Partnering for Electronic Delivery of Information in Healthcare

WEDI Statement to NCVHS on 005010 Implementation

December 9, 2009

Disclaimer

This document is Copyright © 2009 by The Workgroup for Electronic Data Interchange (WEDI). It may be freely redistributed in its entirety provided that this copyright notice is not removed. It may not be sold for profit or used in commercial documents without written permission of the copyright holders. This document is provided ‘as is’ without any express or implied warranty.

While all information in this document is believed to be correct at the time of writing, this document is for educational purposes only and does not purport to provide any legal advice. If you require legal advice, you should consult with an attorney. The information provided here is for reference use only and does not constitute the rendering of legal, financial or other professional advice or recommendations by the sponsoring organizations. The listing of an organization does not imply any sort of endorsement and the sponsors take no responsibility for the products, tools and Internet sites listed.

The existence of a link or organizational referenced in any of the following materials should not be assumed as an endorsement by WEDI.

Rounding adjustments are a normal and expected artifact of the analysis methodology.

Executive Summary

The transition to the 005010 (5010) version of the HIPAA transaction standards is a complex undertaking that requires the cooperation of all sectors of the industry – plans, providers, clearinghouses, and vendors. There are significant business and technical issues which must be addressed as part of the implementation process.
WEDI created the 5010 survey in response to a request from NCVHS. The survey was created with the intent of polling the industry concerning their current preparedness state for the 5010 mandate. The results analysis includes answers from respondents who took the survey in the 15 day period from Oct 29, 2009 thru November 12, 2009. WEDI plans to continue surveying the industry regarding their implementation efforts with more detailed surveys beginning early next year. Typically, survey summaries are broken out by entity type, however in the case of this survey the commonality of the survey results were notable. Some broad conclusions

- There are concerns that each group (plans, providers, clearinghouses, vendors) will not be ready in time to support the needs of the other groups.
- While many entities estimate that they will be ready to transition in 2011, their progress to date is behind expected timelines, increasing the risk of delay.
- Economic issues and competing priorities also threaten to delay this project
- There is a lingering feeling that CMS will allow delays and contingency plans.

WEDI has provided broad-based interactive forums for the health care industry stakeholders to identify implementation challenges and recommend solutions. Some of the issues identified to date through multi-stakeholder representation at WEDI Forums, Conferences and Audio Casts include:

- The percentage of electronic transaction submissions have increased significantly as a result of greater adoption since 004010A1 (4010A1) was implemented in 2003. There will be much greater effort and work involved with the testing and transition due to the increased usage of electronic transactions as a result of new trading partner connectivity and the adoption of more transaction types.
- Education is a critical issue due to a number of key business process changes in the transactions. Expanded outreach efforts focusing on 5010 education is also essential.
- Historically, a number of state Medicaid agencies have not successfully implemented the HIPAA transaction and code sets by the mandated compliance date. This creates additional costs for the rest of the health care industry.
- Lack of adoption of standardized acknowledgements

Input from both the survey and the WEDI fall conference were incorporated into the WEDI recommendations. WEDI recommends:

- ***CMS/OESS strongly communicate the need for organizations to stay on task with the recommended timeline outlined in the preamble of the Federal Register, in order to transition all transactions by the compliance date. WEDI also recommends that CMS continue to monitor the industry's progress and address implementation concerns as needed. CMS should also encourage the use of the WEDI/NCHICA Timeline and other WEDI testing tools which will provide best practice recommendations for testing and transitioning from 4010A1 to 5010.***
- ***CMS/OESS and WEDI partner to provide education to the health care industry. WEDI, in collaboration with CMS/OESS, can develop educational tools that can be used across the industry for consistent education. These tools can then be used by other industry organizations and at the state and local level for educational purposes.***
- ***CMS work closely with the Medicaid agencies by allocating appropriate resources and incentives to insure consistency and successful implementations by the compliance date.***
- ***CMS/OESS strongly endorse the adoption of the 999 Acknowledgment and the 277Claim Acknowledgement across the industry and include the benefits of using these acknowledgements in educational forums. These acknowledgements will assist in the implementation and testing efforts. CMS/OESS should also consider mandating these standardized acknowledgements in the future.***

The WEDI acknowledgment paper provides details about implementing and using these transactions (http://www.wedi.org/snip/public/articles/dis_viewArticle.cfm?ID=790&wpType=3).

WEDI recognizes that updates to the NCPDP pharmacy transaction standards are part of the overall effort. WEDI is monitoring those efforts, but is deferring to NCPDP regarding the progress of those standards.

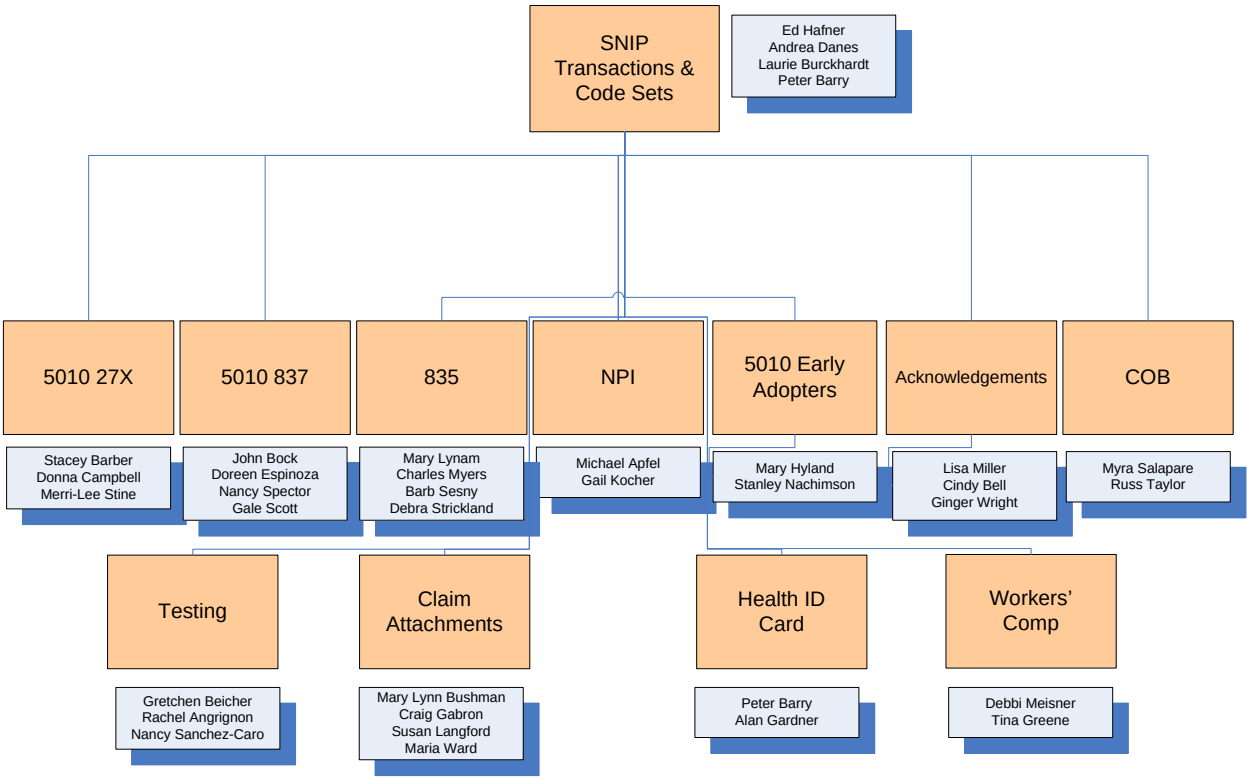
WEDI Background

The Workgroup for Electronic Data Interchange (WEDI) was established in 1991 in response to a challenge from then Secretary of Health and Human Services, Louis Sullivan, MD. The challenge was to bring together a consortium of leaders within the healthcare industry to identify practical strategies for reducing administrative costs in healthcare through the implementation of EDI and eCommerce. WEDI quickly became a major advocate in promoting the acceptance and implementation of the standardization of administrative and financial health care data.

WEDI continued its EDI advocacy and helped secure passage of the Health Insurance Portability and Accountability Act (HIPAA) in 1996. WEDI's unique position and influence was acknowledged in its designation in the HIPAA legislation as an advisor to the Secretary and as a facilitator of industry consensus on the implementation and fulfillment of this mandate.

Today, WEDI's membership includes providers, health plans, consumers, vendors, government organizations, and standards groups committed to the implementation of electronic commerce in healthcare and EDI standards for the healthcare industry. Regulatory officials from the Centers for Medicare & Medicaid Services, Health and Human Services, Office of Civil Rights, HITSP, ONC and other government entities attend and participate in WEDI forums to benefit from the alternative approaches and consensus-based recommendations generated by the industry representatives. WEDI provides a broad-based interactive forum for healthcare executives, managers and advisors to utilize in addressing the business issues and policy formulation critical to their industry. WEDI provides information and educational resources through its national conferences, policy advisory forums (PAGs), white papers, industry surveys and website. The WEDI Web site address is www.wedi.org.

WEDI SNIP Transactions and Code Sets



WEDI and 5010

With publication of the final rule, 5010 has become a major priority for WEDI's membership. The following bullets summarize WEDI's past and present activities:

- In September 2008, WEDI held a Policy Advisory Group to develop comments on the NPRM that proposed adoption of 5010. Over 100 people attended. The PAG resulted in WEDI's official recommendations to CMS. Over the past year, WEDI established 005010 (5010) sub workgroups which were tasked with identifying issues as well as recommending solutions to 5010 implementation challenges. WEDI's testing sub workgroup has been tasked with recommending possible solutions to testing and transition issues. Participation on these sub workgroups includes representation from all sectors of the health care industry. We've also held a number of interactive WEDI 5010 Forums and WEDI 5010 Audio Casts to discuss implementation issues with a broader audience.
- In July 2009, WEDI held a day and a half 5010 Forum to discuss key business process and implementation challenges.
- At the November 2009 WEDI Fall Conference, two 5010 Forum Sessions were held to discuss implementation challenges.
- WEDI will hold another open forum February 2-4, 2010 in Austin, TX.

The WEDI/NCHICA Timeline Initiative

In September of 2007, The North Carolina Healthcare Information and Communications Alliance, Inc. (NCHICA), a nonprofit consortium that aims to improve health and care in North Carolina through health information technology (HIT) initiatives; and WEDI, began the WEDI/NCHICA Timeline Initiative, a collaboration to maintain an electronic timeline that organizes proposed healthcare standards, regulations and technology solutions announced by federal agencies and national standards organizations. The purpose of the Initiative was to develop a tool to help planners within different companies become aware of what initiatives may affect them, when those initiatives may affect them and some order of magnitude of the effort involved.

The first product of the project was an estimated timeline for implementation of the 5010 version of the HIPAA X12 standards. Issued in December 2007, this initial timeline estimated that, based on past experience with workload and resources in vendors, plans, and providers, implementation of the 5010 version of HIPAA transactions would be complete in 2014. Project management software was used to identify the critical issues that affect the implementation of 5010 transactions which could provide opportunities to shorten the time frame for implementation.

This timeline was issued well in advance of the final rule for adoption of the standards. The timeline was one of several pieces of information used to respond to the proposed rule for adopting the new standards. With the publication of the final rule for X12 Version 5010 for HIPAA transactions in January 2009, the NCHICA-WEDI timeline for HIPAA implementation was modified to reflect the new required compliance date. Based on, the new timeline reflects the Jan 1, 2012 compliance date for 5010, and the expected January-December 2011 partner testing and implementation timeframe.

Initial planning for an ICD-10 timeline started just before CMS issued the proposed rule for implementing ICD-10. This planning work was used to formulate some of the comments on the proposed rule, from WEDI and others.

On July 20, 2009, NCHICA and WEDI released their timeline for ICD-10 implementation. The timeline illustrated the need for all segments of the healthcare industry to start planning work immediately in order to meet the October 1, 2013 compliance deadline. It details the steps and time required for each industry segment (providers, plans and vendors) to effectively implement this major change in how the healthcare industry identifies diagnoses and inpatient hospital procedures.

It is important to note that the timelines, were based on extensive analysis and industry feedback, experience gained in the initial HIPAA transaction and NPI efforts, and projected work to be done. The timelines reflect not only the work that individual entities have to do, but the dependencies among the players in our industry – health plans, providers, and vendors – who must work together effectively to accomplish implementation. The timelines reflect a well-planned and effective implementation schedule for meeting regulatory compliance dates.

The timelines continue to be used to monitor industry progress in moving towards compliance dates. Our survey results have used some of the timeline milestones to determine the status of industry segments. The timeline documents can be found at: http://www.nchica.org/HIPAAResources/timeline.htm

Key Milestones for the 5010 Timeline

November 2009 – Vendors complete product development
April 2010 – Vendors begin customer installations
January 2011 – Vendors complete customer installations
July 2009 – Health plans and providers complete project planning
April 2010 – Health plans and providers not dependent on vendors complete internal testing
December 2010 – Health plans and providers dependent on vendors complete internal installation and testing
January 2011 – Health plans and providers begin transition to new standards
January 1, 2012 – Health plans and providers in full compliance

WEDI Fall Conference

At the recent WEDI Fall conference, two open forum session were held concerning 5010.The sessions had an attendance of over 225. Attendees included payer organizations, provider organizations, clearinghouses and vendors. Discussion topics included:

- Get the word out and provide education, especially to the provider community on 5010 requirements
- There are a few substantial business process changes which need to be broadly communicated and collaboration done between trading partners, specifically:
    - Billing Provider reporting changes
    - NPI reporting requirements
    - Subscriber/Patient reporting requirement changes
- Applying lessons learned from the HIPAA 4010 and NPI implementations
- Timeline and readiness of organizations – WEDI staff presented early results of the survey

WEDI Readiness Survey Structure

274 responses were received.

The web-based survey asked participants to select one of four domains:

- Health Plan (Payer)
- Provider
- Vendor
- Clearinghouse

Note: Requests for survey responses were sent to WEDI member organizations and several regional groups. Responses were voluntary, and do not necessarily represent a statistically valid sample of the industry. It is important to note that respondents did not necessarily answer every question in the survey. In addition, there may be some outlier responses that skew the response averages up or down. However, we do believe that the analysis of the responses has identified some broad trends that should be recognized.

Survey Interpretation

Health Plan (Payer) Interpretations and Findings

The Health Plan (Payer) survey had 83 responses.

The Payer respondents included:

- 49 Commercial Health Plans
- 8 Federal plans (e.g. Medicare, Tricare)
- 26 State Plans (e.g. Medicaid)

When asked if they had **formed a 5010 project team**, a large majority of all respondents answered yes. Yet when asked how **complete their implementation plan** was, most federal and state plans indicated they were just beginning the plan; most commercial plans were either beginning the plan or somewhere in the middle of creating the plan. Only a small number of commercial plans were almost done or done with the plan. Note that the WEDI/NCHICA timeline expected the implementation plan to be complete by July 2009.

Respondents were asked **when major vendors are expected to deliver 5010 software.** Around 1/3 of the state and commercial plans did not know. Of those that did know, a significant minority did not expect delivery until September 2010 or later into 2011. Most federal plans expected delivery prior to September 2010.

Regarding **completion of internal testing,** respondents were evenly split between those completing before Sept 1, 2010, and those completing after that date. Most of the State plans, and a significant number of commercial and Federal plans, do not expect to complete their internal testing until sometime in 2011.

A majority of respondents indicated that **other high priority initiatives and/or the current state of the economy is delaying 5010 planning and implementation efforts**

5010 budget totals were split fairly evenly among three categories - $100,000 - $1,000,000, $1 million to $5 million, and greater then $5 million.

When asked what the **key risks or obstacles regarding 5010 implementations**, the following comments were representative of many of the comments received:

- End-to-end testing; dual 4010A1/5010 processing; provider readiness; transition and migration
- Provider Readiness
  Vendor Readiness
  Coordinating 5010 work with other infrastructure and technology changes
- Vendor and Trading Partner Readiness
- Scope and complexity of changes. Large size and complexity creates timeline risks and budget challenges. While we expect to meet the requirements, we are concerned that industry costs may exceed achievable benefits.
- Providers not meeting compliant timings so they are unable to submit 5010 transactions, then claims will drop to paper.
  Vendors being ready to transmit compliant 5010 transactions
  Dual maintenance of 4010 and 5010 from 12/31/2010 to 1/1/2012.
- Industry readiness. A prevailing assumption, based on past initiatives, there will be a contingency period or delay in the implementation.
- Dependency on vendors to meet obligations within project time frame

Provider Interpretations and Findings

The Provider survey had 147 responses.

The Provider respondents included:

- 52 Provider organizations with more than 100 clinical employees (majority responding)
- 19 Medium sized provider organizations (11 – 100 clinical employees)
- 10 Small provider organizations (1-10 clinical employees)

When asked about having **formed a 5010 project team,** most respondents indicated they had not. The percentage of those that had was higher in the larger providers, but still was less than 50%.

When asked about **how complete their development of an implementation plan was,** a very large minority indicated that they were only in the beginning stages.

While most of the larger providers responded that they had **been in contact with vendors,** most of the small and medium size providers had not. Therefore, information on **when their vendors were delivering 5010 software** is limited. For those that knew, (mostly large providers), answers are somewhat split between prior to Sept 1, 2010 and after Sept 1, 2010.

A larger majority of all providers feel that **other high priority initiatives and/or the current state of the economy are delaying planning and implementation efforts.**

Most **current budgets for implementation** are less than $100,000 for respondents. Because many have not yet completed their implementation plan, budgets are expected to increase.

When asked about the **expected date for completion of internal testing,** large majorities of small and medium size provider indicated sometime in 2011. The majority of large providers expect to be complete with their internal testing between Sept 1, 2010 and Dec 31, 2010; but a significant number indicated they would not be ready until 2011.

When asked what the **key risks or obstacles regarding 5010 implementation,** the following comments were representative of many of the comments received:

- Vendor and payer readiness
- The same resources are allocated to 5010 and ICD-10
- Competing internal projects and other priorities
    - EMR Rollout
    - Vendor software delivery
    - Uncertainty about payers being able to test the transactions within allocated time
    - Integrated testing for transaction flow from the various clinical information systems to billing systems to insurance carrier systems and back
- Total dependence on software vendors and our claims clearinghouse
- Changes and cost to existing programs, we only have one person that does the billing and front office (from a small provider)

Vendor Interpretations and Findings

The Vendor survey had 28 responses.

The Vendor respondents included:

- 11 Large vendors with (more than 1,000 employees)
- 6 Medium sized vendor organizations (101-1000 employees)
- 11 Small vender organizations (1-100 employees)

When vendors were asked **how complete is your 5010 product development** the majority of small and medium size vendors were in the beginning stages, , while the majority of the large vendors were somewhere in the middle of product development.

The vendors were polled concerning their contact with customers regarding 5010 implementation. Most large and medium vendors had contacted their customers, most small ones had not.

Regarding **delivery of products,** answers were somewhat spread among the 4 categories – prior to April 1, 2010, April 1, 2010 to Aug 31, 2010, Sept 1, 2010 to Dec 31, 2010, and sometime in 2011. The larger .vendors tended to have somewhat earlier delivery date.

When polled if other **initiatives or the economy was delaying the 5010 planning and implementation**, the majority of the large vendors said no. Most of the small and medium size vendors said yes.

When asked what the **key risks or obstacles regarding 5010 implementation**, the following comments were representative of many of the comments received:

- Delays due to economy or changes by CMS
- Concurrent development of certified EHR components of our software product is a substantial obstacle.
- That all transaction sets must be available for testing at the same time and that we will have to more fully develop the 278. The continued CMS and Medicaid billing regulatory changes such as the wrong events. Concern over Medicaid plans not being ready by the dates as was the case with the initial roll out of HIPAA.
- Payer and clearinghouse testing being available. We have our programs ready for testing, but our clearinghouse is anticipating not until March 2010 at least.

Clearinghouse Interpretations and Findings

The Clearinghouse survey had 16 responses.

The Clearinghouse respondents included:

- 2 small clearinghouses (1-100 employees)
- 12 medium size clearinghouses (101-1000 employees)
- 3 large clearinghouses (greater than 1000 employees)

Clearinghouses were asked about the **completeness of their 5010 product.** Most are somewhere between 25% and 75% complete.

A large majority of clearinghouses have **been in contact with customers regarding 5010 implementation.**

Most clearinghouses expect to be **able to process 5010 transactions** by Dec 31, 2010. However, a good number of respondents indicated that they will not be able to process until sometime in 2011.

When polled if **other initiatives or the economy were delaying the 5010 planning and implementation**, a clear majority of the respondents responded affirmatively.

When asked what the **key risks or obstacles regarding 5010 implementation**, the following comments were representative of many of the comments received:

- Trading partner readiness timelines.
- Vendors and Payers not ready on time to do appropriate testing. Obtaining a comprehensive test suite (test scenarios).
- Payers not following the standards as with the 4010 implementation.

Survey Summary

Typically, survey summaries are broken out by entity type, however in the case of this survey, the commonality of the survey results were notable. Some broad conclusions

- There are concerns that each group (plans, providers, clearinghouses, vendors) will not be ready in time to support the needs of the other groups.
- While many entities estimate that they will be ready to transition in 2011, their progress to date is behind expected timelines, increasing the risk of delay.
- Economic issues and competing priorities also threaten to delay this project
- There is a lingering feeling that CMS will allow delays and contingency plans.

Major Issues and Recommendations:

1. The percentage of electronic transaction submissions has grown significantly as a result of greater adoption since 4010A1 was implemented in 2003.

   There will be much greater effort and work involved with the testing and transition due to the increased usage of electronic transactions as a result of new trading partner connectivity and the adoption of more transaction types.

   Recommendations: WEDI suggests that CMS/OESS strongly communicate the need for organizations to stay on task with the recommended timeline outlined in the preamble of the Federal Register in order to transition all transactions by the compliance date. WEDI also recommends that CMS continue to monitor the industry's progress and address implementation concerns as needed. CMS should also encourage the use of the WEDI/NCHICA Timeline and other WEDI testing tools which will provide best practice recommendations for testing and transitioning from 4010A1 to 5010.

2. Education is a critical issue**.**

   Education Issue 1

   There appears to be a misconception that moving from version 004010A1 (4010A1) to 5010 is simply a technical (EDI) change. There are a number of substantial business process changes that require education to ensure appropriate implementation is done by providers, vendors, clearinghouses and health plans. These include:

   - Claim Transactions
     - Billing Provider reporting requirement changes and NPI reporting requirements
       Note: Some providers will need to do significant business process work to become compliant with these reporting changes. Once completed, providers must collaborate with their trading partners on these business changes to ensure provider files are correct at the health plan.
     - Subscriber/patient reporting changes
   - Eligibility Transaction
     - Multiple search requirements and enhanced responses

   Education Issue 2

   Many providers indicate they rely on their software vendors for their HIPAA education. Vendors provide information on their software changes, but do not provide comprehensive HIPAA education. HIPAA education is critical and must include the business process changes (see above for examples) required to be 5010 compliant.

   Recommendation: Suggest CMS/OESS and WEDI partner to provide education to the health care industry. WEDI, in collaboration with CMS/OESS, can develop educational tools that can be used across the industry for consistent education. These tools can then be used by other industry organizations and at the state and local level for educational purposes.

3. Medicaid participation

   Historically, a number of state Medicaid agencies have not successfully implemented the HIPAA transaction and code sets by the mandated compliance date. This creates additional costs for rest of the health care industry.

   Recommendation: WEDI recommends that CMS work closely with the Medicaid agencies by allocating appropriate resources and incentives to insure consistency and successful implementations by the compliance date.

4. Support the adoption of standardized acknowledgements

   Recommendation: WEDI suggests CMS/OESS strongly endorse the adoption of the 999 Acknowledgement and the 277Clain Acknowledgement across the industry and include the benefits of using these acknowledgements in educational forums. These acknowledgements will assist in the implementation and testing efforts. CMS/OESS should also consider mandating these standardized acknowledgements in the future. The WEDI acknowledgment paper provides details about implementing and using these transactions. (http://www.wedi.org/snip/public/articles/dis_viewArticle.cfm?ID=790&wpType=3).

5. Consider ICD-10 pilots and testing days.

   The piloting of regulatory initiatives should be considered. Pilots will enable the industry to identify implementation issues early that may hinder widespread adoption while allowing the industry to develop appropriate and timely solutions.

   Recommendation: WEDI recommends, much like what CMS instituted for the NPI, there be several well publicized national testing days for both 5010 and ICD-10.

The WEDI Board of Directors would like to express its appreciation to the National Committee on Vital Health Statistics for the opportunity to share this information and the results of our recent survey.