Statement To

DEPARTMENT OF HEALTH AND HUMAN SERVICES

NATIONAL COMMITTEE ON VITAL AND HEALTH STATISTICS

SUBCOMMITTEE ON STANDARDS

Panel #3

REGARDING: What is the current state of adoption of ICD-10 by Property& Casualty and Workers' Compensation carriers and other HIPAA non-covered entities?

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Members of the Subcommittee, I am Don St. Jacques, Senior Vice President of Business Development and Client Services for Jopari Solutions, Inc. Jopari provides connectivity services between medical providers and payers in the Property & Casualty and Workers' Compensation marketplaces (collectively P&C), with an already extensive and ever-expanding country-wide network. This includes medical providers of all sizes and specialties, as well as payers ranging from local claims management firms to nationwide insurance carriers, third-party administrators, and employers already in place. Jopari also is one of the key promoters of Administrative Simplification with the use of these technologies by the P&C industry, and is regularly called upon by jurisdictional, insurance trade, and National Standards Organizations to provide both industry perspective as well as serving as subject matter experts for various discussions.

Jopari previously have the privilege to appear before the Subcommittee on November 11, 2011, to share testimony on related to the inclusion of other insurance types to require the use standard transactions under HIPAA. As you may recall Property & Casualty and Workers' Compensation not only involves the delivery of medical care, but entails the administration of the legal aspects of the coverages, which medical information plays an integral role. P&C is governed by each state, so there is a matrix of compliance issues that all stakeholders must confront. Even though P&C accounts for only about 3-5% of total medical spend, the impacts to most practices revenue cycles are much more dramatic. The primary root cause of this "friction" up to recently has been an almost 100% reliance on the exchange of medical billing and documentation, which inherently is prone to delays and mistakes. Beginning in 2008, individual jurisdictions began to implement strategies to allow providers and payers to interact electronically, utilizing their investments of their automation to drive the exchange. Timely and complete information is a fundamental element of managing the claims process and thus **the** key component assisting in the ultimate resolution of the accident or injury for all involved. Since that time of our first appearance, there have been several additional jurisdictions that have enacted requirements for electronic connectivity utilizing many of the HIPAA transactions, and at the same time voluntary adoption in all jurisdictions by the stakeholders has also grown considerably. There has been extensive investment by medical providers, payers, and their respective technology suppliers to implement connectivity. There have also been marked improvement in the overall revenue cycle metrics related to Property and Casualty medical payments directly related to these efforts.

This testimony will respond to the following questions:

1. What is the current state of adoption of ICD-10 by property/casualty carriers and workers' compensation carriers and other HIPAA non-covered entities?
2. What are the key issues with non-covered entities not adopting ICD-10 after October 1, 2014?

3. What are the plans for handling claims with and without ICD-10 codes post October 1, 2014?

NCVHS Questions:

<u>What is the current state of adoption of ICD-10 by Property & Casualty and Workers' Compensation carriers and other HIPAA non-covered entities?</u>

As stated in the WEDI Property and Casualty (P&C) Testimony, State regulations define the state of adoption for P&C Industry stakeholders

- It is anticipated states that are moving toward the adoption of the HIPAA transactions sets will align with the ICD-10 regulations in order to support the industry migration from a paper intense transaction environment to electronic data interchange to gain administrative simplification

- Stakeholders will either need to transition fully to ICD-10 or be required to maintain dual processes to comply with federal and the varies state requirements

- Stakeholders are looking for guidance in order to develop contingency planning to mitigate business disruption as well as legal impact for not being in compliance with other state regulations due to the transition of ICD-10.

<u>What Payers are Reporting on ICD-10 Readiness:</u>

- Payers will align with state ICD regulations accordingly
- ICD-10 testing is impacted by unknown state ICD regulations. Most payers are planning to support a dual process in anticipation if states to not move to ICD-10 and or stakeholders are not ready
- Those payers that write P&C and Commercial lines of business are certainly faced with dual processing challenges as well focusing on the risks of the transition and how to ensure continuity for all aspects of their business.
    - Many payers have not kept up with recommended project schedules, especially for testing, and that poses still more uncertainty.
- Many payers report that their **IT technology systems are not ready**- impacts internal as well as external testing and the need for contingency planning
- Those payers that are ready for external testing are reporting that some of their **providers are not ready for testing due to their IT vendors** not being ready for a variety of reasons
- High percentage of payers have legacy systems and are partnering with their IT system vendors and clearinghouses to assist them with ICD 10 compliance

Bottom Line: *Similar business continuity and regulatory challenges that face payers of covered entities*

What Providers are Reporting on P&C ICD-10 Readiness:

- Many of the providers treat patients from both Group and Commercial as well as participate in P&C patient care. Therefore they have the same concerns as all stakeholders regarding State ICD regulations and direction regarding contingency planning to mitigate business disruption and patient care
- Providers have reported concern regarding the uncertainty of the financial impact due to the lack of end to end testing with payers that are not ready for testing. Very few P&C payers are able to do end to end testing today and there is no certainty as to when they will be ready.
- Some providers have reported that their IT systems are not going to support ICD-9 after the ICD-10 - October 1, 2014 Effective Date. In this scenario, providers may have no other option that to discontinue doing P&C business in ICD-9 states, ***even if they had to revert to paper billing, due to other recently required changes (new CMS 1500, etc.)***
- Providers have reported the need for additional engagement from the payer community in working together to define testing scenarios and collaborating on expected outcomes. Once again the uncertainty of business impact is a concern for all stakeholders.
- All stakeholders have reported the need for an integrated transaction strategy as there will be possible delays that maybe beyond the control of the payer and provider in terms of IT Vendor readiness. The consensus from the payers, providers and payers clients that shared their view on ICD-10 are that the industry is not there yet.

What are the key issues with non-covered entities not adopting ICD-10 after October 1, 2014?

- Dual Processing- Impact on business continuity
- Vendors not supporting ICD-9 after Oct 1 2014
- Providers may abandon P&C business- the cross-section of the provider community that supports group, commercial and Property & Casualty patients is very broad, and once their systems have been migrated to not support ICD-9, it could prove too costly to try to maintain dual processes
- What progress has already been made improving revenue cycle metrics as well as reducing operating costs could be lost.

What are the plans for handling claims with and without ICD-10 codes post October 1, 2014?

- State ICD-10 Requirements will determine how claims will be handled claims post October 1, 2014.
- If a state aligns with CMC ICD-10 rules, then submitted claims with ICD-9 post October 1, 2014 will be rejected.
- Payers concerned about how to plan for a contingency plan for stakeholders that will not be ready. Most payers planning on maintaining dual processes however concerned about not being in compliance with state rules.

CONCLUSION

Property & Casualty eBilling is being adopted by both providers and payers communities, and in many cases voluntarily regardless of jurisdictional mandates. These processes (which utilize the same transaction sets as group and commercial healthcare transactions) have been proven to increase efficiency and have reduced costs for all partners in the eBill process. Since practice management systems are currently non-covered HIPAA entities, they do not have a mandate to be a partner in ensuring providers can send and receive the ICD-9 and/or ICD-10 information that is mandated to be sent from commercial and governmental payers, let alone store both ICD-9 and ICD-10 codes. While Property & Casualty and Workers' Compensation payers are not covered entities or subject to the HIPAA transaction and code set rule, this is also a real issue to address that impacts on all stakeholders, both HIPAA covered and non-covered entities. Jopari, on behalf of the Property and Casualty stakeholders, urges the NCVHS Subcommittee on Standards to recommend to the Secretary of HHS to:

- Partner with WEDI to **assess the status of the state's ICD-10 readiness** in order to help all stakeholders determine an appropriate contingency action plan to comply with both state and federal implementation timelines.

- To make a **strong statement to the states regarding the urgency to the industry at large to move to ICD-10**, regardless if organizations are HIPAA covered entities. Ensuring that all entities are implementing ICD-10 will help further industry's movement towards streamlining and automating end-to-end workflow process in order to improve efficiency and lower cost for all stakeholders.

- Need for a coordinated approach.

Members of the Subcommittee, I thank you for the opportunity to testify.