



# HIPAA

Appendix.

## “The HIPAA Standard Transactions”

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# What Is a Transaction?

A **transaction** is an electronic exchange of information between two parties to carry out financial or administrative activities related to health care. For example, a health care provider will send a claim to a health plan to request payment for medical services.

Electronic transactions are being used in health care to increase efficiencies in operations, improve the quality and accuracy of information, and reduce the overall costs to the system.

# Standards for Transactions?

Under HIPAA, the U.S. Department of Health and Human Services (HHS) adopted certain standard transactions for the electronic exchange of health care data. These transactions include:

- Claims and encounter information
- Payment and remittance advice
- Claims status
- Eligibility
- Enrollment and disenrollment
- Referrals and authorizations
- Coordination of benefits
- Premium payment

HIPAA-covered entities who conduct any of these transactions electronically must use an adopted standard from **ASC X12N** or **NCPDP** (for certain pharmacy transactions).



# Affordable Care Act Provisions to Simplify the Business of Health Care

In 2010, the Affordable Care Act (ACA) included additional provisions that addressed the use of transactions, building upon the requirements already in place through HIPAA. Together, the provisions are referred to as Administrative Simplification, because their purpose is to simplify the business of health care.

The new and expanded provisions in the ACA included requirements for the adoption of:

- Operating rules for each of the existing transactions
- A standard unique identifier for health plans
- Standards for electronic funds transfer and electronic health care claims attachments

The ACA also created a new requirement for health plans to certify their compliance with the adopted standards and operating rules. It also established a new set of penalties that could be imposed on health plans for failure to comply or to certify their compliance.





**HIPAA**

Health Insurance Portability  
and Accountability Act

Thanks!