

**Statement of the American Medical Association
to the
National Committee on Vital and Health Statistics
Subcommittee on Standards
Regarding the Industry Implementation of Updated and New HIPAA Standards and Code Sets
Presented by Nancy W. Spector**

June 17, 2011

Good afternoon, I am Nancy Spector, Director of Electronic Medical Systems, at the American Medical Association (AMA). I am also the chair of the National Uniform Claim Committee. The AMA thanks the National Committee on Vital and Health Statistics (NCVHS) Subcommittee on Standards for inviting our input on industry implementation of the updated Health Insurance Portability and Accountability Act (HIPAA) transactions and code sets.

The AMA supports upgraded HIPAA transactions to improve the efficiency and effectiveness of the health care system. We recognize that the business needs of health care are continually evolving, and therefore the standards through which data exchange occurs need to be continually modified and updated. Without ongoing modifications, the standards and implementation guides become outdated and may no longer support the administrative needs of physicians or provide the benefits to be gained through electronic transactions.

As for the move to ICD-10 for diagnosis coding and inpatient hospital procedure coding, we have continued to emphasize the significance of this change for the health care industry. Implementing ICD-10 is not just a technology project. It will impact most business processes within a physician's practice, including verifying eligibility, obtaining pre-authorization for services, documentation of the patient's visit, research activities, public health reporting, quality reporting, and, most of all, submitting claims. We continue to have concerns about the costs and aggressive timeline for implementing ICD-10 in the wake of the implementation of the version 5010 HIPAA transactions, the Medicare and Medicaid electronic health record (EHR) incentive programs, and other competing federal requirements and priorities.

Outreach Efforts for HIPAA Transactions/5010

Since the publication of the final rule naming the 5010 transactions, we have taken efforts to outreach and plan for physicians' needs on the implementation of the 5010 transactions. Initial messaging focused on raising awareness and educating physicians about the 5010 transactions and requirement to implement them. More recent messaging has focused on raising the urgency of the requirement and implications if physicians are not prepared.

The following is an overview of our work to date:

Web: In 2009, we revised our AMA Web site content and created a vanity URL to provide direct access to it. The Web address is www.ama-assn.org/go/5010. The Web site includes an overview of the 5010 transactions and the requirement to implement them, frequently asked questions, educational resources, and links to additional resources, including the Centers for Medicare & Medicaid Services (CMS), GetReady5010, and the Workgroup for Electronic Data Interchange (WEDI). The Web site is the main location for our written resources.

Educational Materials: We created many educational materials, which are available for free on our Web site. A fact sheet series of nine documents walks readers progressively through understanding

HIPAA, a timeline for implementing the transactions, understanding what is different in the 5010 transactions, testing, understanding compliance, and identifying strategies to prevent cash flow interruptions during the transition to the 5010 transactions. The “5010 Project Plan Template” is an Excel spreadsheet that walks the user through the detailed activities needed to be done to implement the 5010 transactions. It provides space to document the work and track coordination efforts with vendors, clearinghouses, and payers. Other documents include a 5010 implementation checklist, tips on the data reporting changes, and information on what needs to be done to become compliant.

The following is a list of educational materials available on our Web site:

- 5010 Data Reporting Tips
- Be Compliant for 5010
- 5010 Checklist
- 5010 Project Plan Template - Helping Practices Prepare for the New HIPAA Standards
- 7 Steps Practices Can Take Now to Prepare for 5010
- 5010 Fact Sheet Series
 - #1 HIPAA 101: How it Started and What's New
 - #2 5010 Timeline: Getting the Work Done in Time for the Deadline
 - #3 HIPAA Terminology
 - #4 What's Different in the 5010 Transactions
 - #5 Testing Your Readiness for the 5010 Transactions
 - #6 Complying with the HIPAA Transactions and Code Sets
 - #7 "Errata": What It Is and What It Means for Practices
 - #8 Preventing Cash Flow Interruptions during Transition to 5010
 - #9 Using the Acknowledgements Transactions

Our Private Sector Advocacy staff worked with the Medical Group Management Association (MGMA) on the development of a toolkit on selecting a practice management system (PMS) vendor. The vendor’s ability to handle the 5010 transactions was included in the criteria checklist. In addition to the toolkit, there is an online directory of vendors that AMA and MGMA members can search when selecting a new practice management system.

Articles: Since 2009, we have published dozens of articles on the 5010 transaction requirements in various AMA print and electronic publications including *CPT Assistant*, *AMA Wire* (formerly *eVoice*), *Morning Rounds*, *AMNews*, and *AMA Advantage*.

The following is a list of some of these articles:

- An Update to the Current Version of Electronic Administrative Transactions Is on the Horizon: Understanding How This Impacts Your Practice, *CPT Assistant*, June 2009
- Need Help with New HIPAA "5010" Standard Transactions and ICD-10 Code Sets?, *AMA eVoice*, December 4, 2009
- Compliance deadlines approaching for "5010" standard transactions, ICD-10 code sets, *AMA eVoice*, April 23, 2010
- Prepare to implement "5010" standard transactions, *AMA eVoice*, May 7, 2010
- Have you contacted your vendor yet about "5010", ICD-10?, *AMA eVoice*, July 2, 2010
- Testing for version 5010 to begin Jan 1, *AMA eVoice*, September 29, 2010
- Are you prepared for 5010 and ICD-10? , *AMA Wire*, December 15, 2010
- Version 5010 transactions: Are you testing yet?, *AMA Wire*, January 5, 2011
- Don't let your HIPAA claims be rejected, *AMA Wire*, February 16, 2011

- Not e-claim compliant? Expect no pay in 2012, *AMNews*, April 25, 2011
- Compliance deadline for new version of HIPAA administrative transactions approaching: Will you be ready?, *CPT Assistant*, May 2011

Announcements/Alerts: We have sent dozens of announcement/alert messages through several AMA listservs on various topics about the preparation, implementation, and testing of the 5010 transactions. We also have three alert messages that will be going out on Facebook and Twitter on a rotating basis; one each week through August.

The following is a list of some of the announcements we have sent since 2009:

- New resource on 5010 implementation
- New 5010 fact sheet series
- 5010 fact sheet series and project plan template
- Just over 90 days until Jan 2011 testing for version 5010
- Prepare for HIPAA Version 5010 deadline with free webinars - first is Jan 11
- Are you prepared for 5010 and ICD-10? Archived webinar can help
- Physician practices must prepare now to use version 5010 HIPAA transactions
- GetReady5010 offers free webinars April 4-8
- Test HIPAA version 5010 transactions with Medicare on June 15
- Prepare for Jan. 1 HIPAA compliance date with resources outlining easy steps
- Prevent rejected claims and cash-flow interruptions
- Webinars, data reporting tips and fact sheets available to prepare you for the 5010 HIPAA compliance date

Presentations: We have conducted several presentations on preparing for and implementing the 5010 transactions. Presentations have been given at the CPT Panel meeting, CPT Symposium, and HIMSS 5010 and ICD-10 Symposium and via webinars for the AMA Federation, Iowa Medical Society, and American Medical Billing Association. The webinar given for the AMA Federation was recorded and is available to download and listen to from our Web site.

Collaboration with Other Industry Groups: We have been engaged in work by other industry groups, including MGMA, CMS, and WEDI. We continue to share information about the work by these and other organizations that will support physicians' implementation of the 5010 transactions.

We have also helped to convene a group called the ICD-10 Stakeholder Group, which is comprised of national associations and organizations with vested interests in the implementation of ICD-10. The group has more recently begun discussing the implementation of the 5010 transactions, as the deadline for it is approaching and we share common interests in being prepared for the compliance date.

The GetReady5010 initiative came out of the ICD-10 Stakeholders Group. GetReady5010 held a series of free webinars in January and April providing education on 5010 and testing. The webinars were attended by a large number of people ranging from 1,500 to 5,000. The webinars are archived and available for free on its Web site, www.getready5010.org. We supported this initiative by participating in planning of the webinars, serving as moderators, publicizing the work, and contributing financial support.

The GetReady5010 initiative is now in early discussion about the possibility of promoting a national test day, or days, for the non-Medicare segments of the industry, similar to the CMS National Test Day. The idea will be to host one or two webinars before or after the test day to assist the industry with participating

in the test day and/or report on the experiences of the test day. The proposal will be to do the industry test day with the August 24, 2011 CMS National Test Day.

Surveys: We have conducted two surveys on physician readiness for the 5010 transactions. The first survey was complete in January 2011 and it was repeated in May 2011. The surveys were administered using a web-based survey tool and were sent to a sample of 30,000 physicians whose email addresses were obtained from the AMA Masterfile. The survey was designed to be answered by physicians in office practices and not for physicians who work in hospitals or other facility settings.

In January, the total number of respondents was 407 and May's survey had a total of 334 responses. We recognize that, with a small number of respondents, the results may not be representative of all physician practices.

The majority, 76 percent, of the respondents to both surveys work in small practices with 1-5 physicians. The largest number of respondents was in practices of 1-5 employees, not including physicians. Receiving feedback from these physicians is important since the assumption is that they have fewer resources to complete this type of work and are at the highest risk for not being prepared for the deadline.

Respondents were given six different scenarios for how they conduct administrative transactions and were asked to choose the one that applies to their practice. The scenarios accounted for sending and receiving data electronically with payers, a clearinghouse, or a billing service and sending and receiving data via paper with a clearinghouse or billing service. Based on the scenario chosen, respondents answered different sets of questions, although some questions were the same across different scenarios.

With both surveys, there was consistency that the majority of practices sends and receives data electronically to a clearinghouse. In January, 41 percent reported sending and receiving data electronically to a clearinghouse and in May, it was 43 percent of the respondents. The second most common mode for practices to conduct transactions was sending and receiving data electronically directly with the payers. In January, 22 percent reported conducting transactions directly with payers and 19 percent reported using this method in May.

Overall, the results of both surveys show that physician practices are lagging in their work to prepare for the 5010 transactions. The progress of physicians was measured against specific milestones for completing the implementation of the 5010 transactions. These milestones included completing an impact analysis, having practice management system upgrades installed, conducting internal testing, and conducting external testing with trading partners.

In January, 40 percent of respondents had not yet started an impact analysis of the 5010 transactions on their practice and only 5 percent reported that their analysis work was complete. In May, 36 percent had not started their impact analysis and 4 percent reported that their work was complete. Although there was some decrease in the number of respondents who had not yet started their impact analysis, the number that has completed this work remains extremely low. A possible explanation for these results is that smaller physician practices do not need to complete a formal "impact analysis" and may not characterize their preparation work as such.

In January, 82 percent of practices that are assumed to require practice management system upgrades had not had them installed yet. At that time, only 11 percent expect to have their system upgrades installed in 1st Quarter 2011. In May, 83 percent reported not yet having had their practice management system upgrades installed and only 6 percent expect to have their system upgrades installed in 2nd Quarter 2011. Sixty-eight percent reported "unknown" for when their upgrades would be installed. We have received feedback that for some vendor and clearinghouse relationships, on behalf of the physician, there are no

system changes that will be required. Despite this information, **we are concerned that physicians may be relying completely on their clearinghouse or billing service to make all of the necessary changes to their data to have it be compliant with 5010 and are not expecting to do any internal system changes.** We have messaged to physicians on the need for them to talk to their trading partners about the specific work they need to do to implement the 5010 transactions, specific to their business relationships.

Ninety-two percent of respondents had not yet started internal or external testing in January. In May, 90 percent of respondents reported not having started internal testing and 92 percent had not started external testing. We are concerned that some practices are not realizing the importance of completing testing prior to the compliance deadline. We will continue to emphasize through our message just how important testing is.

Respondents were asked if they expected to be compliant with the 5010 transactions as of January 1, 2012. In January, 48 percent answered “yes,” 11 percent answered “no,” and 41 percent answered “unknown.” In May, 42 percent answered “yes,” 16 percent answered “no,” and 42 percent answered “unknown.”

Outreach Efforts for HIPAA Code Sets/ICD-10

To date, our outreach efforts for the ICD-10 code sets focused on raising awareness about the requirement and the work required to implement the code set. When appropriate, we have been combining our messages on the 5010 and ICD-10 implementations. Attention, at this time, has been on the 5010 requirement due to its looming deadline. Once the 5010 deadline has passed and issues related to it have been resolved, more intense efforts will be placed on the ICD-10 implementation.

The following is an overview of our outreach efforts to date for ICD-10:

Web: After the release of the ICD-10 final rule, we updated our Web site and created a direct address to it, www.ama-assn.org/go/ICD-10. The Web site includes an overview of the regulatory requirement, an explanation of the changes from ICD-9 to ICD-10, a summary of the ICD-9 and ICD-10 code freeze, frequently asked questions, and educational resources. Links to additional resources are also available and include the National Center for Health Statistics (NCHS), American Academy of Professional Coders (AAPC), American Health Information Management Association (AHIMA), American Hospital Association (AHA), CMS, and WEDI. We have provided links to the CMS presentations and articles, as well as the General Equivalence Mappings (GEMs).

Educational Materials: We created many educational materials that are similar to our 5010 materials and are available for free on our Web site. A fact sheet series of eight documents walks readers progressively through understanding ICD-10, the differences between ICD-9 and ICD-10, a timeline for implementing ICD-10, implementing ICD-10 in a practice, testing, crosswalking between ICD-9 and ICD-10, and the partial code freeze. The “ICD-10 Project Plan Template” is an Excel spreadsheet that walks the user through the detailed activities needed to be done to implement the ICD-10. It provides space to document the work and track coordination efforts with vendors, clearinghouses, and payers. An ICD-10 checklist of implementation work is also available.

The following is a list of educational materials available on our Web site:

- ICD-10 Checklist
- ICD-10 Project Plan Template - Steps to Take to Implement ICD-10
- Preparing for the Conversion from ICD-9 to ICD-10: What You Need to Be Doing Today

- ICD-10 Fact Sheet Series
 - #1 ICD-10 101: What It Is and Why It's Being Implemented
 - #2 The Differences Between ICD-9 and ICD-10
 - #3 ICD-10 Timeline: Meeting the Compliance Date
 - #4 Implementing ICD-10 in Your Practice - Part 1
 - #5 Implementing ICD-10 in Your Practice - Part 2
 - #6 Testing your Readiness for ICD-10
 - #7 Crosswalking Between ICD-9 and ICD-10
 - #8 Partial Freeze to ICD-9 and ICD-10 for Smoother Transition

Articles: We have published many articles on ICD-10 in various AMA print and electronic publications including *CPT Assistant*, *AMA Wire* (formerly *eVoice*), *Morning Rounds*, and *AMNews*.

The following is a list of some of these articles:

- Preparing for the Conversion from ICD-9 to ICD-10: What You Need to Be Doing Today, *CPT Assistant*, June 2010
- Compliance deadlines approaching for "5010" standard transactions, ICD-10 code sets, *AMA eVoice*, April 23, 2010
- Have you contacted your vendor yet about "5010", ICD-10?, *AMA eVoice*, July 2, 2010
- Get the latest information about ICD-10, 5010, *AMA eVoice*, July 23, 2010
- Be prepared for 5010 and ICD-10, *AMA Wire*, December 8, 2010
- AMA webinar available for 5010 and ICD-10 transactions, *amednews.com*, March 14, 2011

Announcements/Alerts: We have sent many announcement/alert messages through several AMA listservs on various topics about ICD-10.

The following is a list of some of the announcements we have sent:

- 5010 and ICD-10 compliance deadlines approaching
- Are you prepared for 5010 and ICD-10? Archived webinar can help
- Free ICD-10 code-a-thon with AAPC and CMS
- Prepare for ICD-10 with free resources from AHIMA

Presentations: As mentioned above, the AMA has done several presentations ICD-10 implementation work, along with the 5010 transactions.

Collaboration with Other Industry Groups: We are engaged in industry activities related to the implementation of ICD-10. We continue to share information that will support physicians and their implementation of ICD-10.

As mentioned above, in 2009, the AMA facilitated the convening of the ICD-10 Stakeholders Group, which is a multi-stakeholder industry group that is focused on the implementation of ICD-10. The following organizations participate in the ICD-10 Stakeholders Group:

American Academy of Professional Coders
 American Chiropractic Association
 American Clinical Laboratory Association
 American College of Physicians
 American Dental Association

American Health Information Management Association
American Hospital Association
American Medical Association
America's Health Insurance Plans
Blue Cross Blue Shield Association
Centers for Medicare & Medicaid Services
Cooperative Exchange
Emdeon
Healthcare Billing and Management Association
Healthcare Information and Management Systems Society
Medical Group Management Association
National Council for Prescription Drug Programs
SSI Group
TK Software
Workgroup for Electronic Data Interchange

The purpose of the ICD-10 Stakeholders Group is to discuss issues related to the implementation of ICD-10 and attempt to gain consensus on standard approaches to address the issues. The benefit of working together on standard solutions is to decrease the variations in how organizations address various issues with the ICD-10 implementation. A goal of our work is to develop and share consistent messages about the ICD-10 implementation, whenever possible.

The ICD-10 Stakeholder Group has been meeting periodically since December 2009. Topics of discussion by the group include outreach efforts, crosswalking, code freeze, testing, 5010, and other regulatory requirements and initiatives.

We are also currently working with the American Health Information Management Association (AHIMA) on developing role-based ICD-10 training for physician practices. The training will be tailored to different roles performed within a practice.

Survey: In May 2011, we conducted a limited survey of physician readiness for ICD-10 in the survey on 5010 readiness. A total of 370 respondents answered the questions about ICD-10.

Respondents were given a list of impact analysis activities and asked which ones they have completed. Fifty-seven percent responded "none of the above." When asked about the completeness of their ICD-10 impact analysis, 46 percent responded that they have not yet started and 25 percent responded "unknown." Only 1 percent reported that they have completed their impact assessment. Forty-one percent have not yet started to contact their vendor about their system upgrades for ICD-10 and only 4 percent have completed this work. The majority of respondents, 94 percent, have not had their system upgrades installed. For those who answered "no," 78 percent responded "unknown" for when their upgrades will be installed. Sixty-nine percent responded "unknown" for when they expect to begin working on their ICD-10 implementation, if they had not already started. Only 12 percent expect to begin working on the ICD-10 implementation before October 2011. Physicians do appear to be lagging in their implementation of ICD-10. The lagging can likely be attributed to the focus by practices on meeting the 5010 transactions, EHR incentive program, and other regulatory requirements with more immediate deadlines.

Awareness Issues

For the 5010 transactions, we are concerned that some physicians are either still not aware of the requirement to move to the 5010 transactions or are not understanding the work they need to do to ensure

that they are prepared for the compliance deadline, despite the outreach efforts made by CMS, WEDI, and many other organizations. We would also like to express our appreciation of the efforts made to date by CMS to provide widespread, easily accessible education for physicians, as well as the rest of the industry.

While we recognize that we have made significant attempts to reach all physicians, we are concerned about what percentage of physicians has received the messages. We are also aware that some physicians still believe there will be a delay in the compliance date and the comments specifically reference that other HIPAA deadlines have been delayed. Our messaging has remained clear that CMS has remained firm on the compliance date and that Medicare is on track to be ready on January 1, 2012. Another difficulty with messaging to physicians about implementations like the 5010 transactions and ICD-10 is that there is not a “one size fits all” approach to this work. What is appropriate for one practice may not be appropriate for another. The variations in practices’ needs are dependent on practice size, specialty, geographic location, and overall availability of resources.

At this time, we would like to ask the payer, clearinghouse, and vendor organizations to consider sending messages, either through direct mailings or other means, to their physician enrollees and customers explaining what the physician needs to do, specific to their trading partner arrangement, to become compliant by the deadline. **The AMA urges NCVHS to recommend to the Secretary that CMS send reminder letters and add messages to remittance advices to the physicians enrolled in the Medicare program explaining what physicians need to do to become compliant by the deadline.**

The AMA also urges NCVHS to recommend to the Secretary that CMS evaluate closely the information provided at this hearing as to the industry’s readiness for the 5010 transactions and develop additional outreach and education efforts to address gaps in readiness that are identified.

For ICD-10, it seems that physicians are generally aware of the requirement to implement the ICD-10 code set. At this time, however, the usual comments are about getting the requirement delayed. We continue to be consistent with our messaging that we expect no delay in the compliance deadline. We are aware of the work by CMS, WEDI, and other organizations to educate physicians about the implementation of ICD-10. **The AMA urges NCVHS to recommend to the Secretary that CMS continue to provide outreach and education, including national provider calls, frequently asked questions, and other resources on the implementation of ICD-10. In addition, we recommend the creation of an ombudsman office to respond to physician and other health care professional requests for information in a timely and uniform manner to aid them with the implementation of 5010 and ICD-10 and to help them troubleshoot problems with the transitions.**

Risk Areas with Implementation

We believe that there are several risks with the implementation of the 5010 transactions and ICD-10, which must be overcome to ensure successful transitions. The concerns include vendor readiness, the ability of physicians’ systems to accommodate 5010 and/or ICD-10, potential cash flow interruptions during the transition to 5010, and the business impacts of ICD-10.

Vendor Readiness: Our first concern is with vendor readiness, initially for 5010, but also for ICD-10. Physician practices are largely dependent on their vendors to provide the necessary system and software upgrades. The results of our most recent survey show that a large number of practices have not yet had their system upgrades installed. Some anecdotal feedback has been that not all practices need to have system upgrades and it is dependent on their current system’s functionality and/or the practice’s use of a billing service or clearinghouse. At this time, we are concerned that practices may not have their system upgrades installed in time for them to adequately test and be prepared for the deadline. We continue to message to physicians on the need for them to complete this work.

Systems' Abilities: Another concern that we had early in this work is that physicians will find that their system is too old and will not accommodate the necessary upgrades needed for the 5010 transactions or ICD-10. The practice will then need to go through the process of purchasing a new system. We have heard anecdotally that some, likely smaller, vendors are not supporting some of the existing systems in practices, which means that the practice would need to purchase a new system or undergo larger upgrades of their current system. Both of these situations are costly to a practice. With the current demands on practices to meet the EHR meaningful use, e-prescribing, Physician Quality Reporting System (PQRS), and other requirements, it is difficult for them to understand what system will best meet their needs and these requirements. The need to provide practices with resources on systems and vendors was the focus for the AMA – MGMA Selecting a Practice Management System Toolkit and the online vendor directory.

Cash Flow Interruptions: Our biggest concern is that, as of January 1, 2012, not all of the industry will be prepared to send and receive 5010 transactions. This could be the result of any covered entities not being ready, or encountering problems despite thinking they were prepared. If any covered entities are not ready or encounter problems, the direct risk is that there will be a disruption in claims processing, which will interrupt physicians' cash flow. In addition to interrupted cash flow, practices will face the additional work of having to resolve issues with their clearinghouse or payers.

We have begun to message to physicians that they need to be prepared for possible cash flow interruptions as of January 2012. Physicians are being asked to consider establishing a line of credit, identifying steps to request an advance payment from Medicare, talking to their commercial payers about their advance payment policies, limiting spending in the months prior to the deadline, and having as many claims as possible submitted prior to the compliance deadline.

With regard to Medicare's advance payment policy, we ask that CMS make the policy clearer to understand in terms of what the criteria are to receive advance payments and what physicians need to do to request it. CMS also needs to be more flexible with granting advance payments, especially during these large scale transitions for 5010 and ICD-10. The policy also needs to be widely disseminated through the Medicare Administrative Contractors (MAC) and easy to locate and understand. Several months ago, we researched the CMS and MAC websites attempting to locate information on the advance payment policy. Only a few MAC Web sites had any information about how to get an advance payment and there was no clear information on the CMS Web site.

These same concerns apply to the ICD-10 deadline. In fact, an impact analysis completed by Noblis for CMS identified Medicare fee-for-service claims as having a "very high impact" for incorrect payments to providers. We intend to use "lessons learned" from the transition to the 5010 transactions to better prepare for the implementation of ICD-10, as it relates to cash flow interruptions.

As we learned during previous HIPAA implementations, most recently with the National Provider Identifier (NPI), there is a strong likelihood for claims processing and cash flow interruptions. During the NPI conversion, an untold number of physicians did not receive Medicare reimbursement for months causing severe financial hardship. **The AMA urges NCVHS to recommend to the Secretary that Medicare create clear guidelines on advance payments and that the policy be made widely available to all physicians, something that did not happen with the transition to the NPI.**

Business Impacts of ICD-10: Implementing ICD-10 in a physician's practice will require significant changes to clinical and administrative systems that capture and report diagnosis codes. Making the change to ICD-10 will not be just an IT project for the administrative staff and electronic systems. It will also impact the clinical staff and manual processes in the practice. For this reason, we are concerned about the time, costs, and resources that a practice will require to complete this work. While we have

provided resources outlining the type and amount of work needed to be done to implement ICD-10, we are concerned that this unprecedented level of work will simply overwhelm physicians and practices.

Issues Identified with the HIPAA Transactions

Our vision is to see physicians have access to administrative information before or at the time of service for every patient or health plan, following the submission of either batched or real-time transactions, as best meets the needs of the patients and streamlines the physician's workflow.

Enforcement of the HIPAA transactions and codes sets needs to ensure that covered entities comply with all standard transaction guide instructions and that data is reported accurately and to the highest level of specificity available, not that it only be syntactically correct. **Until the information being conveyed electronically eliminates the need for follow up phone calls and other manual processing, administrative simplification will remain an unfulfilled promise.** Moreover, the information in the electronic standard transactions must be at least as robust as the information obtained via phone calls, payers' web portals, or paper-based forms. As long as these manual processes provide more useable information for these physicians, they will not see value in adopting the electronic transactions.

Through our work with the Accredited Standards Committee X12's (ASC X12) transactions, we continue to identify needs for more specific information that is not present or not required in the 5010 transactions. Without this information, the physician practice will continue to have to manually intervene, which decreases the value of using the transactions. We intend to work with X12 to have the necessary changes we have identified made in the next version of the transactions. Meanwhile under 5010, physicians will not have the fully automated revenue cycle system they desire. We see this as a barrier to physicians adopting the HIPAA transactions.

The variability with requirements within the HIPAA transactions continues to be an issue; one that will hinder physicians' adoption of the transactions. In version 4010, situational data elements were left to the payers' discretion as to whether or not they had to be reported by the physician, which resulted in each payer developing its own companion guide. Small physician practices are simply unable to handle the level of complexity resulting from each of its payers having a different set of rules for each transaction. They are forced to use clearinghouses if they wish to submit transactions electronically. We are aware that the 5010 transactions have tighter language about when situational data is or is not reported. We are cautiously optimistic about the impact the new language will have on decreasing the reporting variability that exists today.

Standardization of the CPT guidelines and coding conventions would also likely increase physician adoption of the HIPAA transactions due to the reduction of complexity and confusion with CPT coding. Without the adoption of the CPT guidelines and conventions, which are developed through the same rigorous process as the code development, each payer has developed its own instructions for CPT coding. Standardization would contribute to a measurable decrease in the administrative costs of appeals for payers and the cost incurred as a result of incorrect claim submissions for physicians, who currently struggle with conflicting payer instructions. The AMA's Private Sector Advocacy is very involved in tracking these issues and their impacts on physicians. White papers that provide further detail on these issues are available on our Web site www.ama-assn.org/go/simplify.

The AMA also recommends better enforcement of the HIPAA transactions by CMS to ensure payer compliance. Covered entities need to comply with all transaction instructions and report data accurately and to the highest level of specificity.

Barriers to Implementation

Today, physicians are being overwhelmed by regulatory requirements and decreasing reimbursement. Physicians are currently grappling with implementing the requirements for the 5010 transactions, ICD-10, privacy and security, meaningful use criteria for the EHR incentive programs, e-prescribing, and PQRS. They will also be impacted by the implementation of the national health plan identifier, operating rules for each HIPAA transaction, electronic funds transfer standard, and claims attachment standard. All of which are required to be implemented in the next five years. Physicians who fail to meet these requirements face decreased reimbursement and/or fines.

Cost is always a barrier to implementing changes in physician practices. Despite the promise of administrative simplification and decreased burden from HIPAA, physicians have yet to experience the return on investment. Physicians continue to face declines in the reimbursement. A 25 percent cut in Medicare reimbursement due to the flawed sustainable growth rate formula was avoided in December, but this was only a one-year reprieve.

The following is an excerpt of an email from a physician practice administrator, which we believe expresses the feelings of many physicians.

“In the midst of rapidly and precipitously declining reimbursement, coupled with a paucity of patients due to lack of insurance or inadequate insurance, physicians' offices continue to be inundated with very expensive and technically challenging mandates. Out of necessity, our administrative and clerical staff has grown out of control. After 30 years, we are literally on the edge of a financial precipice, such as I have not seen before. We are part of the small business community of the USA and we are rapidly nearing extinction. I'm sick of hearing of the government's use of RAC auditors to recoup \$\$ as if we were all criminals. I'm tired of dealing with deadlines related to NPIs, PECOS, HIPAA, e-prescribe, EMR, (or is it EHR?), 5010 code set conversion, ICD-10, NDCs, ASP drug reimbursement methodology, CLIA inspection and mandated Workplace Surveys.”

In addition, we are concerned with what appears to be a lack of coordination among the various government bodies (HHS, CMS, Office of the National Coordinator, Office of Civil Rights) as to what requirements they are imposing, how the deadlines for the requirements are converging, and the impact they are having on physicians. **The AMA urges NCVHS to recommend to the Secretary that one entity within the government track the various requirements and make recommendations to the appropriate overseeing bodies about the realistic timeframes for sequencing and completing all of the incentive and/or penalty programs and mandates.**

Conclusion

While we are working hard at educating physicians and working with other organizations on providing and promoting resources for the 5010 transactions and ICD-10, we are concerned that physicians, specifically smaller practices, lack the knowledge of what they need to do and resources to perform the work. We appreciate the opportunity to participate in these hearings and are pleased to see NCVHS taking an active role in assessing the industry's readiness with these requirements. Thank you again for inviting our input on this important work.