

Staying Ahead

with Saul Ewing

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Life Sciences Law

HIPAA Transaction and Code Set Standards Set To Take Effect October 16, 2003 – Are Small Providers Affected?

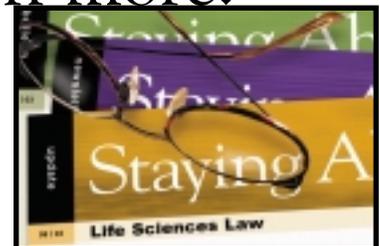
What happened?

The final rule for the HIPAA Transaction and Code Set Standards (“TCS”) takes effect October 16, 2003, and there is confusion amongst small providers regarding the combined impact of the Administrative Simplification Compliance Act (“ASCA”) and TCS.

What does it mean?

The TCS and ASCA will have a major impact upon health care providers who do business electronically. However, if you are a “small provider” and not a “covered entity” pursuant to ASCA and TCS, respectively, you will not be affected.

Learn more.



Turn page to find out more about TCS and ASCA and how you and your organization may be affected.

Transaction and Code Set Standards Overview

HIPAA and its regulations, including TCS, directly affect three types of “covered entities”: health care providers, health plans, and health care clearinghouses. A health care provider is someone who “transmits any health information in electronic form in connection with a transaction covered by this [regulation]”.

HHS believes that national standards for electronic health care transactions will encourage electronic commerce in the health care industry. TCS adopts eight national electronic transaction standards for the electronic transaction of “health information”. TCS does not, however, require a health care provider to transmit transactions electronically.

Administrative Simplification Compliance Act Overview

In December 2001, ASCA [Public Law 107-105] was enacted. ASCA requires that all claims to Medicare be submitted electronically in compliance with TCS effective October 16, 2003. However, ASCA specifically excludes “a small provider of services or supplier” from this requirement. ASCA defines this exclusion as a provider of services with fewer than 25 full-time equivalent employees (typically reimbursed by Medicare Fiscal Intermediaries, Part A), or a physician, practitioner, facility or supplier (other than provider of services) with fewer than 10 full-time equivalent employees (typically reimbursed by Medicare Carriers, Part B).

If you are “a small provider of services or supplier”, can you still be a “covered entity” and need to comply with TCS?

The short answer is “yes”. If you are “a small provider of services or supplier” and submit claims electronically to any payor, you are a “covered entity” and must comply with TCS. Be aware that even if Medicare may not require

you to submit claims electronically, many other private payors are aggressively encouraging providers to submit electronic transactions.

If you are a covered entity, what do you need to do to comply with TCS?

The Centers for Medicaid and Medicare Services (“CMS”) recognizes that many providers will have a difficult time complying with TCS as of October 16, 2003. On September 23, CMS implemented a contingency plan to accept noncompliant electronic transactions after October 16, 2003. CMS has not yet announced how long the contingency plan will remain in effect, and providers should continue to seek to achieve compliance with TCS.

If your office performs its own electronic transactions, your office must ensure that the electronic transactions comply with TCS. If you contract with a health care clearinghouse or some other entity to handle your electronic transactions, make sure they are compliant with TCS. Be firm with your vendor because you, as the covered entity, have the obligation to ensure your compliance with TCS.

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