

Re: **Important Reminder re: Impending Deadline for Compliance with the HIPAA Electronic Health Care Transactions and Code Sets Standards**

Dear Client:

We are writing to alert you to an important deadline related to the above-referenced standards. You must either comply with the standards by October 16, 2002 or file for an extension of time within which to comply by October 15, 2002.

**A Nutshell Version of the Regulation**

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) requires, among other things, that the Department of Health and Human Services (DHHS) establish national standards for electronic health care transactions and code sets. Covered entities include health plans, health care clearinghouses or health care providers that conduct certain financial and administrative transactions electronically (such as eligibility, referral authorizations and claims). The term “health care providers” includes, but is not limited to, individual physicians and physician group practices. The original deadline for compliance with the DHHS’ electronic health care transactions and code sets was October 16, 2002. However, the Administrative Simplification Compliance Act (ASCA) extended the deadline to October 16, 2003 for all covered entities that submit a compliance plan by October 15, 2002. This aspect of HIPAA should not be confused with the Privacy Rule, which bears a compliance deadline of April 14, 2003.

**What You Need To Do**

If you are a covered entity (other than a small health plan, which has always had until October 16, 2003 to comply with the regulation) and you will *not* be fully compliant with the HIPAA Electronic Health Care Transactions and Code Sets standards by October 16, 2002, you *must* file a compliance plan by October 15, 2002 in order to obtain an extension. Although covered entities may submit their own versions of compliance plans, we recommend that you complete the on-line Model Compliance Plan provided by the DHHS at [www.cms.hhs.gov/hipaa](http://www.cms.hhs.gov/hipaa), which is the fastest and easiest way to file your compliance plan.

**Why Time Is Of The Essence**

Covered entities that do not either comply with the standards or timely submit an extension by the deadlines set forth herein may be excluded from participation in the Medicare program, as determined in the discretion of the Secretary of the DHHS.

## **Conclusion**

If you haven't yet begun to plan your implementation strategy, you will find that the Model Compliance Plan provides a helpful checklist of issues to guide the direction and development of your entity's compliance plan. While the immediate task at hand may appear daunting, the uniformity of national standards will ultimately benefit covered entities by lowering the costs of developing and maintaining software and reducing the time and expense needed to handle health care transactions.

We urge you to take the steps necessary to either comply with the standards or file an extension as soon as possible. If you have any questions or concerns about this matter or compliance issues generally, please feel free to contact our office.