



Evaluation FastFacts

from the Evaluation Center@HSRI



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This is one in a series of briefings on new and current mental health services evaluations, resources, and methods. We hope FastFacts will be a quick and easy way for you to learn important information in the field of evaluation. If you have any ideas on how FastFacts could be more useful to you, please contact Dow Wieman, Ph.D. at 617-876-0426 x2503 or dwieman@hsri.org.

HIPAA Transactions and Medical Codes: Implications For Behavioral Health Services Research and Evaluation

In the dry language of federal legislation, Title II of the 1996 Health Insurance Portability and Accountability Act, widely known as HIPAA, promotes a large-scale vision of a more efficient national health care system. The essential feature of this transformation is the establishment of mandatory **national standards for electronic storage and transfer of medical information for purposes of record keeping, billing and determination of insurance eligibility** (1). A key element in this vision (though implementation of this feature is currently postponed) is the creation of a universal electronic medical record (EMR). If enacted in their entirety, the "Administrative Simplification" provisions of HIPAA, which define the process for developing these standards, will bring into being nothing less than a national health management information system.

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The Evaluation Center@HSRI

is a technical assistance center funded by the federal Center for Mental Health Services (CMHS), Substance Abuse and Mental Health Services Administration (SAMHSA), and operated by the Human Services Research Institute (HSRI). The mission of the Center is to provide evaluation technical assistance to state and non-profit and private entities including, but not limited to, consumers, families and provider groups. The Center presently has six programs designed to fulfill this mission—

- Conferences & Training
- Consultation Program
- Knowledge Assessment & Application
- Multicultural Issues in Evaluation Program
- Toolkit & Evaluation Materials
- Topical Evaluation Networks & Web

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Stakeholder discussion of HIPAA has focused primarily on compliance (2). This issue of Evaluation Fast Facts addresses the potential benefits and disadvantages of a national information system for the field of **mental health services research and evaluation**.

Administrative Simplification will create standards governing four areas of electronic medical information storage and transfer:

- **Transaction and Medical Codes** for electronic documentation and transfer of administrative and clinical information (enrollment, claims, referral authorization, diagnoses, procedures and drugs).
- **Privacy Standards** for the protection and disclosure of individual medical information.
- **Security Standards** to protect the confidentiality and integrity of electronically stored and transmitted medical information.
- **Uniform Identifiers** for health plans, employers and individual patients.

HIPAA does not define these standards, but rather directs the Department of Health and Human Services to create them. The Standards are in various stages of development, ranging from the Electronic Transactions Standards, which have been adopted with a compliance date of October 16 2002, but with modifications already proposed, to the Unique Identifier for Individuals, which has been postponed indefinitely (3).

This issue of Evaluation FastFacts addresses the Transactions and Medical Codes. The Privacy

Standards also have important implications for research and evaluation, but their final form is still so uncertain that that consequences are difficult to assess at this time.

The following is a brief description of the standards for transaction and medical codes, with a discussion of anticipated benefits and disadvantages for the conduct of services research and evaluation.

Standardized Transaction and Medical Code Sets

For transaction codes, HIPAA adopted an established standard known as ANSI ASC X12. Codes for diagnosis and treatment are a combination of existing systems. These include International Classification of Diseases, 9th Edition (ICD-9-CM) Health Care Financing Administration Common Procedure Coding System (HCPCS) and Current Procedural Terminology, Fourth Edition (CPT-4) and National Drug Codes (NDC)

The Transaction Rule prevents any organization from exceeding this “maximum defined data set” and from requiring another organization to do so. In behavioral health this has implications for the use of “**local codes**.” These are codes now used by many state Medicaid agencies to identify, for purposes of contracting and accountability, services that are not standard Medicaid benefits. An example would be a psychosocial service included in the benefit package of a Managed Care Organization and funded through a mechanism such as an expansion program or blended state mental health funding.

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Implications of Standardized Transaction and Medical Codes for Research and Evaluation

Benefit: Data sets will be more uniform. Uniform coding would improve comparability of Medicaid systems and health plans (e.g. for multi-site studies), simplify data management and software programming, enable more synthesis of research findings (e.g. meta-analysis), and increase opportunities for linking with other systems such as criminal justice and public health.

Disadvantage: Data elements will be restricted. The trade-off for uniformity is a reduced data set that may exclude information of interest to researchers, notably the “local codes” used by state Medicaid and mental health agencies. Eliminating these would interfere with measuring utilization and cost of non-medical support services. Many consumers and advocates for community support services have voiced concern about the “medicalization” of mental health care as a result of states’ increasing reliance on Medicaid funding and spread of managed care. Local codes are not the only issue identified by providers and policy makers. Many believe that the codes that have been proposed do not accurately represent important aspects of current practices in behavioral health. While this discussion has focused on the implications for payment, but the impact on services research and evaluation will be comparable, to the extent that incomplete and inadequate codes do not accurately represent the range and type of services provided.

Summary: The Administrative Simplification standards for transaction and medical codes appear to offer about equivalent advantages and disadvantages for research and evaluation. **Benefits**

will follow from the standardization of health care data, resulting in increased reliability and comparability of research data sets. **Disadvantages** will be the loss of some information due to a reduced, and (for behavioral health) possibly inaccurate, data set, creating the potential for problems of validity.

Resources:

The following provide information about HIPAA as well as additional links to numerous HIPAA-related websites:

U.S. Department of Health and Human Services

<http://aspe.os.dhhs.gov/admsimp/>

Centers for Medicaid and Medicare Services (CMS)

<http://www.cms.gov/hipaa/>

Mental Health Statistics Improvement Program (MHSIP):

<http://www.mhsip.org/hipaa/index.html>

NASMHPD Research Institute.

Includes proposed new codes for mental health <http://nri.rdmc.org/HIPAA/ComprehensiveProcedureCodes.pdf>

Substance Abuse and Mental Health Services Administration (SAMHSA).

Includes list of codes for mental health and substance abuse: <http://www.samhsa.gov/hipaa/hipaa.html>

DHHS Fact Sheet, June 3, 2002

<http://www.hhs.gov/news/press/2002pres/hipaa.html>

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References

1. Vijay Ganju, PhD. **HIPAA: Implications for State Mental Health Agencies** (National Association of State Mental Health Program Directors and NASMHPD Research Institute Briefing Paper) <http://www.mhsip.org/hipaa/index.html>
2. Litwak, P. (2000). **It's time to get ready for HIPAA**. Behavioral Healthcare Tomorrow. December, 17-45
3. HIPAAadvisory: <http://www.hipaadvisory.com/regs/>

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