

**Summary of Section 1104 of the Patient Protection and Affordable Care Act
(HR 3590) Concerning Operating Rules**

Requires the Secretary to adopt and regularly update standards, implementation specifications, and operating rules for the electronic exchange and use of health information for the purposes of financial and administrative transactions.

Requirements for standards, implementation specifications, and operating rules include:

- Requiring minimal augmentation by paper transactions or clarifications by phone calls;
- Enabling the real time determination of a patient's financial responsibility at the point of service and, prior to service, including whether a patient is eligible for a specific service with a specific physician at a specific facility which may include a machine-readable health plan identification card;
- Providing for timely acknowledgement; and
- Ensuring that all data elements within a standard, specification, or criteria be described in unambiguous terms.

Allows the Secretary to use interim, final rulemaking to adopt operating standards.

Requires the Secretary to consider recommendations for operating rules developed by a qualified nonprofit entity that meets specified requirements. Requires the National Committee for Vital and Health Statistics to review the operating rules developed by the nonprofit entity, determine if the operating rules represent a consensus view of the health care industry, and recommend to the Secretary rules to be adopted.

Requires the following rule adoption and implementation deadlines:

- Eligibility verification and claims status operating rules must be adopted by July 1, 2011, and effective by January 1, 2013;
- Claims remittance/payment, and electronic funds transfer operating rules must be adopted by July 1, 2012, and effective by January 1, 2014; and
- Other operating rules (including health claims or equivalent encounter information, enrollment and disenrollment in a health plan, health plan premium payments, and referral certification and authorization) must be adopted by July 1, 2014, and effective by January 1, 2016.

Requires a health plan to file a statement with the Secretary confirming compliance with these operating rules.

Requires health insurance plans to comply with HIPAA operating rules adopted by the Secretary by April 1, 2014, or face a penalty (\$1 per covered life until certification is complete not to exceed \$20 per covered life (or not to exceed \$40 per covered life if the plan knowingly provided inaccurate or incomplete information)).

Requires the Secretary to establish a process with a reasonable notice and dispute resolution mechanism before penalties could be assessed. Creates a process for periodic review and updates to all HIPAA standards.

Requires the Secretary to promulgate a final rule to establish a unique health plan identifier based on the input of the National Committee of Vital and Health Statistics. Requires the rule to be effective by October 1, 2012.

Requires the Secretary to promulgate a final rule to establish a standard for electronic funds transfer, which must be adopted not later than January 1, 2012, and effective not later than January 1, 2014.

Requires the Secretary to adopt a final rule establishing a transaction standard for health claims attachments, which must be final not later than January 1, 2014, and effective not later than January 1, 2016.