AMA
AMERICAN MEDICAL ASSOCIATION

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The Honorable Thomas Harkin
Chairman
Committee on Health, Education, Labor and Pensions
428 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Harkin:

On behalf of the physician and medical student members of the American Medical Association (AMA), I am writing to urge you to put a stop to the Health Insurance Portability and Accountability Act (HIPAA) required implementation of ICD-10, and to call on stakeholders to assess an appropriate replacement for ICD-9. The implementation of ICD-10 will create significant burdens on the practice of medicine with no direct benefit to individual patient care, and will compete with other costly transitions associated with quality and health IT reporting programs.

ICD-10 will be costly to implement

Implementing ICD-10 requires physicians and their office staff to contend with 68,000 codes – a five-fold increase from the current 13,000 codes. This is a massive administrative and financial undertaking for physicians, requiring education, software, coder training, and testing with payers. As HIPAA covered entities, physicians are responsible for complying with this ICD-10 mandate, and therefore must bear the entire cost of such a transition, without any financial aid from the government. Depending on the size of a medical practice, the total cost of implementing ICD-10 ranges from $83,290 to more than $2.7 million.

Experiences in Canada and studies on the transition to ICD-10, including an impact analysis performed by Noblis, show a high risk for claims processing and payment disruptions. The Centers for Medicare & Medicaid Services' (CMS) own assessment indicates that there are significant risks to physicians undergoing a transition of this magnitude. A foreshadowing of such risks came on November 17, 2011, when CMS announced a 90-day enforcement delay for the transition to Version 5010, a HIPAA electronic transactions upgrade that is necessary for supporting ICD-10, out of concerns that HIPAA covered entities, including physicians and public and private payers, will not be ready to transition to 5010 by the January 1, 2012, compliance deadline.

ICD-10 will disrupt physicians' efforts to implement health IT

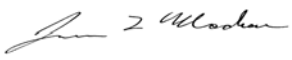
The timing of the ICD-10 transition that is scheduled for October 1, 2013, could not be worse as many physicians are currently spending significant time and resources implementing electronic health records (EHRs) into their practices. Physicians are also facing present and future financial penalties if they do not successfully participate in multiple Medicare programs underway today, including the e-prescribing program, the EHR meaningful use program, and the Physician Quality Reporting System (PQRS) program. Physicians must significantly invest in health IT while Medicare payment rates are falling farther below the practice cost inflation each year because of the Medicare sustainable growth rate formula (SGR). We have enclosed a table and timeline to illustrate the drastic volume of financial penalties associated with various federal programs that physicians will be facing all at once if they do not successfully participate in these programs.

More needs to be done to synchronize federal health IT programs

We also urge you to re-evaluate the penalty program timelines associated with the e-prescribing, meaningful use, and PQRS programs. Physicians are being required to meet separate, distinct requirements under these three overlapping programs and have been and will be unfairly penalized if they decide to participate in one program over the other. CMS has also decided to back-date the reporting requirements under the penalty programs so that a physician will face a penalty based on activity in the year prior to the year of the penalty specified in the law. For example, CMS is basing the 2012 e-prescribing penalty on a physician's e-prescribing activity in 2011. We do not believe that Congress intended that the 2012 e-prescribing penalty program prescribed in federal legislation be based on e-prescribing activity that occurs in 2011 rather 2012. In addition, CMS is basing the 2015 PQRS penalty on clinical quality measure reporting that occurs in 2013, and using the 2013 year as the basis for the payment adjustments for the 2015 value based payment modifier. Given the mass confusion that has resulted in the back-dating of these multiple penalty programs, we urge Congress to consider a reasonable, sequenced timeline for these penalty programs so that physicians are able to meet the various program requirements to avoid penalties. In addition, the struggle to keep up with the various health IT use and reporting requirements leaves little time for physicians to get engaged in the practice redesign and payment and delivery reforms envisioned in the Affordable Care Act. Physicians will be forced to close their Medicare patient panel or limit the number of Medicare patients that they treat in order to minimize the aggregate financial and administrative blows to their practice due to the unfair penalty programs that are being and will be administered.

Stopping the implementation of ICD-10, and calling on appropriate stakeholders including physicians, hospitals, payers, national and state medical and informatics associations, to assess an appropriate replacement for ICD-9 will help to keep adoption of EHRs and physician participation in quality and health IT programs on track and reduce costly burdens on physician practices.

Sincerely,



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Attachment