

CLARIFICATION OF THE HEALTH INFORMATION PORTABILITY
AND ACCOUNTABILITY ACT -- HON. DAVID L. HOBSON
(Extension of Remarks - October 23, 1997)

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HON. DAVID L. HOBSON

In the House of Representatives

WEDNESDAY, OCTOBER 22, 1997

Mr. HOBSON. Mr. Speaker, on August 21, 1996, the Health Information Portability and Accountability Act became law. The health care administrative simplification provision of this new law is based largely on prior work done by my colleague Mr. Sawyer and myself.

As is to be expected, a few people don't want to play by the rules. It has come to my attention that a bill that I introduced in 1995 is being used by some of these groups to leverage an interpretation of the current law to say that standards for specific administrative simplification transactions to be adopted under the law are voluntary standards. I want to make it clear that, although voluntary standardization was considered in the past, it was judged to be unworkable in the real world and is not a part of the law today for that reason.

The industry has voluntary standards today. Because the standards are merely voluntary, a number of payers have continued to require others to use their individual formats, which has effectively prevented the industry as a whole from moving to a single, efficient electronic transaction environment. The splintered state of the current electronic interchange world is one key reason for the enactment of the administrative simplification provisions.

The intent of the law is that all electronic transactions for which standards are specific must be conducted according to the standards. These standards were not imposed by the law, but instead were developed by a process which included significant private sector input.

Providers are given the option of whether to conduct the transactions electronically or 'on paper' but if they elect to conduct them electronically, they must use the standards agreed upon through the law. Payers are required to accept these transmissions in the standard format in which they are sent and must not delay a transaction or adversely affect a provider who wants to conduct the transactions electronically.

I hope my statements today help clarify the intent of this legislation and work to prevent any non-compliance. There are specific deadlines for compliance and penalties in the law for anyone who fails to comply with the intent of this law. Mandatory compliance is required in order to meet the goals of simplifying the administration of our Nation's health care system and improving its efficiency and effectiveness.

