

HIPAA Updated Electronic Transaction Standards**FY2012 Request: \$4,100,000****Reference No: 47611****AP/AL:** Appropriation**Project Type:** Information Technology /
Systems / Communication**Category:** Health/Human Services**Location:** Statewide**House District:** Statewide (HD 1-40)**Impact House District:** Statewide (HD 1-40)**Contact:** Arnold Liebelt**Estimated Project Dates:** 07/01/2011 - 06/30/2014 **Contact Phone:** (907)465-1870**Brief Summary and Statement of Need:**

This amendment is a new request for required modifications to the existing electronic transaction system to comply with the Health Insurance Portability and Accountability Act (HIPAA). The State must be compliant with federal mandates for secure electronic medical transactions by January 2012 to avoid federal penalties.

Funding:	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>Total</u>
Fed Rcpts	\$3,600,000						\$3,600,000
G/F Match	\$400,000						\$400,000
Gen Fund	\$100,000						\$100,000
Total:	\$4,100,000	\$0	\$0	\$0	\$0	\$0	\$4,100,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input checked="" type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

CH15/SLA09/P15/L24 - \$450.0 GF Match - \$4,050.0 Federal

Project Description/Justification:

1. Has this project been previously approved? Yes.

2. What is the purpose of the project? What will be accomplished in the implementation phase of the project?

This request will allow the Department to comply with mandated federal standards for electronic health transactions with the provider community. The project will implement accepted standardized formats for exchange of data between computer systems. By using this updated standard, Alaska Medicaid eliminates the risk of federal penalties for failure to comply with the law. The request will fund the implementation of changes necessary to effect the utilization of all HIPAA Version 5010 transactions. This request will:

- Allow for implementation of required changes by the compliance date of Jan 1, 2012;
- Accommodate the provider community for HIPAA 5010 testing in 2011 and implementation by the compliance date;

- Minimal remediation of the Legacy System;
- Allow the State to process HIPAA changes when the new Medicare and Medicaid Information System (MMIS) is implemented; and
- Accommodate all Center for Medicare and Medicaid Services (CMS) requirements for certification.

3. What is the source of funding? How will the funds be expended by line item?

The source of funding is federal receipts from the Center for Medicare and Medicaid Services. Contractual expenditures will be for the following line items:

	Total Request	Fed	State
Personal Services	\$255,684	\$140,116	\$115,568
Travel	\$3,361	\$3,025	\$336
Contractual Services	\$3,743,034	\$3,368,730	\$374,304
Supplies	\$9,740	\$8,766	\$974
Equipment	\$88,181	\$79,363	\$8,818
	\$4,100,000.00	\$3,600,000	\$500,000

4. Is this a new systems development project? No.

5. Upgrade or enhancement to existing department capabilities? Yes

6. Specifically, what hardware, software, consulting services, or other items will be purchased with this funding? (Include a line item breakdown)

No hardware. We expect modifications to existing software for HIPAA compliant electronic standards. All funding will be used for contractual services.

7. How will service to the public measurably improve if this project is funded?

Funding will allow system changes to enable Alaska Medicaid to continue its electronic commerce with the providers who serve our beneficiaries. Greater than 80% of claims activity is electronic in nature and losing the capacity to conduct electronic commerce will have a significant negative impact on the public.

8. Does the project affect the way in which other agencies will conduct their business? No

9. What are the potential out-year cost implications if this project is approved?

None. Costs for routine maintenance to maintain operability are already included in existing service contracts.

10. What will happen if this requested supplemental increase is not approved?

Alaska Medicaid will not be able to maintain electronic commerce with the provider community. Alaska Medicaid would run the high risk of fines from the federal office of HIPAA compliance.

Department's Mission: *To promote and protect the health and well-being of Alaskans.* This project supports the Department's mission by ensuring information for all clients requiring health-related services is kept secure and confidential.

The end result to which this project contributes is: "Alaskans have access to health care."

Core Services:

Provide quality administrative services in support of the department's mission.