NCVHS Subcommittee on Standards

Industry Preparations for the updated HIPAA Standards (v 5010) and Code Sets (ICD-10-CM and ICD-10-PCS)

Testimony of the American Hospital Association

Presented by George Arges

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I am George Arges, Senior Director at the American Hospital Association (AHA). On behalf of our nearly 4,500 members I want to thank you for allowing me the opportunity to present our comments on preparations for the upcoming changes to the HIPAA Transaction Standards as well as the new Code Set changes calling for the adoption of ICD-10. As you know during the past several years, the AHA strongly advocated updating our nation's 30-year old coding system to meet the increased level of detail needed for biosurveillance and quality reporting. We also welcomed the adoption of a newer version to the HIPAA Transaction Standards to streamline many of the administrative routines that were hampered as a result of vague usage notes contained in the current HIPAA standards.

In early October, the AHA released a briefing document titled: *HIPAA Code Set Rule: ICD-10 Implementation – An Executive Briefing.* This document was distributed to all of our member hospitals. The document was intended to prepare hospitals for the significant and complex transition to ICD-10. The document examines the important implementation issues that should be shared among the hospital's senior management team and includes a list of resources that would aide them in their efforts.

Although the deadline for implementation is not until October 1, 2013, the transition timeline is strict and requires careful organizational coordination beginning now. The executive briefing we prepared instructs hospitals on the importance of assembling an ICD-10 Steering Committee and team leader to oversee the planning and implementation of the new ICD-10 standards. In the document we also reminded our hospital members that another final rule was issued on the same date that calls for the adoption of a newer version of the HIPAA transaction standards by January 1, 2012.

Awareness

Most of our hospital members are aware of the upcoming changes to ICD-10 as well as the HIPAA transaction standards. Many indicated that they are just beginning work on both efforts. In our briefing we advised that they should look at the transition to ICD-10 in broader terms, particularly as it relates to their own IT investments and organizational goals.

Over the past year, our nation has seen a significant economic downturn that has made it far more difficult for our members to move on various capital projects, including IT investments. Our members tell us that the hesitancy in the credit markets to lend money, together with the growing number of uninsured individuals is complicating funding efforts. The problem is further exacerbated by the economic hardship faced by many state governments which often results in significant delays in hospital payments for services provided to Medicaid recipients. All of these events have had a direct and adverse impact on the availability of funds needed by

our nation's hospitals to invest in new technology necessary to improve patient care and contain costs.

Crosscutting Implementation Issues

One of the most common concerns raised by our members has to do with readiness of the vendor community. Many of our hospitals utilize vendor systems to supplement their existing systems. Much of their concern is whether the vendor systems will be ready early enough to enable them to install, conduct internal testing and then perform external testing with their trading partners. The hospital sector is relying on the vendors to deliver their product changes within the next year to allow them sufficient time to integrate these changes into their operations. (This concern applies to both the 5010 and ICD-10 efforts.)

Another hospital concern is how the health plans are preparing their operations for processing ICD-10. The fear is that some health plans will simply look to the mappings, known as the GEMS, to design a process that converts an ICD-10 code back to an ICD-9 code rather than develop edits that exclusively use the ICD-10 codes as submitted in the transaction.

The period leading up to the implementation of ICD-10 is important; some level of consistency is also needed. The AHA submitted recommendations to CMS earlier this year requesting a freeze on changes for updates to both ICD-9 and ICD-10. The freeze to ICD-9-CM should begin October 1, 2011; the freeze for ICD-10 should begin on January 2012 and continuing one year after the implementation date. In essence, the freeze on updates will allow covered entities to focus their efforts on meeting the implementation requirements without introducing new elements into the transition process.

Other Healthcare Developments

Much of the attention over the past several months and continuing through December has focused on health reform efforts. The important discussions taking place in the Congress have diverted the attention of many hospital leaders away from the pending transaction standards and code set changes. Other related efforts such as HITECH and IT stimulus are also distractions to implementation of the 5010 and ICD-10 changes. It is important that the dates for 5010 and ICD-10 be reaffirmed so that no one believes the implementation dates will slip.

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Communication and Outreach

As I mentioned earlier, the AHA sent a CEO briefing document in October. In addition we have held three audio casts this year on ICD-10 and intend to hold a series of audio casts next year. We are preparing for the inclusion of an ICD-10 gatefold to our HH&N publication to remind our members about the upcoming code set changes. We will also continue to promote the CMS Open Door Forum Discussions in our electronic newsletter (AHA News Now) and will continue to do the same as new events are planned.

One area that our members are most concerned about is the readiness of the state Medicaid programs. There must be firmer oversight with the state Medicaid programs as well as other government plans to ensure that these plans will become compliant and meet the implementation deadlines. There are some states that are not current with the existing ICD-9-CM releases which is unacceptable. At a time when many state governments are struggling to cut costs, we do not understand why the state programs are not moving toward collective arrangements that would rely on a single system maintainer to manage their information systems requirements.

Transaction Standards

From a provider perspective, the newer version of the transaction standards is not a radical departure from the existing standards. Many of the changes are improvements on the reporting requirements by spelling out the circumstances on usage. We developed a crosswalk to aid users in mapping the institutional billing data set known as the UB-04 to the newer version of the 837 claim. Much of the data is the same; we did however, find a few qualifiers that did change to accommodate distinctions in clinical codes such as Present on Admission and Patient Reason for Visit. The biggest improvement will be in the eligibility transaction by providing greater detail about deductibles and coinsurance. We are pleased that X12 has improved the usage documentation in the newer release but we need to find a way to make the process of adopting newer versions of the standards operate on a more timely and predictable cycle. Today other groups are filling in the gaps of the standards by creating operating rules to support how various data should be reported in the transactions. They also have developed programs to certify an entity's compliance with these rules. Much of these efforts are directed toward health plans; anyone that can help align how the health plans apply the standards is welcomed by the providers.

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Summary

The AHA will continue to communicate and educate our members about the upcoming changes associated with the adoption of 5010 and ICD-10. This outreach includes audio programs as well as articles in our publications. Again, we want to thank the Subcommittee on Standards for the opportunity to present our assessment of the progress that has been made on these changes. Let us know if we can do more to inform and educate our hospitals on these important matters. Again thank you.