

# HIPAA inSight

Health Insurance Portability and Accountability Act

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The information in *HIPAA inSight* applies to billing vendors, Medicaid HMOs and other managed care programs, as well as providers participating in the following Wisconsin health care programs administered by the Division of Health Care Financing (DHCF):  
Wisconsin Medicaid and BadgerCare.  
Health Insurance Risk Sharing Plan (HIRSP).

## One-year extension on compliance deadline for HIPAA standards for electronic transactions

Recent federal legislation for the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) extended the compliance deadline for the standards for electronic transactions to October 16, 2003.

### Legislation extends compliance deadline one year

Recent federal legislation\* for the Administrative Simplification provisions of HIPAA extended the compliance deadline for the standards for electronic transactions one year. Covered entities now have until October 16, 2003, to comply with the standards for electronic transactions as long as they apply for an extension. (A covered entity is defined as one of the following: a health plan, health care clearinghouse, or health care provider who transmits specific health care transactions in electronic form.) The legislation does not extend the compliance deadline for small health plans, that already had a deadline of October 16, 2003.

### Covered entities are required to submit a compliance plan

To qualify for the deadline extension, covered entities are required to submit to the federal Department of Health and Human Services (HHS) before October 16, 2002, a plan that explains how the entity will come into compliance with the standards for electronic transactions no later than October 16, 2003. The plan must be a summary of the following:

- An analysis reflecting the extent to which, and the reasons why, the covered entity will not be in compliance by October 16, 2002.
- A budget, schedule, work plan, and implementation strategy for achieving compliance.
- Whether a contractor or other vendor will be used to assist in achieving compliance.
- A time frame for testing that begins no later than April 16, 2003.

Covered entities may submit their compliance plans electronically. To help covered entities complete their plans,

\* Bill HR 3323, titled "Administrative Simplification Compliance Act," became Public Law No: 107-105 on December 27, 2001. Text of the legislation may be found at: [thomas.loc.gov/](http://thomas.loc.gov/).

the legislation requires the Secretary of HHS to develop a model form. Refer to the Centers for Medicare and Medicaid Services (CMS), formerly HCFA, Web site at [www.cms.gov/hipaa/](http://www.cms.gov/hipaa/) for a copy of the CMS-preferred model form.

Wisconsin Medicaid will submit a compliance plan for an extension. Providers will be notified when Wisconsin Medicaid will be ready to accept HIPAA-compliant electronic claims.

### **Enforcement of compliance deadline**

A covered entity that fails to submit a compliance plan and is not in compliance before October 16, 2002, may be excluded from participation in Medicare at the discretion of the Secretary of HHS.

### **Other provisions of legislation**

#### *Privacy standards deadline not affected*

The extension of the compliance deadline for HIPAA standards for electronic transactions does not affect the mandatory compliance deadline of April 14, 2003, for the HIPAA privacy standards.

#### *Medicare requires electronic claim submission by October 16, 2003*

Claims submitted to Medicare (not Wisconsin Medicaid) on or after October 16, 2003, must be submitted electronically, with some exceptions. Refer to Public Law No. 107-105 for more information about these exceptions.