

Calendar No. **256**

107<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 3323**

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IN THE SENATE OF THE UNITED STATES

DECEMBER 5, 2001

Received; read twice and placed on the calendar

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**AN ACT**

To ensure that covered entities comply with the standards for electronic health care transactions and code sets adopted under part C of title XI of the Social Security Act, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Administrative Sim-  
3 plification Compliance Act”.

4 **SEC. 2. EXTENSION OF DEADLINE FOR COVERED ENTITIES**  
5 **SUBMITTING COMPLIANCE PLANS.**

6 (a) IN GENERAL.—

7 (1) EXTENSION.—Subject to paragraph (2),  
8 notwithstanding section 1175(b)(1)(A) of the Social  
9 Security Act (42 U.S.C. 1320d–4(b)(1)(A)) and sec-  
10 tion 162.900 of title 45, Code of Federal Regula-  
11 tions, a health care provider, health plan (other than  
12 a small health plan), or a health care clearinghouse  
13 shall not be considered to be in noncompliance with  
14 the applicable requirements of subparts I through R  
15 of part 162 of title 45, Code of Federal Regulations,  
16 before October 16, 2003.

17 (2) CONDITION.—Paragraph (1) shall apply to  
18 a person described in such paragraph only if, before  
19 October 16, 2002, the person submits to the Sec-  
20 retary of Health and Human Services a plan of how  
21 the person will come into compliance with the re-  
22 quirements described in such paragraph not later  
23 than October 16, 2003. Such plan shall be a sum-  
24 mary of the following:

1           (A) An analysis reflecting the extent to  
2           which, and the reasons why, the person is not  
3           in compliance.

4           (B) A budget, schedule, work plan, and im-  
5           plementation strategy for achieving compliance.

6           (C) Whether the person plans to use or  
7           might use a contractor or other vendor to assist  
8           the person in achieving compliance.

9           (D) A timeframe for testing that begins  
10          not later than April 16, 2003.

11          (3) ELECTRONIC SUBMISSION.—Plans described  
12          in paragraph (2) may be submitted electronically.

13          (4) MODEL FORM.—Not later than March 31,  
14          2002, the Secretary of Health and Human Services  
15          shall promulgate a model form that persons may use  
16          in drafting a plan described in paragraph (2). The  
17          promulgation of such form shall be made without re-  
18          gard to chapter 35 of title 44, United States Code  
19          (commonly known as the “Paperwork Reduction  
20          Act”).

21          (5) ANALYSIS OF PLANS; REPORTS ON SOLU-  
22          TIONS.—

23                  (A) ANALYSIS OF PLANS.—

24                          (i) FURNISHING OF PLANS.—Subject  
25                          to subparagraph (D), the Secretary of

1 Health and Human Services shall furnish  
2 the National Committee on Vital and  
3 Health Statistics with a sample of the  
4 plans submitted under paragraph (2) for  
5 analysis by such Committee.

6 (ii) ANALYSIS.—The National Com-  
7 mittee on Vital and Health Statistics shall  
8 analyze the sample of the plans furnished  
9 under clause (i).

10 (B) REPORTS ON SOLUTIONS.—The Na-  
11 tional Committee on Vital and Health Statistics  
12 shall regularly publish, and widely disseminate  
13 to the public, reports containing effective solu-  
14 tions to compliance problems identified in the  
15 plans analyzed under subparagraph (A). Such  
16 reports shall not relate specifically to any one  
17 plan but shall be written for the purpose of as-  
18 sisting the maximum number of persons to  
19 come into compliance by addressing the most  
20 common or challenging problems encountered  
21 by persons submitting such plans.

22 (C) CONSULTATION.—In carrying out this  
23 paragraph, the National Committee on Vital  
24 and Health Statistics shall consult with each  
25 organization—

1 (i) described in section 1172(c)(3)(B)  
2 of the Social Security Act (42 U.S.C.  
3 1320d–1(c)(3)(B)); or

4 (ii) designated by the Secretary of  
5 Health and Human Services under section  
6 162.910(a) of title 45, Code of Federal  
7 Regulations.

8 (D) PROTECTION OF CONFIDENTIAL IN-  
9 FORMATION.—

10 (i) IN GENERAL.—The Secretary of  
11 Health and Human Services shall ensure  
12 that any material provided under subpara-  
13 graph (A) to the National Committee on  
14 Vital and Health Statistics or any organi-  
15 zation described in subparagraph (C) is re-  
16 dacted so as to prevent the disclosure of  
17 any—

18 (I) trade secrets;

19 (II) commercial or financial in-  
20 formation that is privileged or con-  
21 fidential; and

22 (III) other information the disclo-  
23 sure of which would constitute a clear-  
24 ly unwarranted invasion of personal  
25 privacy.

1                   (ii) CONSTRUCTION.—Nothing in  
2                   clause (i) shall be construed to affect the  
3                   application of section 552 of title 5, United  
4                   States Code (commonly known as the  
5                   “Freedom of Information Act”), including  
6                   the exceptions from disclosure provided  
7                   under subsection (b) of such section.

8                   (6) ENFORCEMENT THROUGH EXCLUSION FROM  
9                   PARTICIPATION IN MEDICARE.—

10                   (A) IN GENERAL.—In the case of a person  
11                   described in paragraph (1) who fails to submit  
12                   a plan in accordance with paragraph (2), and  
13                   who is not in compliance with the applicable re-  
14                   quirements of subparts I through R of part 162  
15                   of title 45, Code of Federal Regulations, on or  
16                   after October 16, 2002, the person may be ex-  
17                   cluded at the discretion of the Secretary of  
18                   Health and Human Services from participation  
19                   (including under part C or as a contractor  
20                   under sections 1816, 1842, and 1893) in title  
21                   XVIII of the Social Security Act (42 U.S.C.  
22                   1395 et seq.).

23                   (B) PROCEDURE.—The provisions of sec-  
24                   tion 1128A of the Social Security Act (42  
25                   U.S.C. 1320a–7a) (other than the first and sec-

1           ond sentences of subsection (a) and subsection  
2           (b)) shall apply to an exclusion under this para-  
3           graph in the same manner as such provisions  
4           apply with respect to an exclusion or proceeding  
5           under section 1128A(a) of such Act.

6           (C) CONSTRUCTION.—The availability of  
7           an exclusion under this paragraph shall not be  
8           construed to affect the imposition of penalties  
9           under section 1176 of the Social Security Act  
10          (42 U.S.C. 1320d–5).

11          (D) NONAPPLICABILITY TO COMPLYING  
12          PERSONS.—The exclusion under subparagraph  
13          (A) shall not apply to a person who—

14               (i) submits a plan in accordance with  
15               paragraph (2); or

16               (ii) who is in compliance with the ap-  
17               plicable requirements of subparts I  
18               through R of part 162 of title 45, Code of  
19               Federal Regulations, on or before October  
20               16, 2002.

21          (b) SPECIAL RULES.—

22               (1) RULES OF CONSTRUCTION.—Nothing in  
23               this section shall be construed—

24                       (A) as modifying the October 16, 2003,  
25                       deadline for a small health plan to comply with

1 the requirements of subparts I through R of  
2 part 162 of title 45, Code of Federal Regula-  
3 tions; or

4 (B) as modifying—

5 (i) the April 14, 2003, deadline for a  
6 health care provider, a health plan (other  
7 than a small health plan), or a health care  
8 clearinghouse to comply with the require-  
9 ments of subpart E of part 164 of title 45,  
10 Code of Federal Regulations; or

11 (ii) the April 14, 2004, deadline for a  
12 small health plan to comply with the re-  
13 quirements of such subpart.

14 (2) APPLICABILITY OF PRIVACY STANDARDS  
15 BEFORE COMPLIANCE DEADLINE FOR INFORMATION  
16 TRANSACTION STANDARDS.—

17 (A) IN GENERAL.—Notwithstanding any  
18 other provision of law, during the period that  
19 begins on April 14, 2003, and ends on October  
20 16, 2003, a health care provider or, subject to  
21 subparagraph (B), a health care clearinghouse,  
22 that transmits any health information in elec-  
23 tronic form in connection with a transaction de-  
24 scribed in subparagraph (C) shall comply with  
25 the requirements of subpart E of part 164 of



1 title 45, Code of Federal Regulations, without  
2 regard to whether the transmission meets the  
3 standards required by part 162 of such title.

4 (B) APPLICATION TO HEALTH CARE  
5 CLEARINGHOUSES.—For purposes of this para-  
6 graph, during the period described in subpara-  
7 graph (A), an entity that processes or facilitates  
8 the processing of information in connection with  
9 a transaction described in subparagraph (C)  
10 and that otherwise would be treated as a health  
11 care clearinghouse shall be treated as a health  
12 care clearinghouse without regard to whether  
13 the processing or facilitation produces (or is re-  
14 quired to produce) standard data elements or a  
15 standard transaction as required by part 162 of  
16 title 45, Code of Federal Regulations.

17 (C) TRANSACTIONS DESCRIBED.—The  
18 transactions described in this subparagraph are  
19 the following:

20 (i) A health care claims or equivalent  
21 encounter information transaction.

22 (ii) A health care payment and remit-  
23 tance advice transaction.

24 (iii) A coordination of benefits trans-  
25 action.

1 (iv) A health care claim status trans-  
2 action.

3 (v) An enrollment and disenrollment  
4 in a health plan transaction.

5 (vi) An eligibility for a health plan  
6 transaction.

7 (vii) A health plan premium payments  
8 transaction.

9 (viii) A referral certification and au-  
10 thorization transaction.

11 (c) DEFINITIONS.—In this section—

12 (1) the terms “health care provider”, “health  
13 plan”, and “health care clearinghouse” have the  
14 meaning given those terms in section 1171 of the  
15 Social Security Act (42 U.S.C. 1320d) and section  
16 160.103 of title 45, Code of Federal Regulations;

17 (2) the terms “small health plan” and “trans-  
18 action” have the meaning given those terms in sec-  
19 tion 160.103 of title 45, Code of Federal Regula-  
20 tions; and

21 (3) the terms “health care claims or equivalent  
22 encounter information transaction”, “health care  
23 payment and remittance advice transaction”, “co-  
24 ordination of benefits transaction”, “health care  
25 claim status transaction”, “enrollment and

1 disenrollment in a health plan transaction”, “eligi-  
2 bility for a health plan transaction”, “health plan  
3 premium payments transaction”, and “referral cer-  
4 tification and authorization transaction” have the  
5 meanings given those terms in sections 162.1101,  
6 162.1601, 162.1801, 162.1401, 162.1501,  
7 162.1201, 162.1701, and 162.1301 of title 45, Code  
8 of Federal Regulations, respectively.

9 **SEC. 3. REQUIRING ELECTRONIC SUBMISSION OF MEDI-**  
10 **CARE CLAIMS.**

11 (a) IN GENERAL.—Section 1862 of the Social Secu-  
12 rity Act (42 U.S.C. 1395y) is amended—

13 (1) in subsection (a)—

14 (A) by striking “or” at the end of para-  
15 graph (20);

16 (B) by striking the period at the end of  
17 paragraph (21) and inserting “; or”; and

18 (C) by inserting after paragraph (21) the  
19 following new paragraph:

20 “(22) subject to subsection (h), for which a  
21 claim is submitted other than in an electronic form  
22 specified by the Secretary.”; and

23 (2) by inserting after subsection (g) the fol-  
24 lowing new subsection:

25 “(h)(1) The Secretary—

1           “(A) shall waive the application of subsection  
2 (a)(22) in cases in which—

3           “(i) there is no method available for the  
4 submission of claims in an electronic form; or

5           “(ii) the entity submitting the claim is a  
6 small provider of services or supplier; and

7           “(B) may waive the application of such sub-  
8 section in such unusual cases as the Secretary finds  
9 appropriate.

10          “(2) For purposes of this subsection, the term ‘small  
11 provider of services or supplier’ means—

12           “(A) a provider of services with fewer than 25  
13 full-time equivalent employees; or

14           “(B) a physician, practitioner, facility, or sup-  
15 plier (other than provider of services) with fewer  
16 than 10 full-time equivalent employees.”.

17          (b) **EFFECTIVE DATE.**—The amendments made by  
18 subsection (a) shall apply to claims submitted on or after  
19 October 16, 2003.

1 **SEC. 4. CLARIFICATION WITH RESPECT TO APPLICABILITY**  
2 **OF ADMINISTRATIVE SIMPLIFICATION RE-**  
3 **QUIREMENTS TO MEDICARE+CHOICE ORGA-**  
4 **NIZATIONS.**

5 Section 1171(5)(D) of the Social Security Act (42  
6 U.S.C. 1320d(5)(D)) is amended by striking “Part A or  
7 part B” and inserting “Parts A, B, or C”.

8 **SEC. 5. AUTHORIZATION OF APPROPRIATIONS FOR IMPLE-**  
9 **MENTATION OF REGULATIONS.**

10 (a) IN GENERAL.—Subject to subsection (b), and in  
11 addition to any other amounts that may be authorized to  
12 be appropriated, there are authorized to be appropriated  
13 a total of \$44,200,000, for—

14 (1) technical assistance, education and out-  
15 reach, and enforcement activities related to subparts  
16 I through R of part 162 of title 45, Code of Federal  
17 Regulations; and

18 (2) adopting the standards required to be  
19 adopted under section 1173 of the Social Security  
20 Act (42 U.S.C. 1320d–2).

21 (b) REDUCTIONS.—

22 (1) MODEL FORM 14 DAYS LATE.—If the Sec-  
23 retary fails to promulgate the model form described  
24 in section 1(a)(4) by the date that is 14 days after  
25 the deadline described in such section, the amount

1 referred to in subsection (a) shall be reduced by 25  
2 percent.

3 (2) MODEL FORM 30 DAYS LATE.—If the Sec-  
4 retary fails to promulgate the model form described  
5 in section 1(a)(4) by the date that is 30 days after  
6 the deadline described in such section, the amount  
7 referred to in subsection (a) shall be reduced by 50  
8 percent.

9 (3) MODEL FORM 45 DAYS LATE.—If the Sec-  
10 retary fails to promulgate the model form described  
11 in section 1(a)(4) by the date that is 45 days after  
12 the deadline described in such section, the amount  
13 referred to in subsection (a) shall be reduced by 75  
14 percent.

15 (4) MODEL FORM 60 DAYS LATE.—If the Sec-  
16 retary fails to promulgate the model form described  
17 in section 1(a)(4) by the date that is 60 days after  
18 the deadline described in such section, the amount  
19 referred to in subsection (a) shall be reduced by 100  
20 percent.

Passed the House of Representatives December 4,  
2001.

Attest:

JEFF TRANDAHL,

*Clerk.*



**Calendar No. 256**

107TH CONGRESS  
1ST SESSION

**H. R. 3323**

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**AN ACT**

To ensure that covered entities comply with the standards for electronic health care transactions and code sets adopted under part C of title XI of the Social Security Act, and for other purposes.

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