

September 26, 2002

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MEMORANDUM

TO: Chief State School Officers

FROM: Stephanie S. Lee
Director
Office of Special Education Programs

SUBJECT: Medicaid and Upcoming Compliance Deadlines under the Health Insurance Portability and Accountability Act and the Administrative Simplification Compliance Act

The Centers for Medicare and Medicaid Services (CMS) and the Department of Health and Human Services have asked us to remind schools and other participants in Department of Education programs, and in particular, **entities that are providing services under Medicaid, are billing for Medicaid-covered activities or billing private insurers for medical services,** of some upcoming compliance deadlines under the Health Insurance Portability and Accountability Act (HIPAA) and the Administrative Simplification Compliance Act (ASCA). Under HIPAA, October 16, 2002 was the original deadline for *covered entities*¹ (as defined in

¹ HIPAA defines the term '*covered entity*' to mean one of the following:

- (1) A health plan.
- (2) A health care clearinghouse.

HIPAA) to comply with new national standards under HIPAA for electronic health care transactions and code sets. However, in December 2001, the ASCA extended the deadline for compliance with HIPAA Electronic Health Care Transactions and Code Sets standards (codified at 45 C.F.R. Parts 160, 162) one year – to October 16, 2003 – for all *covered entities* other than *small health plans* (whose compliance deadline is already October 16, 2003), if they take appropriate action to qualify for the extension.

In order to qualify for this extension, *covered entities* must submit a compliance plan by October 15, 2002. According to the model compliance plan proposal and instructions provided by CMS, completion and timely submission of this model compliance plan will satisfy this federal requirement, and assist CMS in identifying and addressing impediments to your timely and effective implementation of the HIPAA Electronic Health Care Transactions and Code Sets standards. **If you are a *covered entity* (under HIPAA) other than a *small health plan* and do not submit a compliance plan, you must be compliant with the HIPAA Electronic Health Care Transactions and Code Sets standards by October 16, 2002.**

CMS has placed the model compliance plan and instructions on-line, and *covered entities* can complete and submit the plan on-line. The model compliance plan form and instructions regarding the completion of the required form can be found at:

<http://cms.hhs.gov/hipaa/hipaa2/ascaform.asp>

(3) A health care provider who transmits any health information in electronic form in connection with a transaction for which HHS has adopted a standard.

HHS has adopted standards for the following transactions:

- (1) Health care claims or equivalent encounter information.
- (2) Health care payment and remittance advice.
- (3) Coordination of benefits.
- (4) Health care claim status.
- (5) Enrollment and disenrollment in a health plan.
- (6) Eligibility for a health plan.
- (7) Health plan premium payments.
- (8) Referral certification and authorization.

What kinds of actions constitute these transactions is described at Subparts K-R of 45 CFR Part 162, in the first section of each of those subparts.

For additional information, please contact:

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Baltimore MD 21244-1850
Phone: (410) 786-3000

We strongly encourage you to ensure that schools and other participants in Department of Education programs and, in particular, entities that are providing services under Medicaid or are billing for Medicaid-covered services, receive this information.

cc: State Directors of Special Education
Part C Lead Agencies
Part C Coordinators
Section 619 Coordinators
Secretary's Regional Representatives