
FEHB Program Carrier Letter

All Carriers

U.S. Office of Personnel Management
Office of Insurance Programs

Letter No. 2002-02

Date: January 28, 2002

Fee-for-service [2] Experience-rated HMO [2] Community-rated HMO [2]

SUBJECT: Health Insurance Portability and Accountability Act

Delay in compliance date for Transactions and Code Sets rule

As you are probably aware, on December 27, 2001, President Bush signed the Administrative Simplification Compliance Act (Public Law 107-105). This law allows entities covered by the Health Insurance Portability and Accountability Act (HIPAA) to delay compliance with the Transactions and Code Sets rule until October 16, 2003. To obtain approval for the delay, a covered entity must submit to the Secretary of Health and Human Services (HHS) by October 16, 2002, a plan of how the entity will come into compliance with the requirements. Please note that this legislation did not change the compliance deadlines for the Privacy Rule (April 14, 2003, for all covered entities except small health plans; April 14, 2004, for small health plans).

We need to know now if you intend to seek an extension of the deadline for compliance. If you request the extension, please provide us a copy of the plan you submit to the Secretary of HHS, including your budget, schedule, work plan and implementation strategy for achieving compliance, at the same time you submit the plan to HHS. Copies of the plan may be submitted to us electronically and you can use the model form that HHS creates.

OPM Macon plans to be generating HIPAA compliant (ASC X12N 834—Benefit Enrollment and Maintenance, Version 4010) enrollment files by October 16, 2002, for the electronic enrollment system (Employee Express and Macon-Hub). When we generate enrollment files after October 16th of this year, we need to know what format (834 Version 1040 or our current format) your enrollment system can accept.

Experienced-rated carrier costs for HIPAA implementation

If you are an experienced-rated carrier and intend to seek an extension of the deadline for compliance, let us know how the delay will impact your FY 2002 budget for HIPAA transactions standards compliance, along with the amount of work you will perform in 2002. We need to know if your budget will be revised to move costs to FY 2003 and if your work schedule will be changed to move some projects and duties to 2003.

We are beginning to review carrier cost estimates for implementing HIPAA (transactions, privacy, and security). To properly analyze these costs, and determine OPM's fair share, please provide us your gap analyses and complete project plans for implementing HIPAA.

Points of Contact

Please forward all requested information to your OPM Contract Specialist. If you have any questions, please contact Laurie Bodenheimer or Jay Fritz of my staff. Both may be reached by phone on (202) 606-0004. Laurie's email is lrbodenh@opm.gov; Jay's is jdfritz@opm.gov.

We look forward to hearing from you.

Sincerely,

A handwritten signature in black ink that reads "Abby L. Block". The signature is written in a cursive style with a long horizontal flourish at the end.

Abby L. Block
Assistant Director
for Insurance Programs