to change.

Each business process will be depicted by a diagram, although only a few have been drawn. The formatting conventions for the diagrams (shapes, colors, etc.) have been developed. The conventions give the user an indication of the impact of HIPAA compliance (change required, change optional or no impact) to particular business functional entities or information exchanges between them. All X12N standard transactions are to be depicted in the model, but only a functional subset of the X12N standard transaction set (837 and 278) is currently included.

The lowest level (Level 6) of the model is a data repository and tool kit. A subset of the data repository and the toolkit currently exists; including the first two HCFA published White Papers, links to informative web sites, and a sample crosswalk

MHCCM Development Schedule

After demonstration of the prototype in September, the first working version will be completed by December. All the remaining processes (about 180, to date) defined in the master list are being completed. The data repository and tool kit will be competed as will the final functionality, including pop-up menus. The MHCCM will be validated in a pilot program with a few States during December 2000 and January 2001. The MHCCM's formal introduction will occur at a national conference sponsored by HCFA in the spring of 2001.¤



NCPDP Medicaid Subrogation Implementation Guide

The following is a synopsis of a letter that was recently sent for the Medicaid Third Party Liability Technical Advisory Group (TPL TAG) to the TPL contacts in the states.

The purpose of this correspondence is to provide you with information regarding the availability of a standard electronic batch format for pursuing Medicaid reimbursement for pharmacy claims for potential third party payers. The TPL TAG will be providing States guidance and leadership during the implementation of the HIPAA provisions for administration simplification.

Members of the Pharmacy Claims Reimbursement Team, comprised of representatives from several State Medicaid agencies and HCFA have been working closely with the National Council for Prescription Drug Programs (NCPDP) to develop a standard format to be used by Medicaid agencies for submitting electronic claims for reimbursement. As a result, NCPDP has developed the ***NCPDP Medicaid Subrogation Implementation Guide***. This implementation guide describes how to implement the ***NCPDP Standard Format Version 3.2*** with the newly revised ***NCPDP Batch Standard, Version 1, Release 1 – June 2000.*** Since several States currently use Version 3.2, they should be able to adopt the standard electronic batch format in a timely manner.

Merck-Medco, a pharmacy benefit manager, has agreed to accept electronic billing using the new Medicaid Subrogation Format, Version 3.2. Merck-Medco is now set up to process the Medicaid ID number and the invoice control number/ transaction control number (ICN/TCN) which is included in the new Medicaid Subrogation Format. Two of the third party liability contractors are in the process of testing the new format with Merck-Medco. In addition, a few States are planning to submit a test file in the near future.

The final rule for Transactions and Codes establishes the national standards for pharmacy transactions as:

- Telecommunication

Standard Format, Version 5, Release 1, September 1999, National Council for Prescription Drug Programs

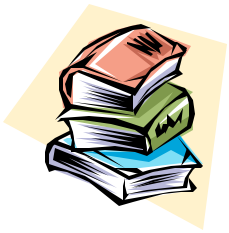
- Batch Standard Format, Version 1 Release 0, February 1, 1996, National Council for Prescription Drug Programs

Since the HIPAA standards do not name the NCPDP Standard Format Version 3.2, representatives of the Pharmacy Reimbursement Team will continue to work with NCPDP to develop a Medicaid Subrogation Format that will incorporate Version 5.1.

Copies of all of the NCPDP Standards are available from NCPDP. Non-members may purchase the Standards in diskette format (MS Word 6.0 or greater). The cost is $250 for the NCPDP Standards and Implementation Guides and an additional $250 for the Data Dictionary. When purchasing standards as a non-member, the cost does not include updates or technical support. The ***Medicaid Subrogation Implementation Guide*** and its corresponding Data Dictionar***y*** are included on the diskettes.

Members of NCPDP receive a complimentary copy of the Standards and they are also available on-line to members only on the NCPDP web site. State representatives may currently be NCPDP members and may have access to the Medicaid Subrogation Format. The cost of membership is $550 annually. Members will automatically receive updates including version 5.1 after the Medicaid subrogation elements are adopted. In addition, members are entitled to provide input into the ongoing development of new standards. For more information on membership, visit the NCPDP web site at www.ncpdp.org.

Order a copy of the Standards, Implementation Guides and Data Dictionaries by visiting the NCPDP web site. For more information about membership or obtaining materials, you may contact Kevin Stevens of NCPDP at (602) 957-9105, ext. 117.¤



The HCPCS Code Maintenance Process

The HCPCS (HCFA Common Procedure Coding System) national codes are managed by the HCPCS National Panel composed of one voting representative each from:

- Blue Cross Blue Shield Association,
- the Health Insurance Association of America, and
- HCFA

The HCPCS tape is updated and distributed annually. Requests for national panel review and possible national coding must be received no later than April 1st for review in time for the following January 1st HCPCS update. HCFA has one vote on the national panel.

All requests from and for the Medicare and Medicaid programs must go through a HCFA HCPCS workgroup, which reviews and determines disposition of requests for new HCPCS codes at monthly meetings. Requests submitted by Medicare and Medicaid are for HCFA "temporary" national codes. The HCFA "temporary" code decisions are made by the HCFA HCPCS Workgroup and those decisions are provided FYI to the National panel and published in the annual HCPCS update. Requests for codes may be submitted at any time throughout the year. The requests are placed on the next regularly scheduled agenda. The workgroup has the option of:

(1) deferring the decision and requesting additional review and/ or information before making a decision (item would be placed on a future agenda as old business),
(2) making decision to use existing code(s),
(3) determining no code due to low volume of use,
(4) referring professional services code requests to the AMA or ADA for CPT or CDT coding consideration, or
(5) making the decision to establish a code. A

recommendation for a new code is elevated to the National Panel.

In each case, it is the responsibility of the requester to provide the documentation to support the request. Since a large number of new codes are required for initial Medicaid HIPAA implementation, the consensus is that the best way to expedite code assignment is to consolidate new Medicaid code requests through the National Medicaid HIPAA EDI Workgroup's local code committee. (See previous Medicaid HIPAA Plus articles on this group.) States Agencies should expect that the list of codes to be submitted by this committee would be processed by the HCFA HCPCS workgroup prior to most individual States' requests for codes.¤

Joe Fine Really is So Fine!

by Sue Knefley, HCFA

Joe likes to tell the story about how his high school buddies referred to him during his saxophone playing days as ASo fine, Joe Fine.@ Even though he long ago packed away his musical instrument, the Medicaid Third Party Liability Technical Advisory Group (TPL TAG) thinks Joe is still pretty fine.

Joe is a member of the Pharmacy Claims Reimbursement Team which has been working with the National Council of Prescription Drug Programs (NCPDP) to develop a standard batch format for Medicaid agencies to use when submitting claims electronically for reimbursement. Initially, the Pharmacy Team sought input from States in order to identify specific data elements needed by State Medicaid agencies. In addition, Joe analyzed the National Council for Prescription Drug Programs (NCPDP) standard batch transactions against his Maryland Medicaid State agency's pharmacy data requirements and against what other States needed. Since the NCPDP sets format standards for the pharmacy industry, the Team asked for their help. Joe and I then attended an NCPDP meeting to present our findings and seek a solution. Subsequently, an NCPDP subgroup was formed to work on the issue.

The subgroup determined there were two critical data elements missing from the NCPDP standard Version 3.2, i.e., the recipient's Medicaid ID number and the internal control number/transaction control number (ICN/TCN). As a result of the subgroup's efforts, NCPDP has developed the ***NCPDP Medicaid Subrogation Implementation Guide***. This implementation guide describes how to implement the NCPDP Standard Format Version 3.2.

Joe will continue to work with NCPDP to develop a Medicaid Subrogation Format that will incorporate Version 5.1 since the recently published HIPAA standards name Version 5.l and not the NCPDP Standard Format Version 3.2.

Sheila Frank of HCFA attended a recent TPL Midwestern Consortium conference in Minnesota where there was a great deal of emphasis placed on HIPAA. The TPL TAG and the Consortium members were very appreciative of the update Joe gave on the progress made with regard to pharmacy claims. Now most States will find that when they do their analysis for HIPAA implementation, the pharmacy transactions will map nicely to their current data systems. This will ease the conversion burden for States.

As a result of Sheila and Joe's information sharing, the TAG is assessing the needs of the States' in regard to Medicaid subrogation as it relates to other standards named in HIPAA and will be providing States guidance and leadership during the implementation of HIPAA. The TAG is conducting a State survey to gather some baseline data regarding the States' knowledge and readiness for HIPAA implementation. The next step is to establish a workgroup to evaluate the standards and the impact on the States' TPL activities. Mary Fontaine, TPL TAG Chair, believes, "it is critical for TPL to have a voice and a presence in the decision making process of administrative simplification."

Joe is also a member of the TPL TAG and will no doubt play a key role through the TAG in guiding the States as they implement the HIPAA standards. I hold Joe in high regard; Joe exhibits outstanding knowledge in the field of pharmacy billing and has done an excellent job in representing the needs of the States as a whole. It is a pleasure to work with a dedicated individual of such high caliber who is willing to work unselfishly for the good of all. Many thanks, Joe Fine!¤

New Format for Correspondence

States can begin to look for a new form of correspondence from the Division of State Systems, CMSO. The use of Information/ Action Transmittals is a newly implemented means of transmitting information to States. The new format will allow for easier tracking of correspondence for this Division as well as provide information in a timely manner. ¤

Ask the HIPAA Wizard

Q. Why does the Final Rule name NCPDP Version 1.0 as the batch standard, while it names version 5.1 as the "standard"?

A. Comments submitted to the proposed rule did not request a change in the proposed batch standard. Since the publication of the final rule, the Department has become aware that industry consensus calls for Version 1.1 to be used. This will be reflected in the first revision to the standard, which, by law, can be published no earlier than next August.

Q. Are States required to use the X12 834 enrollment transaction for the Medicare Buy-in transactions sent to HCFA?

A. No, they are not HIPAA transactions. It was ruled that Buy-in files represent a transfer of funds rather than new enrollments. Enrollment in Medicare is separate from the Buy-in operation and enrollment status is not effected by these transactions. However, the Medicare Buy-in system is undergoing a redesign, and HCFA expects to implement a new record format for Buy-in, along with improved functionality, next year. States were first notified of these formats in 1998 and they were redistributed to States Agencies through the S-TAG this month. Testing will begin after the first of the year.

Q. May a State agency act as a clearinghouse for those providers who wish to avail themselves of such a service?

A. Yes, a State agency could act as its own clearinghouse with the following requirements:

1. The State would have to perform clearinghouse functions (i.e. they would have to be able to do the translation to the standard formats).

2. They would also have to be able to accept the standard formats from those providers who wish to use them.

3. They have to be able to respond in standard format if the provider requests it.

4. They may not provide any incentive (financial or timeliness) to providers to use the non-standard formats.

Q. What is the status of the HIPAA regulation regarding security and electronic signature?

A. The Security regulation is scheduled to be published soon after the Privacy regulation. However, even though the legislation called for electronic signature standards for health information, the Security regulation will not address the issue. The regulation developers found that the industry is not yet mature enough for them to develop such a rule. It is the

intent of the Department to address the issue in a future regulation with no specific date announced.¤

HIPAA Web Sites

www.wpc-edi.com (X12N version 4010 transaction implementation guides)
http://aspe.hhs.gov/admnsimp (Text of Administrative Simplification law and regulations publishing dates)
http://aspe.hhs.gov/datacncl (HHS Data Council)
http://www.ncvhs.hhs.gov/ (National Committee on Vital and Health Statistics)
disa.org –select the Insurance, X12N, subcommittee file (X12N meeting)
HMRHA.HIRS.OSD.MIL/REGISTRY/INDEX1.HTML (Data Registry; searchable database containing all data elements defined in HIPAA implementation guides)
www.hcfa.gov/medicare/edi/edi.htm (Medicare Electronic Data Interchange)
www.hcfa.gov/medicare/edi/hpaadoc.htm (Map of Medicare National Standard Format to X12837 Professional Claim Transaction, Version 4010-HIPAA Standard)
www.hcfa.gov/medicaid/hipaapls.htm (Previous and current issues of "Medicaid HIPAA Plus")
http://www.hl7.org (Health Level7)

http://www.ncpdp.org (National Council for Prescription Drug Programs)
http://www.wedi.org/ (Workgroup for Electronic Data Interchange)

NOTE: This document is located on the Web at www.HCFA.gov/medicaid/news0900.pdf

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Please send comments or questions regarding this issue of Medicaid HIPAA Plus to Sheila Frank at Sfrank1@HCFA.gov or to Karen Leshko at Kleshko@HCFA.gov.¤