

March 17, 2014

Trustee Alert – HIPAA EDI Certification Proposed Rule

The Trust's business associates who perform electronic transactions on its behalf are required to follow certain HIPAA standards and operating rules. A recently published proposed rule introduces a new requirement to submit compliance certification for three specific types of electronic transactions: (1) eligibility, (2) claim status, and (3) electronic fund transfers. A one-time certification must be submitted to the Department of Health and Human Services between January 1, 2015 and December 2015.

The Trust is responsible for obtaining certification even though the HIPAA covered electronic transactions are performed by its business associates. The penalty for each day of noncompliance is substantial: \$1 per covered life per day.

Compliance is shown by submitting either a HIPAA Credential or Phase III CORE Seals.

- **HIPAA Credential:** to obtain the HIPAA Credential, the Trust must submit to the Council for Affordable Quality Healthcare's Committee on Operating Rules for Information Exchange ("CORE") both an application and an attestation that the Trust successfully tested the EDI transactions with at least three trading partners.
- **Phase III CORE Seal:** to obtain Phase III CORE Seals, the Trust must submit documentation of its compliance to a CORE-authorized testing vendor to CORE and pay a related fee.

In addition to these certification requirements, the Trust must obtain a unique 10-digit Health Plan Identifier (HPID) no later than November 5, 2014 [(November 5, 2015 for plans with annual receipts under \$5 million)]. The Trust's business associates must use the HPID when conducting covered transactions beginning in 2016.

The Trust should begin the process of applying for an HPID. It should also outline a plan to obtain and timely submit the required certification. In addition, the Trust should review whether its third-party administrator is obligated to indemnify the Trust for any penalties or costs it may incur related to the administrator's failure to meet these requirements.

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