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March 14, 2012

Marilyn B. Tavenner
Acting Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Acting Administrator Tavenner:

On behalf of the physician and medical student members of the American Medical Association (AMA), I am writing to urge you to extend for an additional 90-days the current grace period for the Version 5010 Health Insurance Portability and Accountability Act (HIPAA) transactions compliance date.

We have appreciated the current 90-day grace period that runs through March 31, 2012, and the additional time it has allowed for physicians to work with their payers, clearinghouses, and vendors to transition to the 5010 transactions and resolve issues that were identified. Despite the 90-day grace period, we remain concerned about the industry's state of readiness for full Version 5010 compliance at this time. We specifically have concerns that many physicians have reverted back to the Version 4010 transactions in order to have their claims processed and to receive payment, and these physicians will experience problems when they attempt to transition back to the Version 5010 transactions on April 1, 2012.

Since January 1, 2012, we have heard from numerous physicians who have encountered claims processing and payment problems. We have been working with the Centers for Medicare & Medicaid Services (CMS) staff and are appreciative of their time and efforts in reviewing specific physician cases, as well as our overall concerns about the industry's readiness. We believe that the key to successful implementation of a wide scale HIPAA transition, such as the Version 5010 transactions, is through effective collaboration with all stakeholders, which we are doing. We also recommend that all stakeholders receiving transactions should be providing communication to the submitter that contains the specific data content or format errors of a partially compliant 5010 version of a standard transaction as well as sufficient detail for the submitter to adopt a correction action plan.

At this time, we are continuing to hear from physicians that there are still processing and payment problems resulting in their lack of payment since their transition to the Version 5010 transactions. Many of these impacted physicians are facing dire financial situations in which they are struggling to meet their financial obligations. While we understand from our recent conversation with Medicare representatives that recent Medicare Part B claims processing rates for the 5010 transactions is 92.4

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percent, the remaining 7.6 percent represents hundreds of thousands of claims that are not being paid and are resulting in cash flow problems for physicians and other health care providers and potential interruptions in patient care.

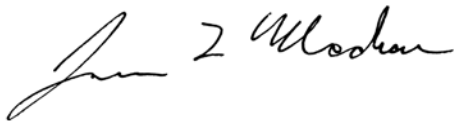
Also, during our discussions with CMS staff, we have raised our concerns about the availability of advanced payments from Medicare for physicians. We are thankful of their indication that they are willing to revisit their policy to determine whether additional flexibility can be added to accommodate situations where there are very serious cash flow interruptions for physicians in good standing.

Due to the concerns stated above, we are requesting the following:

1. An additional 90-day delay until June 30, 2012, in which HIPAA covered entities will continue to process Version 4010 transactions while working with their trading partners to transition to the fully compliant Version 5010 transactions;
2. CMS' continued monitoring of the readiness level of all HIPAA covered entities to determine appropriate next steps following this second 90-day discretionary enforcement delay; and
3. CMS' review of the overall transition to the Version 5010 transactions and issues encountered in order to learn from these lessons so that the industry can improve and ensure that the same issues do not occur in future transitions.

Thank you for considering our recommendations. Please feel free to contact Mari Savickis, Assistant Director of Federal Affairs at mari.savickis@ama-assn.org or (202) 789-7414 for more information.

Sincerely,

A handwritten signature in cursive script, appearing to read "James L. Madara".

James L. Madara, MD