



National Committee on Vital and Health Statistics  
Advising the HHS Secretary on National Health Information Policy

## **13th Report to Congress**

# **The Implementation of the Administrative Simplification Provisions of the Health Insurance Portability and Accountability Act of 1996**

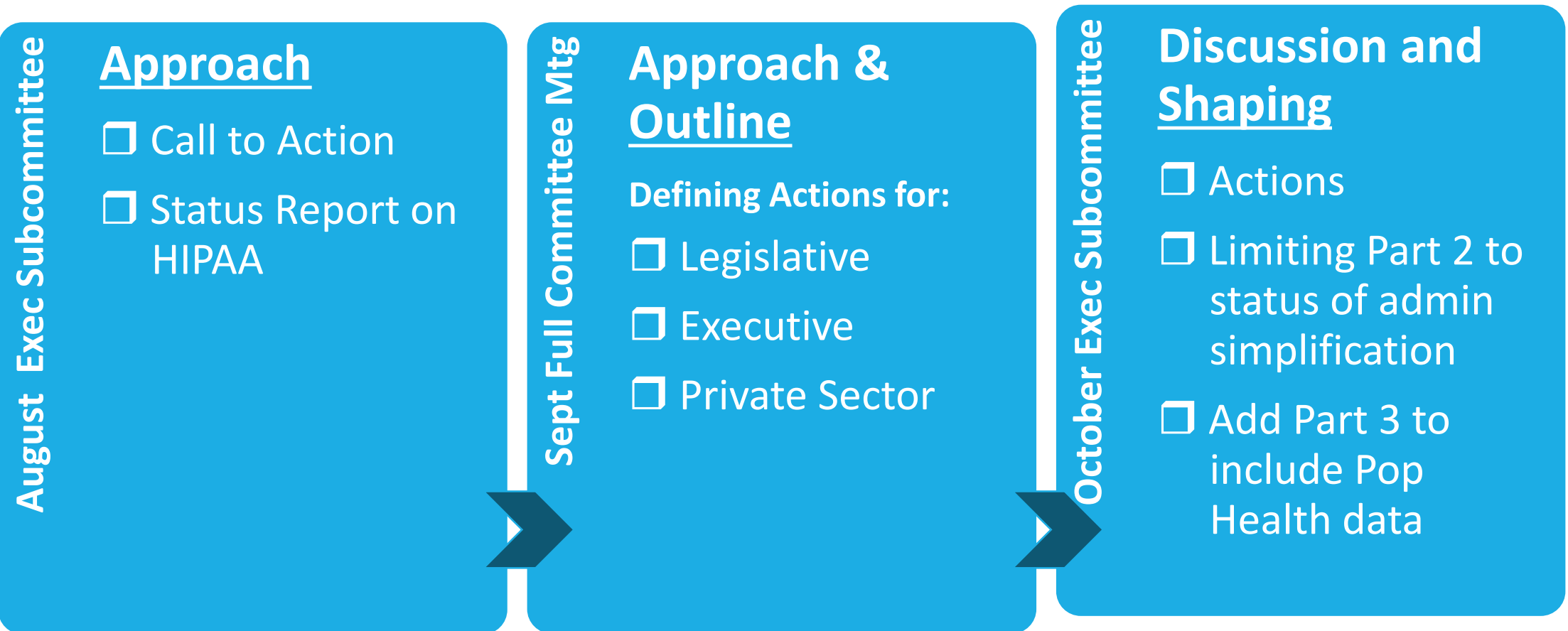
February 6, 2019

# Purpose

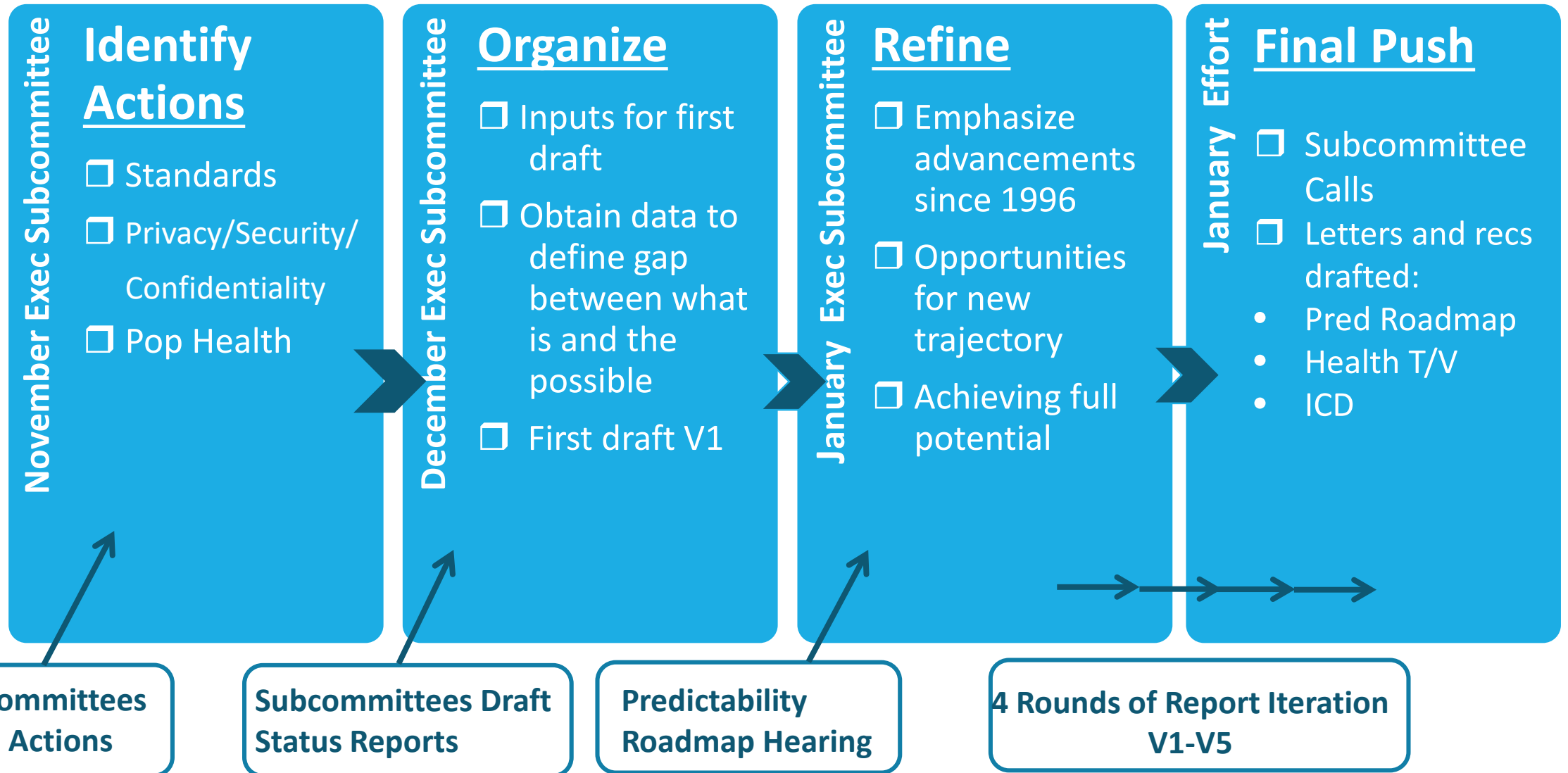


- Meet the statutory requirement to report to Congress regularly on the implementation status of the HIPAA administrative simplification provisions.
- Outline ways in which HIPAA needs modernizing to enable the now much-evolved digital health system to more fully support needed improvements and innovation in health care and health while reducing costs and administrative burden.

# RTC Process and Timeline ► formulating



# RTC Process & Timeline ▶ culminating in V5

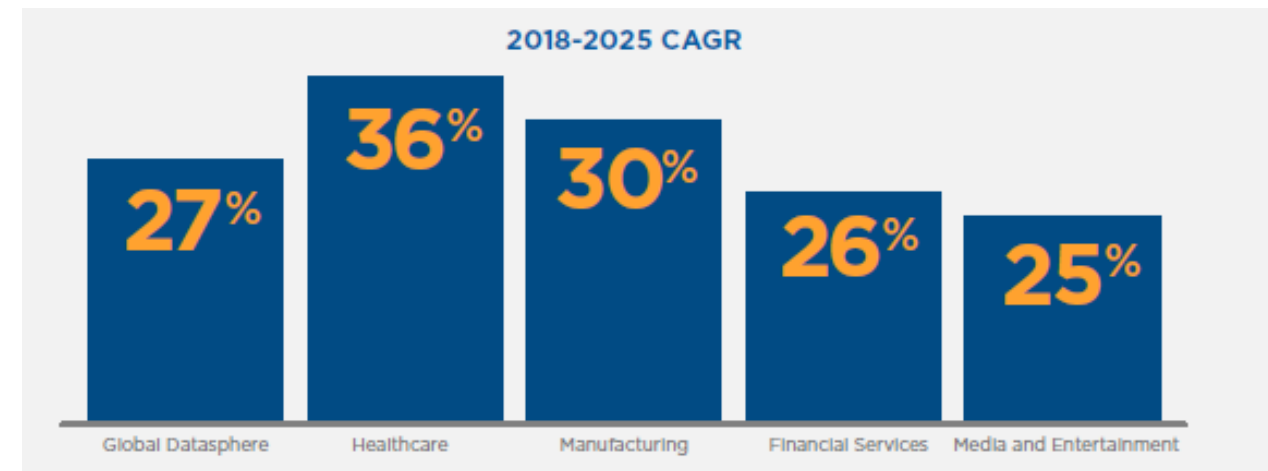
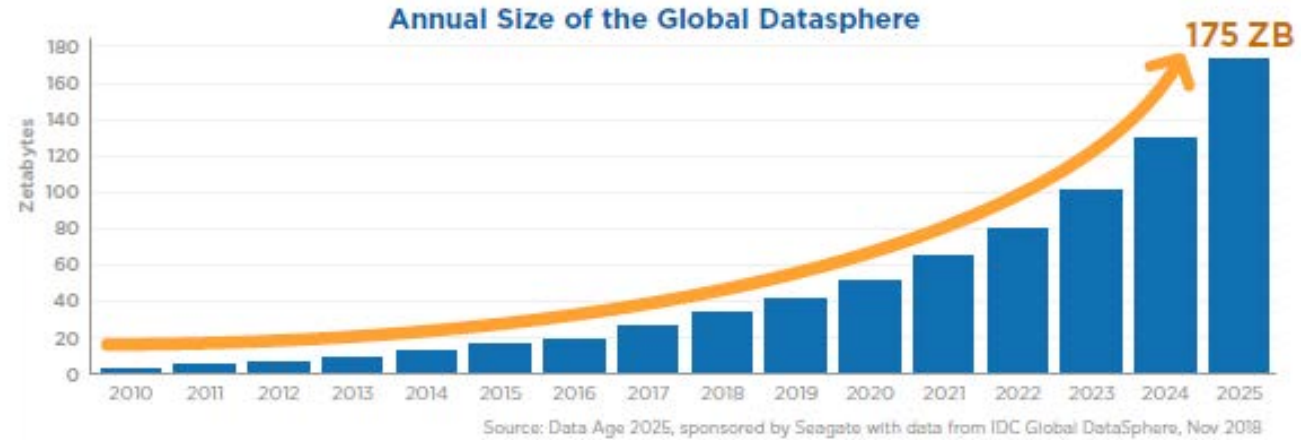
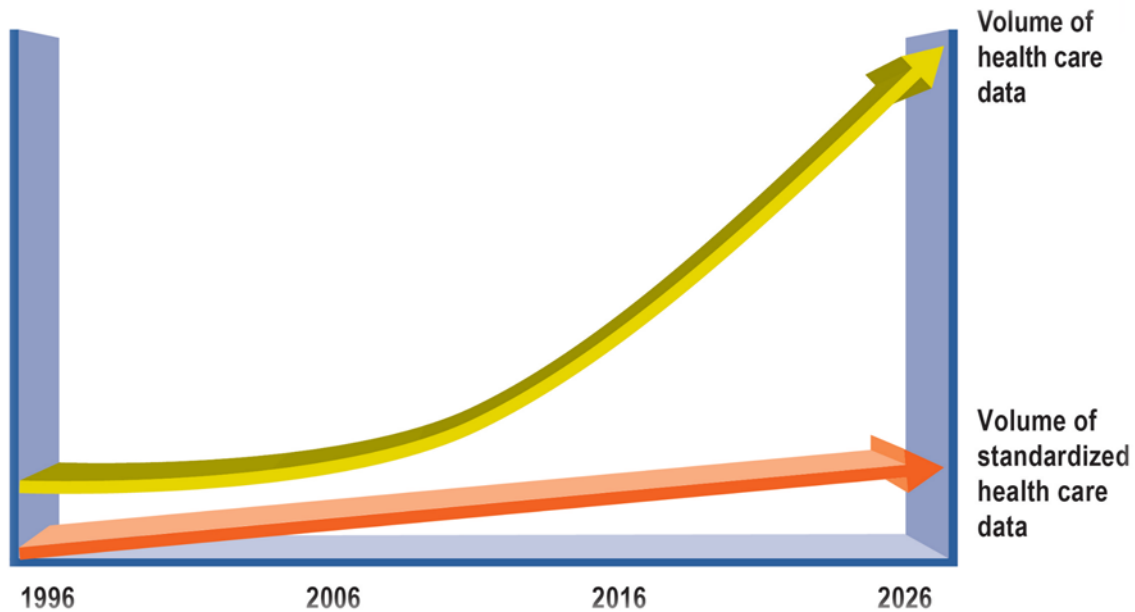


# Messages



- HIPAA was a visionary Law that put the country on a path toward standardizing electronic health care transactions and protecting patients' health care information.
- It has achieved considerable success. However, the regulatory processes it put in place have not kept up with changes in technology and health care.
- Our central message in this report is that revisions to the current HIPAA Rules would facilitate the agility industry needs to keep pace with the opportunities and challenges of today's ever-changing health care landscape.

# The growing gap between volume of health care data & volume standardized



# Adoption & Implementation of Named HIPAA Administrative Transactions

Progress in Adopted Standards & Operating Rules	2000	2003	2009	2013	2014	2018
# of Named HIPAA Administrative Transactions in Statute	11	11	11	11	11	11
# of Named HIPAA Administrative Transactions with Adopted Standards via Regulation	0	8	8	8	9	9
# of HIPAA Administrative Transactions with Associated Operating Rules in Statute (via ACA)	0	0	0	9	9	9
# of Named HIPAA Administrative Transactions with Adopted Operating Rules via Regulation	0	0	0	2	4	4

% Industry Implementation of 6 Transactions	2013	2018
Health care claim submission	90%	96%
Eligibility for a health plan	65%	85%
Coordination of benefits	NR	80%
Health care claim status	48%	71%
Claim payment	50%	63%
Remittance advice	43%	48%

Tables included in, or derived from information reported in the 2018 CAQH Index.

2018 (in millions \$)	Cost if all manual	Savings achieved	Remaining opportunity
Medical & Dental			
Eligibility & Benefit	\$ 55,144	\$ 51,127	\$ 4,017
Prior Authorization	\$ 662	\$ 245	\$ 417
Claim Submission	\$ 4,221	\$ 4,044	\$ 177
Claim Status	\$ 11,885	\$ 9,245	\$ 2,640
Claim Payment	\$ 264	\$ 167	\$ 97
Remittance Advice	\$ 5,856	\$ 3,422	\$ 2,434
Attachments (2017)	\$ 219	\$ 13	\$ 206
	\$ 78,241	\$ 68,263	\$ 9,978

Transaction	Method	Health Plan Cost	Provider Cost	Industry Cost
Eligibility & Benefit Verification	Manual	\$4.00	\$3.61	\$7.61
	Electronic	\$0.08	\$1.01	\$1.09
Prior Authorization	Manual	\$3.50	\$6.61	\$10.11
	Electronic	\$0.03	\$2.80	\$2.83
Claim Submission	Manual	\$0.49	\$2.37	\$2.86
	Electronic	\$0.09	\$1.45	\$1.54
Claim Status Inquiry	Manual	\$4.03	\$7.12	\$11.15
	Electronic	\$0.04	\$1.89	\$1.93
Claim Payment	Manual	\$0.50	\$2.11	\$2.61
	Electronic	\$0.09	\$1.87	\$1.96
Remittance Advice	Manual	\$0.54	\$2.99	\$3.53
	Electronic	\$0.06	\$1.15	\$1.21

# Opportunity for “complete” administrative simplification

	Annual Cost to US Health Care System in 2011 <sup>1</sup>		
	Low	Midpoint	High
Failures of care delivery	102	128	154
Failures of care coordination	25	35	45
Overtreatment	158	192	226
Administrative complexity	107	248	389
Pricing failures	84	131	178
Fraud and abuse	82	177	272
<b>Total<sup>c</sup></b>	<b>558</b>	<b>910</b>	<b>1263</b>
<b>% of Total Spending</b>	<b>21</b>	<b>34</b>	<b>47</b>

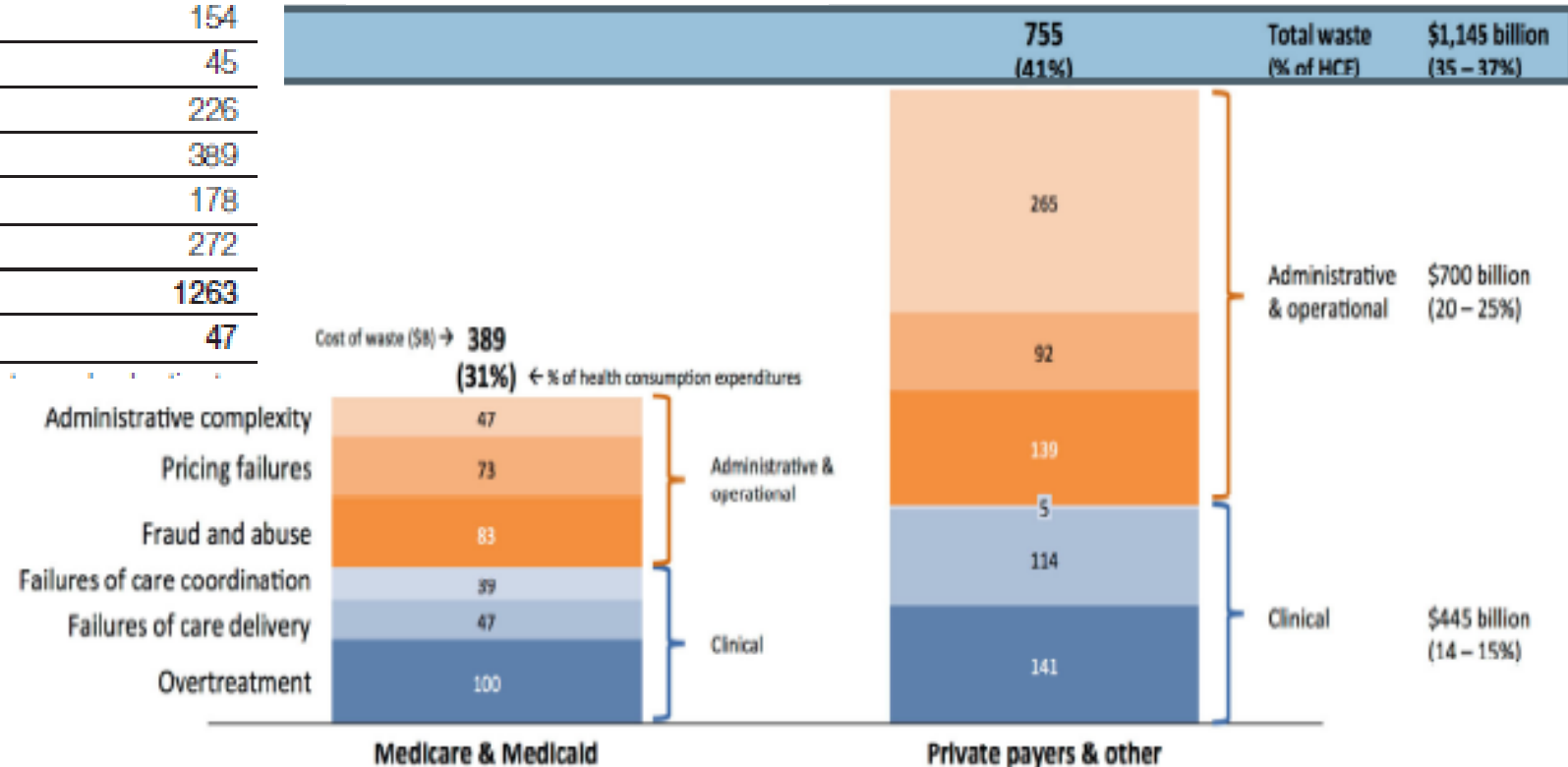
Donald M. Berwick, MD, MPP

Andrew D. Hackbarth, MPhil

*JAMA*. 2012;307(14):1513-1516

Published online March 14, 2012. doi:10.1001/jama.2012.362

## HEALTH AFFAIRS BLOG



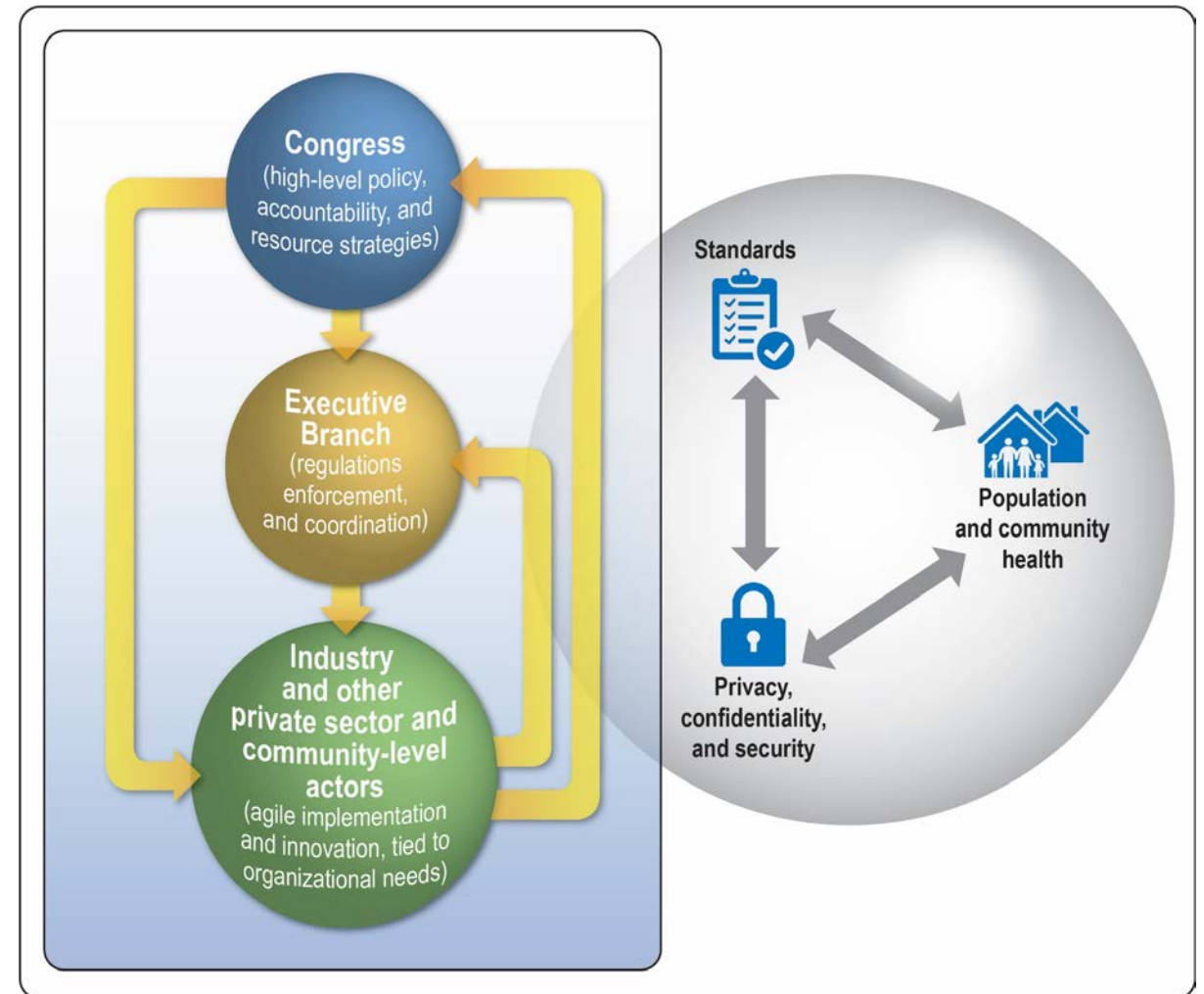
- **Midpoint Opportunity = 47B + 265B = 312B/year**
- **% Opportunity achieved to date < 25%**

Daniel P. O’Neill, David Scheinker  
 May 31, 2018. DOI: 10.1377/hblog20180530.245587



# Part 1: Resetting the trajectory. New strategies for new opportunities

- We draw on our assessment of the status of HIPAA implementation to **identify actions that government's legislative and executive branches along with private sector and community-level entities might take, separately or preferably jointly**, to introduce into HIPAA the flexibility and pace that today's rapidly-evolving environment demands.
- **Our suggestions are predicated on distinct roles** for Congress, the Executive branch, and multiple private sector actors that we believe will facilitate efficiency and coordination.
- Concerted action across them all will produce compounding effects.



# Actions needed to effect change



- Standards for transactions, operating rules & associated terminologies & vocabularies

Modernize HIPAA, clarify roles and responsibilities, increase timeliness, give industry greater flexibility, and strengthen regulatory enforcement where needed.

- Privacy, Confidentiality, and Security

Strengthen enforcement and protections, extend the rights of data subjects, increase education and guidance, support research, and catalyze communities of practice.

# Part 2: Status Report on Administrative Simplification Implementation



- The Administrative Simplification provisions of HIPAA were intended to help the health care industry control administrative costs, speed up processing, and protect the privacy and security of health information.
- These provisions included:
  - Standards to move the health care industry from manual and paper-based administrative transactions to electronic exchange
  - Required the Secretary of HHS to create standards to protect individual health information.
- These provisions apply to HIPAA-covered entities – health care providers, health plans, health care clearinghouses, and business associates of covered entities.

# Major Themes and Takeaways on Transaction Standards and Operating Rules, 2017-18



- Current standards promulgation impedes the full utilization of technology.
- The timing for the availability of new versions of transaction standards or operating rules for administrative transactions is unpredictable.
- Covered entities cannot use new technology or standards voluntarily and at their own pace, due to constraints in existing HIPAA statutes and regulations.
- HHS enforcement of the standards and code sets provisions of the HIPAA statute and regulations is ineffective in its impact on industry compliance.
- The lack of HHS-sponsored or -supported education and technical guidance on the appropriate use of the adopted transactions and operating rules hinders industry's successful adoption and implementation of standards.

# Major Themes and Takeaways on Health Terminologies and Vocabularies, 2017-18



- The U.S. named standards for terminologies and vocabularies are in place, but coordination across standards is lacking and under-resourced, presenting a barrier to interoperability.
- The HHS regulatory process is applied unevenly for named health terminology and vocabulary standards, causing costly delays and complexity in adopting revised versions of some standards.
- Greater coordination across terminology and vocabulary standards is needed to ensure that redundant terminology and vocabulary concepts are purposeful and useful and that gaps are addressed.
- A deliberate pathway toward convergence of clinical and administrative data domains is key to realizing health transformation goals and administrative simplification.

# Major Themes and Takeaways on Privacy, Confidentiality, and Security, 2017-18



- Today, there are two health information worlds. One is regulated by HIPAA; the other is largely unregulated (that is, “beyond HIPAA”).
- De-identified health data carry real risk of re-identification, a risk that grows into the future as datasets are combined and data tools become more sophisticated.
- Protection of privacy and security requires management, compliance, and enforcement across the lifecycle of the information.
- Data protections grounded in Fair Information Practice Principles remain the essential building blocks for data policy.

# Part 3. Data Essential for Management of Population and Community Health



## **Actions Needed to Effect Change:**

With the relationship between individual and community/population health now well-established in public policy and health care, *a number of actions are needed to safeguard the continued availability of population and community health data.*

## **Major Themes and Takeaways on Data on Population and Community Health, 2017-18**

- The NCVHS *Measurement Framework for Community Health and Well-being* offers a practical approach to organizing the data essential to understand the health of populations at national, state, and community levels.
- Access to small area data is critical for managing health care costs and supporting community-focused population health management.
- A sustainable system for vital registration and statistics data is essential to tracking the health of the nation. Data from this system also are critical to establishment of individual identity and the protection of national security, as well as being fundamental building blocks for health surveillance data, such as for tracking opioid and influenza epidemics. Despite its importance, this federated system is fragile.

# Part 4: Conclusion and Next Steps



For our part, as NCVHS carries out its role as a Federal Advisory Committee on national health information and data policy, NCVHS will further explore aspects of this transformation that are within the purview of our Charter:

- Predictability Roadmap
- Health Terminology and Vocabulary Standards/Systems
- A Health Privacy and Security Framework for the 21st Century