



HIPAA Administrative Simplification Overview

In general, HIPAA aims to improve efficiency in healthcare by establishing the standardization necessary to facilitate electronic transactions and information system development. DHHS realized that this approach would prompt concerns about the confidentiality and integrity of sensitive health information. So, the regulations also address the security of electronic systems and networks and the privacy of patient data in all forms. The specific objectives of the regulations are:

- Standardizing the format and content of the primary commercial and administrative electronic healthcare transactions
- Developing unique health identifiers for employers, health plans, health care providers and individuals,
- Developing standards to protect confidential patient information from improper use or disclosure and establish patients' rights to control such uses
- Developing standards for computer systems and networks to ensure the security, integrity, and availability of patient data. While HIPAA will impact all healthcare organizations, there are three types of organizations to which the regulations apply directly (designated as "covered entities"): health plans, health care clearinghouses, and health care providers that conduct any of the electronic transactions specified in the legislation. VUMC qualifies as a covered entity, as we conduct one or more of the specified electronic transactions.

Corresponding to the four objectives outlined above, there are four major components of the Administrative Simplification regulations:

1. Transactions and Code Sets

These regulations establish national standards for the electronic transaction format and data content of the primary commercial and Administrative functions conducted between covered entities. HIPAA does not require providers to conduct these transactions electronically, but it does require payers to accept any of the covered transactions electronically if a provider so chooses. These provisions also mandate the use of standard codes for diagnoses and services in conjunction with the specified transactions.

2. Privacy

HIPAA's privacy provisions focus on the use and disclosure of individually identifiable health information in any form. The new rule establishes standards for consumer control of their medical records, restricts some uses and disclosures of patient information, establishes accountability for the protection of patient data by providers and their business partners, and mandates an administrative infrastructure to implement and monitor these policies.

3. Security

The HIPAA regulations mandate certain procedures and technologies to ensure the security of patient data stored or transmitted electronically. These rules protect the integrity and confidentiality of this data by requiring appropriate administrative procedures, physical safeguards, and technical security measures for computer systems and networks.

4. Identifiers

The HIPAA rules stipulate the development of standard identifiers for employers, health plans, providers, and patients. These identifiers will be unique and universal, meaning that each provider, employer, etc. will have one and only one number used to identify them across the healthcare system. A centralized system will be established to assign and administer the identifiers.

The current status of each of these components can be found on the CMS website.