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 10th, 2009

Gartner

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)
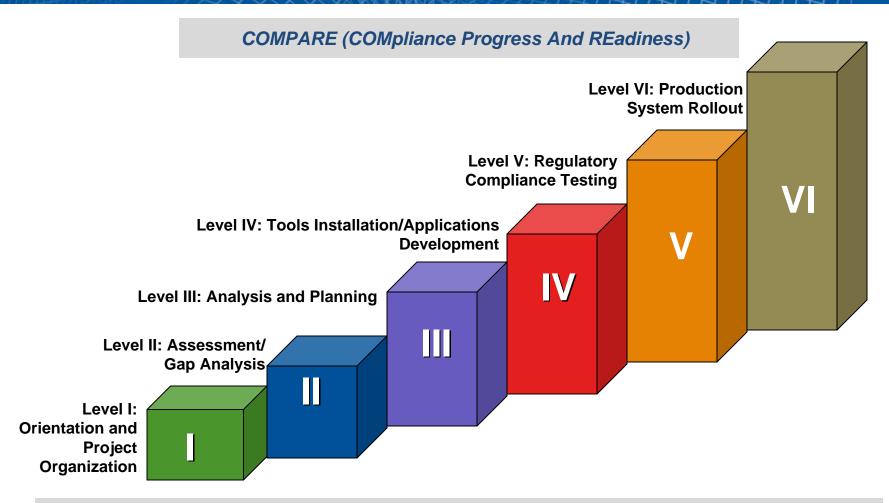
- The scope of the Environmental Scan is to assess Industry Planning for HIPAA Modifications Regulations, to identify key issues or barriers, and to make recommendations for outreach and education activities

  - 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)

Level VI: Production System Rollout

Level V: Regulatory Compliance Testing

Level IV: Tools Installation/Applications Development

Level III: Analysis and Planning

Level II: Assessment/ Gap Analysis

Level I: Orientation and Project Organization

I

II

III

IV

V

VI

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

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

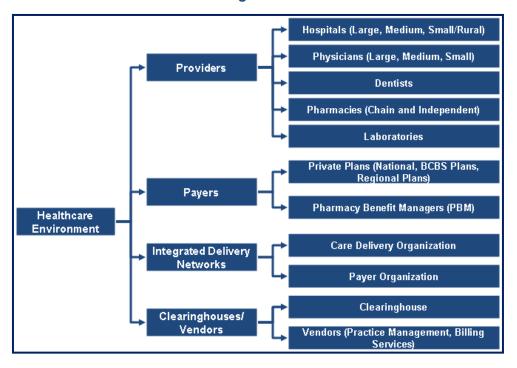|					
• Create Awareness • Identify Executive Sponsor • Develop organizational awareness program • Key stakeholders understand implications of regulations	• Develop high-level plan for regulation • Inventory Applications, software contracts • Develop cost/benefit analysis • Identify budget	• Develop Detailed Plans, Approaches, Timing, Sequencing • Gather business requirements • Identify impacts to business processes • Identify Organization and Resource Requirements	• Procure tools from vendors • Implement Required Changes • Implement Business Associate Changes • Develop Training Documents • Update System Manual Changes	• Develop Test/Audit Plans • Conduct Internal Test/Audit Processes and Systems • Conduct External Test/Audit Processes and Systems	• Conduct Production Rollout • Identify gaps in production systems • Implement changes in production systems to attain complete compliance

For each level, a series of questions has been constructed to help measure the degree to which participating organizations are progressing towards compliance
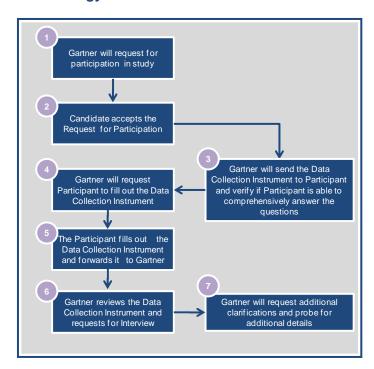
Gartner has segmented the market in order to help assess progress and identify challenges at both the micro and macro levels

Gartner selected participants from major Healthcare segments

Healthcare Environment

- **Providers**
  - Hospitals (Large, Medium, Small/Rural)
  - Physicians (Large, Medium, Small)
  - Dentists
  - Pharmacies (Chain and Independent)
  - Laboratories
- **Payers**
  - Private Plans (National, BCBS Plans, Regional Plans)
  - Pharmacy Benefit Managers (PBM)
- **Integrated Delivery Networks**
  - Care Delivery Organization
  - Payer Organization
- **Clearinghouses/ Vendors**
  - Clearinghouse
  - Vendors (Practice Management, Billing Services)

… and used the following interview methodology to conduct Environmental Scan

1. Gartner will request for participation in study
2. Candidate accepts the Request for Participation
3. Gartner will send the Data Collection Instrument to Participant and verify if Participant is able to comprehensively answer the questions
4. Gartner will request Participant to fill out the Data Collection Instrument
5. The Participant fills out the Data Collection Instrument and forwards it to Gartner
6. Gartner reviews the Data Collection Instrument and requests for Interview
7. Gartner will request additional clarifications and probe for additional details

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	🟩	🟩	🟨	🟨	🟥	🟥
D.0	🟩	🟩	🟩	🟨	🟥	🟥
3.0	🟩	🟩	🟩	🟨	🟥	🟥
ICD-10	🟨	🟨	🟥	🟥	🟥	🟥

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

- 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[1]"

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

[1] "Wrap and Map": External Translations for IT Systems (systems implemented in ICD-9) that are not remediated

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

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
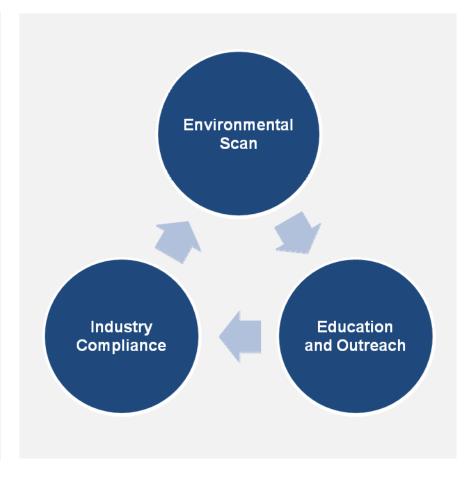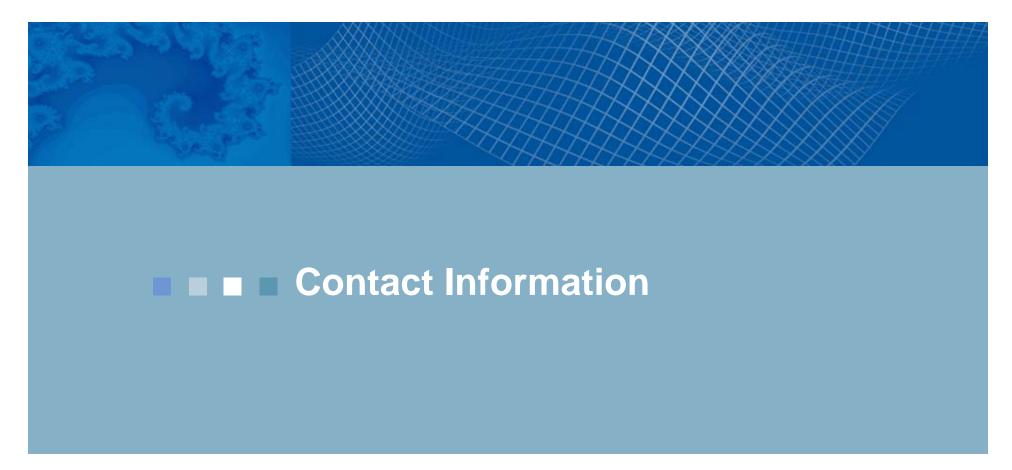
Gartner.

Areas for continued exploration

Gartner is looking to further explore …

… and will continue to assess the Industry Progress over the regulatory timeline

- 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

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