Update on HIPAA rules, meeting compliance deadlines

from the **AAP Division of Health Care Finance and Practice**

The deadline to comply with the Health Insurance Portability and Accountability Act (HIPAA) Transaction and Code Sets Rule was Oct. 16, 2003. If you continue to encounter problems submitting HIPAA-compliant claims, you're not alone.

As of mid-November 2003, only about 48% of Medicare claims were submitted in the correct format, according to *Health Data Management*. There also have been anecdotal reports of state Medicaid agencies delaying payments because of claims processing problems. Because of these delays, pediatricians should take some steps to protect their practices.

- Postpone any major capital investments until your cash flow stabilizes.
- Consider establishing a line of credit.
- Third-party payers have instituted contingency plans to continue to accept non-HIPAA-compliant electronic claims. These contingency plans are only temporary, and practices are encouraged to become HIPAA-compliant as soon as possible.

If you already are sending HIPAA-compliant claims but are encountering payment delays due to payers' inability to process your claims, you can submit a complaint to the Centers for Medicare & Medicaid Services (CMS) at www.cms.gov/hipaa/hipaa2/enforcement/hipaacomplaint.asp.

Security Rule

The Security Rule became effective on April 21, 2003, and the compliance deadline is April 21, 2005. Pediatricians must take appropriate steps to protect the security of electronic protected health information (PHI). These measures include administrative safeguards (such as determining which employees need to have access to electronic PHI), physical safeguards (such as locking your office at night to prevent theft of your computers) and technical safeguards (such as using encryption or secure messaging when communicating with patients by e-mail).

The Academy offers its members resources and guidance on implementing the Security Rule in office practice.

- Visit the AAP Members Only Channel (www.aap.org/moc) and click on HIPAA to access the Academy's HIPAA Security Manual.
- The AAP Bookstore offers for purchase a bound version of the Academy's series of three manuals on HIPAA compliance. *HIPAA: A How-To Guide for Your Medical Practice* is available at www.aap.org (click on Bookstore) or by calling the AAP Customer Service Center at (866) THE-AAP1 (866-843-2271).
- Watch for a series of AAP News articles later this year on implementing the HIPAA Security Rule.

National Provider Identifier

The Standard Unique Identifier for Health Care Providers Final Rule was issued on Jan. 23, 2004, requiring all health care providers who submit standard transactions (refer to the Transactions and Code Sets Rule) to apply for and obtain a National Provider Identifier (NPI). This 10-digit number must be used on all standard transactions.

Providers cannot apply for an NPI until the rule goes into effect on May 23, 2005. The rule must be implemented by May 23, 2007 (May 23, 2008, for small health plans). Watch for more information on this rule in *AAP News* next year.

If you have questions about implementing the HIPAA rules in your practice, contact Beki Marshall in the AAP Division of Health Care Finance and Practice at (800) 433-9016, ext. 4089.