



HIPAA Administrative Simplification Fundamentals Fact Sheet



What is Administrative Simplification?

- Requirements for the use of standardized electronic transactions in healthcare authorized by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The passage of the Patient Protection and Affordable Care Act expanded HIPAA's Administrative Simplification provisions in 2010.
- Prior to the enactment of HIPAA, payors had different standards for the format and content of health care transactions, so health care providers had to use numerous systems and conform to a wide array of formats to make electronic requests.
- Administrative Simplification has changed that by streamlining the business of health care through the mandate for standardized electronic transactions.



What does Administrative Simplification accomplish?

- Administrative Simplification is intended to streamline the business of health care by setting standards and rules that can be incorporated nationwide by payors and providers.
- Administrative Simplification aims to bring to health care the efficiencies that the financial and retail sectors have realized with electronic transactions.



Why is Administrative Simplification necessary?

- The success of health information technology (IT) depends on the ease and efficiency of the electronic exchange of both clinical and administrative data.
- The structured data requirements under Administrative Simplification allow for the exchange of health care data with increased ease and efficiency.



Who benefits from Administrative Simplification?

- Health care provider offices benefit from the use of technology because the sending and receiving of health data is less burdensome— and that means staff and providers have more time to focus on patient care.
- Providers also receive benefit through the use of Electronic Funds Transfer (EFT), which streamlines and expedites the payment process.
- Both health plans (payers) and their contracted providers benefit from standardized rules surrounding the enrollment process for electronic data exchange.
- Both health plans and contracted providers save time by not having to make time consuming phone calls to determine a patient's eligibility for health care services. While providers realize an overall decrease in the expenditure of resources, more importantly the result is a better patient experience.



Where can you get more information?

Visit the CMS website at: [go.cms.gov/AdminSimp](https://www.cms.gov/AdminSimp)