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INTRODUCTION TO ADMINISTRATIVE SIMPLIFICATION

A dministrative Simplification includes laws, rules, and initiatives intended to move the health care industry from manual and paper-based billing, payment, and administrative transactions to an electronic exchange that will improve security, lower administrative costs, and reduce billing errors.

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About Administrative Simplification

Administrative Simplification requirements are part of the Health Insurance Portability and Accountability Act (HIPAA). The Administrative Simplification provisions of HIPAA require the U.S. Department of Health & Human Services (HHS) to adopt national standards and operating rules for electronic health care transactions, code sets, national identifiers, and other administrative aspects of health care delivery. HIPAA Administrative Simplification requirements apply to all HIPAA-covered entities; i.e., health plans, clearinghouses, and health care providers who conduct electronic health care transactions.

Administrative Simplification requirements are part of the Health Insurance Portability and Accountability Act (HIPAA).

The Affordable Care Act (ACA) contains additions and amendments to the HIPAA Administrative Simplification provisions, including:

- **Adoption of operating rules for the eligibility for a health plan, health care claim status, and electronic funds transfers (EFT) and remittance advice transactions.** Operating rules are business rules and guidelines for the electronic exchange of information. These rules will help to improve interoperability by establishing uniformity in how transactions are conducted across the health care industry.

  - **Operating rules for the eligibility for a health plan and health care claim status** require health plans to give information to providers about a patient's co-insurance and deductibles and make it easier for them to check the status of a health care claim submitted to a health plan.

  - **Operating rules and standards for the health care EFT and remittance advice** will make it easier for providers to enroll in EFT health care payments and to automate reconciliation of the payments in their practice management system.

- **Adoption of a unique health plan identifier (HPID).** The HPID standardizes how health plans are identified in standard transactions, analogous to the NPI for health care providers. All covered entities will be required to use HPIDs to identify health plans in the standard transactions.

The ACA also requires that health plans certify their compliance with the standards and operating rules and increases penalties for noncompliance.

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The transition from ICD-9 to ICD-10 codes for medical diagnoses and inpatient procedures is another key component of Administrative Simplification. ICD-10 codes allow for greater specificity in describing a patient's diagnosis and in classifying inpatient hospital procedures. ICD-10 codes must be used for health care services provided on or after **October 1, 2015.**

Benefits of Administrative Simplification

The use of transaction standards and operating rules will save time and speed up the payment process so that clinicians can spend more time seeing patients and less time filling out forms and calling health plans. More specifically, Administrative Simplification initiatives will:

- Provide greater uniformity of information and transmission formats so that providers can use one type of information request for all health plans rather than using multiple formats.
- Give providers easy access to claims status and eligibility information in a standard electronic format for any patient, regardless of what health plan they use.
- Standardize transaction companion guides and EDI enrollment forms, making it easier for providers to enroll in and use electronic transactions.

Lastly, the provisions of Administrative Simplification support other on-going eHealth efforts, such as electronic health records, data interoperability, and health information exchange, as well as the advancement of our health care system through health information technology.

For More Information

- Administrative Simplification
- ICD-10

Dates & Deadlines

Jan 1, 2013:
Compliance date for operating rules for eligibility for health plans and health claims status transactions

Jan 1, 2014:
Compliance date for operating rules for health care electronic funds transfers (EFT) and remittance advice (ERA) transaction

Jan 1, 2014:
Health care EFT standards compliance date

Nov 5, 2014:
Health plans (controlling health plans or CHPs) must obtain **health plan identifier (HPID);** small health plans have until November 5, 2015

Oct 1, 2015:
ICD-10-CM and ICD-10-PCS compliance date

Nov 5, 2015:
Small health plans must obtain HPID

Jan 1, 2016:
Compliance date for operating rules for:
- Health claims or equivalent encounter information
- Enrollment and disenrollment in a health plan
- Health plan premium payments
- Referral certification and authorization

Compliance date for standard and operating rules for:
- Health claims attachments

Nov 7, 2016:
Covered entities must use HPID to identify health plans in transactions