

 **National Committee on Vital and Health Statistics  
(NCVHS) Subcommittee on Standards**  
**Industry Preparations for the updated HIPAA Standards  
and Code Sets**

**Panel 8: Perspectives on 5010 & ICD-10**

December 10<sup>th</sup>, 2009

**Gartner**<sup>®</sup>

## Gartner has been retained by CMS to conduct an Environmental Scan to assess Industry Planning for HIPAA Modifications Regulations (Version 5010, D.0, 3.0 and the ICD-10 code sets)

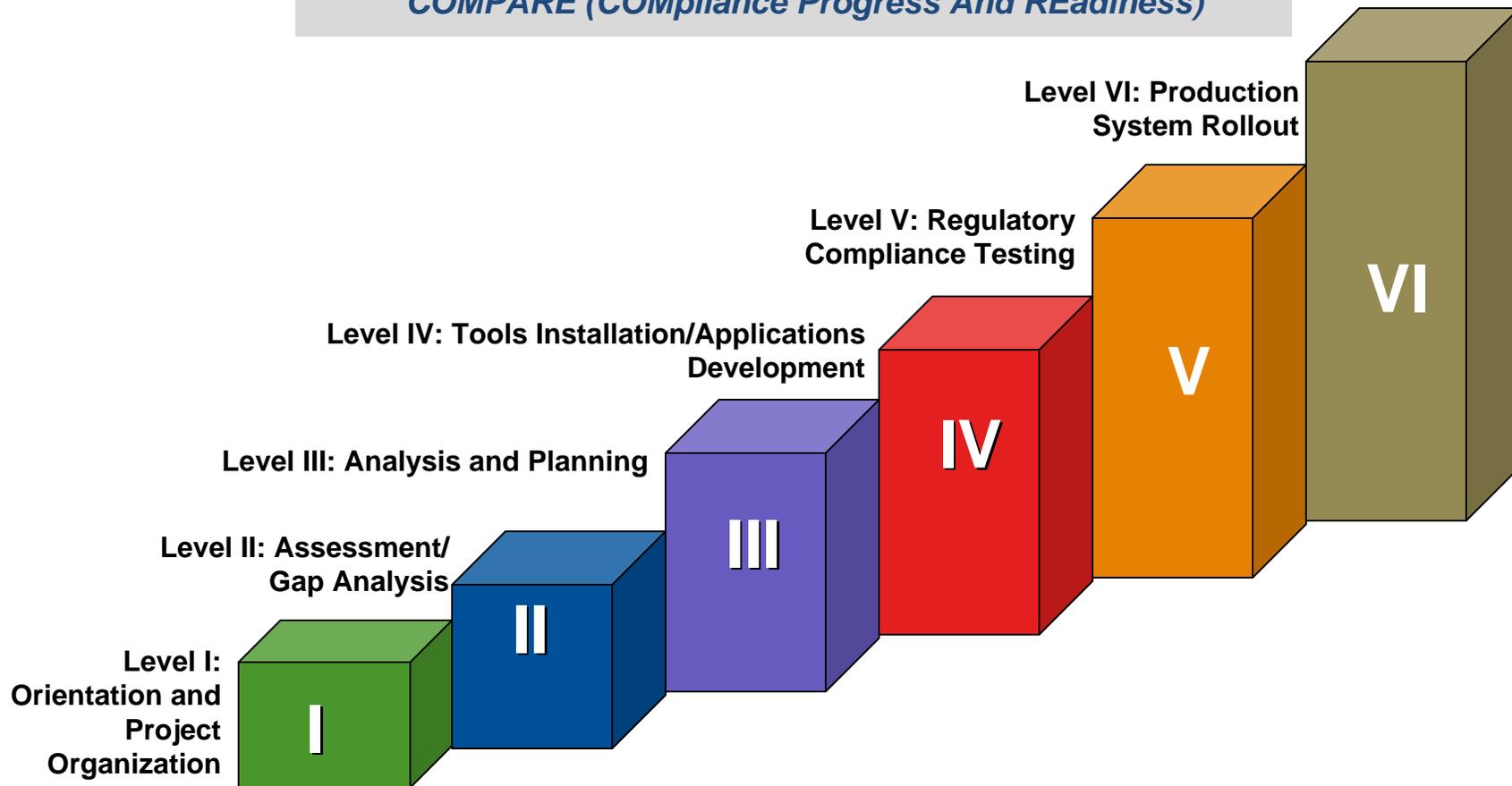
- The scope of the Environmental Scan is to assess Industry Planning for HIPAA Modifications Regulations, to identify key issues or barriers, and to make recommendations for outreach and education activities
  - Early identification of issues and barriers will be instrumental in helping the industry implement mitigation strategies.
  - Successful implementation of Version 5010 is on the critical path to implementation of ICD-10. Any significant industry failures for Version 5010 could jeopardize implementation of ICD-10
  - The Office of E-Health Standards and Services (OESS) has retained Gartner to conduct this Environmental Scan to inform their education and outreach efforts

### The objectives of the Environmental Scan are:

- **Establish a repeatable process and framework for industry tracking**
- **Develop a plan for ongoing measurement and monitoring**
- **Conduct an initial Environmental Scan to assess the progress of industry planning activities**

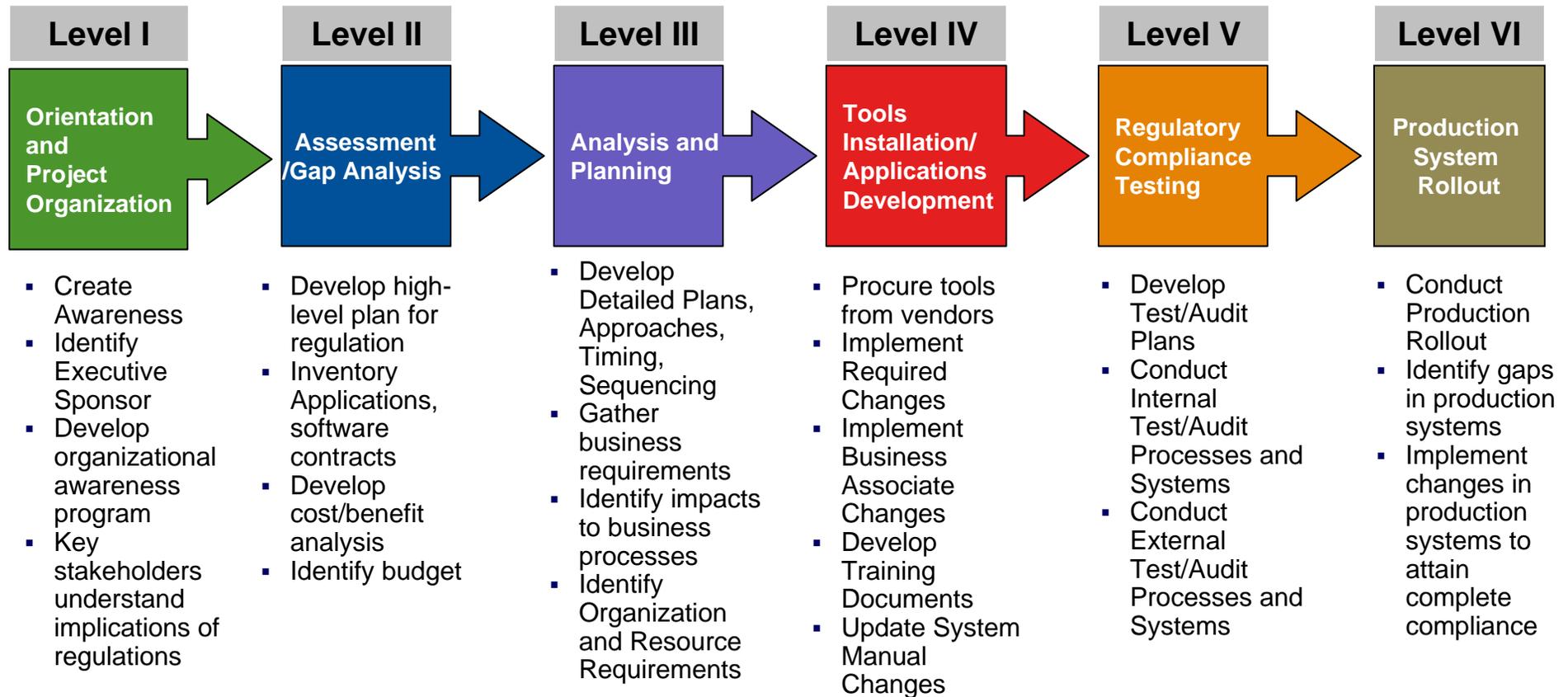
# Gartner is using the COMPARE methodology to develop a baseline on industry readiness and assess progress towards HIPAA Modifications Regulations

## COMPARE (COMpliance Progress And REadiness)



*Gartner developed and used this methodology to help monitor the original HIPAA regulation and has improved upon it to conduct this Environmental Scan*

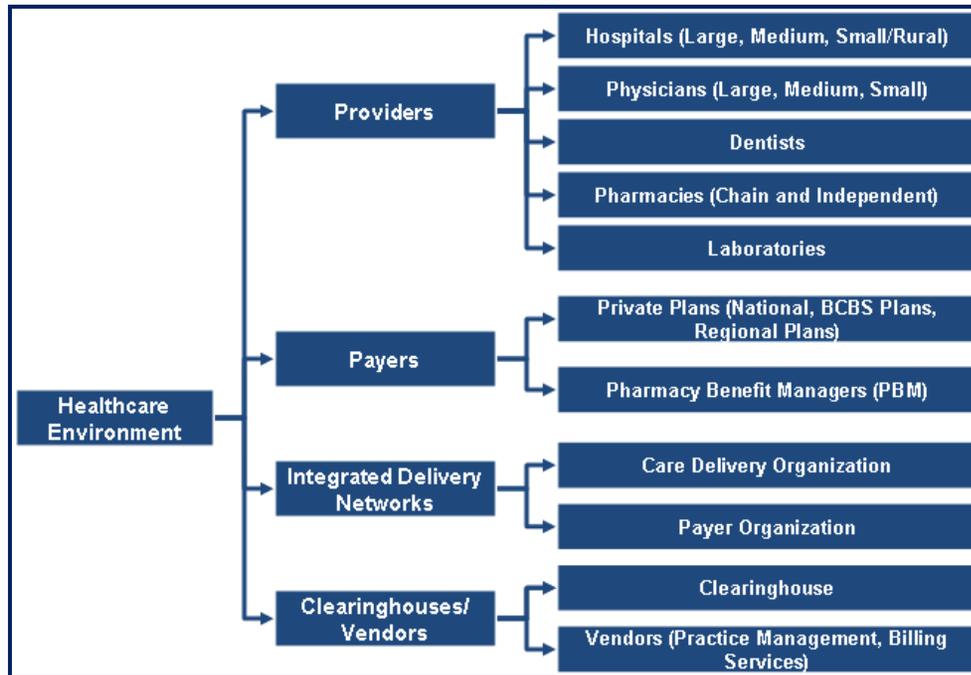
# Gartner's COMPARE methodology is based on Systems Development Best Practices commonly used across industry



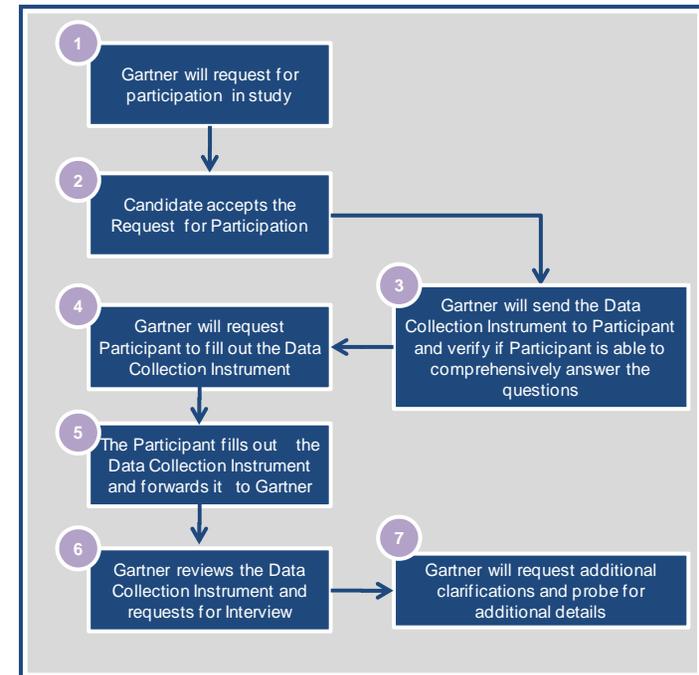
*For each level, a series of questions has been constructed to help measure the degree to which participating organizations are progressing towards compliance*

# Gartner has segmented the market in order to help assess progress and identify challenges at both the micro and macro levels

*Gartner selected participants from major Healthcare segments*



*... and used the following interview methodology to conduct Environmental Scan*



*Through interviews, surveys, and primary research, Gartner is measuring and monitoring progress for the sample within each segment and developing a clear understanding of their plans and challenges*

## The initial Environmental Scan is still in progress and the findings outlined in this briefing are preliminary

- Gartner is drawing from a balanced pool of 70 senior Healthcare industry contacts that represent the full spectrum of covered entities and form a good cross section of the Healthcare community at large
  - The primary criteria used in selecting the participants are:
    - Healthcare segment
    - Geography
    - Organizational Size
- Participation is elective and Gartner is qualifying these participants to make sure they have the requisite background and familiarity with the HIPAA Modifications Regulations
  - Participants have been in HIPAA compliance role within their organizations for more than 1 year
  - Participant demonstrates understanding of HIPAA Modifications regulations
  - Participants are directly involved in the planning and implementation efforts for HIPAA Modifications Regulations
  - Participants have a perspective on the challenges and barriers faced by peers within their Healthcare segment
  - Participants are willing to participate in subsequent environmental scans

***After the initial Environmental Scan, Gartner will continue to enhance the process and participants based on the results and lessons learned from this initiative***

# ***Finding 1: While participant organizations are making significant progress In Implementing HIPAA 5010 transactions, they are still in the planning stages for ICD-10***

**PRELIMINARY**

	Level I	Level II	Level III	Level IV	Level V	Level IV
5010	High Compliance	High Compliance	Medium Compliance	Medium Compliance	Low Compliance	Low Compliance
D.0	High Compliance	High Compliance	High Compliance	Medium Compliance	Low Compliance	Low Compliance
3.0	High Compliance	High Compliance	High Compliance	Medium Compliance	Low Compliance	Low Compliance
ICD-10	Medium Compliance	Medium Compliance	Low Compliance	Low Compliance	Low Compliance	Low Compliance

- Level I:** Orientation and Project Organization
- Level II:** Assessment/Gap Analysis
- Level III:** Analysis and Planning
- Level IV:** Tools Installation/Applications Development
- Level V:** Regulatory Compliance Testing
- Level IV:** Production System Rollout

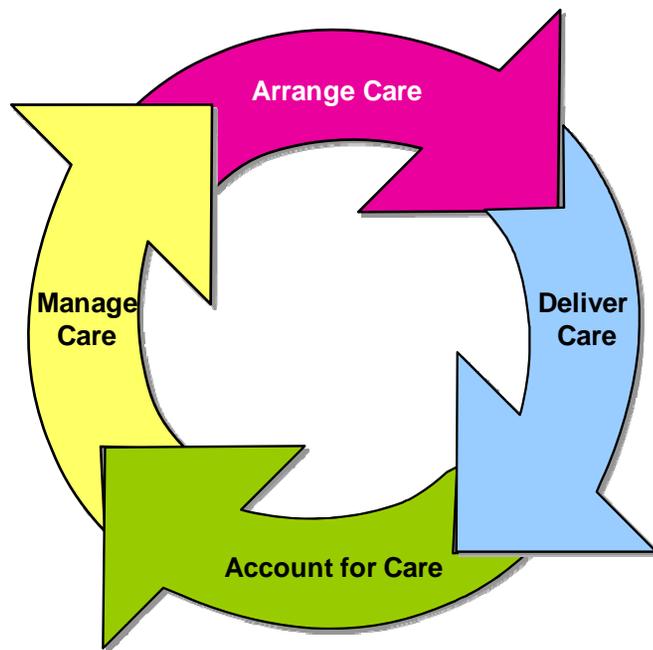
**Legend:**

High Compliance
Medium Compliance
Low Compliance

***Many organizations are taking a “Wait & See” approach to ICD-10 and are not yet willing to invest the time and/or capital to make large advances towards compliance***

## ***Finding 2:* If not planned, ICD-10 has a potential to cause severe work disruptions, claims payment delays and worsened stakeholder relations**

**PRELIMINARY**



- ICD-10 is not (only) a HIM (Health Information Management) or claims problem – It has a potential to improve all mega processes of Healthcare
- ICD-9 is everywhere – ICD-10 migration creates “Ripple Effect”
- Coordination among many-to-many relationships that exist among partners, technology organizations, consumers, and state and federal health agencies will be a challenge
- Remediation gets to the “benefit” side of the “cost-benefit” for ICD-10 rather than “Wrap and Map<sup>1</sup>”

***On the whole, the Healthcare Industry needs to plan ahead and begin to accelerate ICD-10 efforts to reduce disruptions in their operations***

<sup>1</sup> “Wrap and Map”: External Translations for IT Systems (systems implemented in ICD-9) that are not remediated

## ***Finding 3: Readiness of business partners to accept or send transactions is the top barrier to successful implementations of HIPAA Modifications Regulations***

PRELIMINARY

Based on the feedback from the participants in the Environmental Scan, the top barriers in the order of priority are:

- 1 Readiness of business partners to accept or send transactions
- 2 Costs of remediation
- 3 Timing of current deadlines
- 4 Current state of economy
- 5 Clarification of final regulations
- 6 Vendor preparedness
- 7 Senior Management Support

***Healthcare organizations need to share their plans for compliance with their business partners to enable timely collaboration and stay ahead of the regulatory compliance timeline***

## ***Finding 4:* Covered entities are looking for more direct and proactive communication to meet their compliance challenges**

**PRELIMINARY**

Based on the feedback from the participants in the Environmental Scan, the preferred methods of communication for Education and Outreach in the order of priority are:

- 1** Webinar
- 2** Industry Forum (e.g. Direct Communication)
- 3** Traditional Methods (e.g. Newsletter)
- 4** Web

***Industry is looking for more “push” and less “pull” through both traditional and non-traditional communication methods***

***Finding 5: In many cases, Industry is seeking not only education and outreach but also tangible tools that can help coordinate efforts with business partners and standardize interpretations***

PRELIMINARY

Based on the feedback from the participants in the Environmental Scan, the most common types of information being requested in order of priority are:

- 1 Penalties for not meeting compliance dates / audit schedule
- 2 4010 → 5010 & ICD-9 → ICD-10 Crosswalk
- 3 Templates (e.g. Testing Checklist)
- 4 Approaches of achieving compliance (e.g. “Wrap and Map”)
- 5 Industry Readiness and Timeliness (all major healthcare industry segments)
- 6 Guidance to payers to include providers for external testing
- 7 An open forum for "quickly" handling compliance questions and clarifications

***Covered entities want approaches, templates and tools that will help them achieve compliance in a cost effective manner***

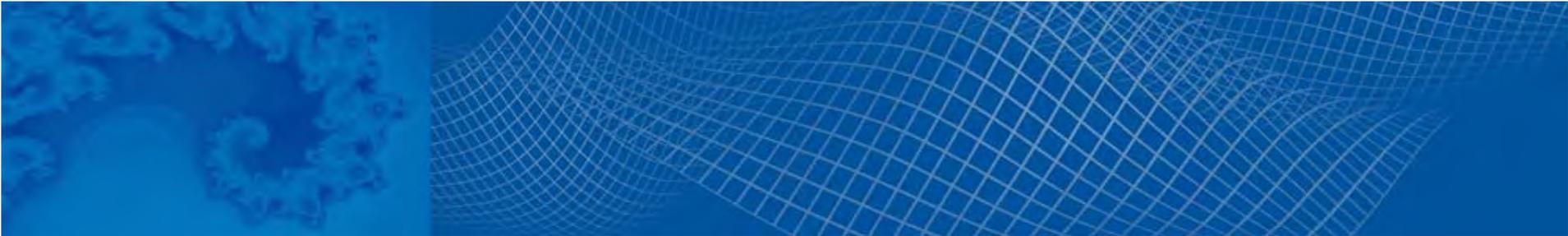
## Areas for continued exploration

*Gartner is looking to further explore ...*

- Root causes for the challenges and issues faced by the Healthcare Industry
- Education and outreach efficiency and effectiveness
- Mitigation strategies to address challenges faced by Healthcare Industry
- Additional qualified participants to add to the baseline
- Further enhancements to COMPARE methodology based on the lessons learned from this initial Environmental Scan

*... and will continue to assess the Industry Progress over the regulatory timeline*





■ ■ ■ ■ **Contact Information**

### **Gartner Contact**

#### **Alec Dicks**

Telephone: +1 678 613 6982

E-mail: [alec.dicks@gartner.com](mailto:alec.dicks@gartner.com)

#### **Tom Dowd**

Telephone: +1 703 387 5648

E-mail: [thomas.dowd@gartner.com](mailto:thomas.dowd@gartner.com)