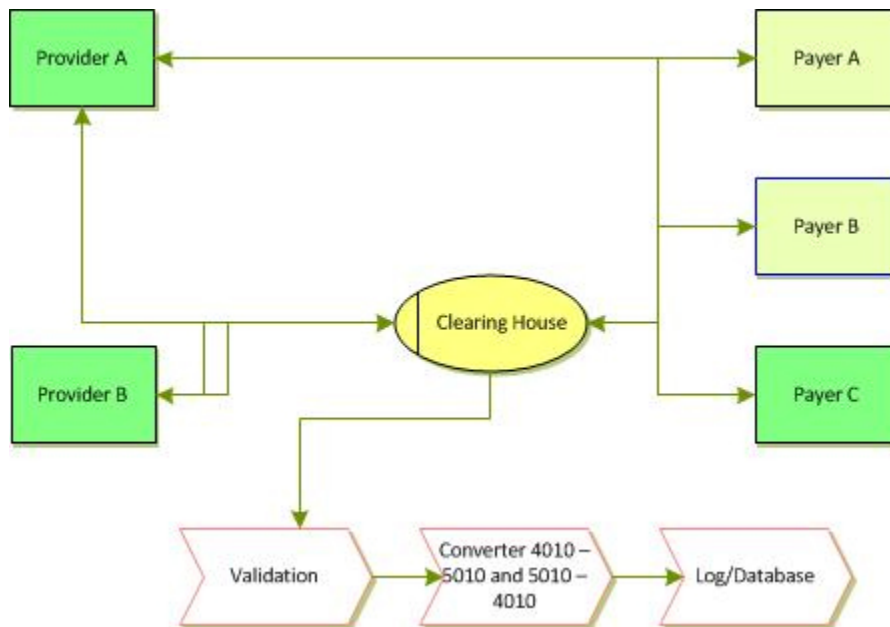


FEATURES

HIPAA 5010: What is it? Why is it Important?

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In January 2009, the Department of Health and Human Services published its final rule replacing HIPAA Accredited Standards Committee (ASC) X12 version 4010A1 with ASC X12 version 5010 and National Council for Prescription Drug Program (NCPDP) 5.1 with NCPDP version D.0. What this alphabet soup means is that all "covered entities" -- including providers, payers/health plans, clearinghouses, and billing and service agents - - must be compliant with new standards for electronic transactions by the end of next year.

After working with many payer, clearinghouse and provider organizations on the transition to HIPAA 4010 several years ago, and starting to work with them again to begin the process of supporting 5010 and ICD-10, I've compiled some of the important issues and dates to keep in mind, especially for organizations running 4010 and 5010 systems concurrently.

Concurrency is beginning to be a clear best practice for HIPAA 5010, given the likelihood that there will be a fairly long period during which organizations will be dealing with both kinds of codes. However, this is not well-understood in the health care industry yet. I will also explain when these standards will really take effect and what organizations can do to achieve compliance as easily and as cost-effectively as possible.

Understanding the levels

The Centers for Medicare & Medicaid Services (CMS) identified two levels of HIPAA 5010 testing that must be completed before going live with 5010 no later than Jan. 1, 2012.

Level I testing to be completed by Dec. 31, 2010 is the period during which covered entities perform all their *internal* activities to prepare testing for the new versions 5010 and D.O. with their trading partners. Level I compliance means a covered entity can create and receive compliant transactions and has completed all of the required internal activities and testing.

Level II testing (which should begin no later than January 2011) and completed by Dec. 31, 2011 involves *external* testing with trading partners. However, covered entities must be compliant with Level I activities before they can prepare for Level II testing. Level II compliance means that a covered entity has completed end-to-end testing with each of its trading partners and is in production mode.

4010: The 'non-standard' standard

Currently, covered entities are complying in the following ways:

- For X12, it is a mix of versions 004010 and 004010A1.
- For NCPDP Telecommunications, it is version 5.1.
- For NCPDP Batch, it is version 1.1.

These standards were not fully implemented and were unchanged for seven years. Many organizations complained about the costs associated with upgrading their core

processing systems and electronic data interchange (EDI) to comply with the standards. Many organizations, especially payers, created workarounds, which resulted in a range of interpretations of the standards. Because providers never really pushed for full implementation of the standards, many variations and corresponding companion guides exist for each standard. In short, the standards were never standardized, and compliance varied from payer to payer and provider to provider.

One of the prominent goals of the 5010 standard is to reduce the variety of interpretations and eliminate the need for companion guides by promoting consistency, accuracy and efficiency.

Why concurrency?

According to many industry conferences and professional timelines, most covered entities are already behind in their preparations. As the 5010 compliance date approaches, the covered entities must decide on the following. Do they: (a) Replace the core processing systems (time-consuming and expensive)? (b) remediate/enhance core processing systems (also time-consuming and expensive)? or (c) employ concurrency and operate utilizing both the 4010 and 5010 standards (i.e., map and translate 4010 to 5010 and/or 5010 to 4010) and leave the core processing system as is (much less time-consuming and expensive)?

Due to resource constraints implied by items (a) and (b), most covered entities are choosing concurrency as the best way to achieve compliance quickly and efficiently, while leveraging the investments they have already made in core processing systems as completely as they can.

Benefits of concurrency

Concurrently processing 4010A and 5010 transactions presents a number of benefits to health care organizations dealing with claims. One of the most compelling is time. Concurrency allows the organization time to:

- Evaluate and adjust current processes to allow conversion to 5010 compliant transactions.
- Use both systems while "learning" what works and what does not work.
- Tweak for improvements to revenue cycle performance.

- Get even more value out of the 5010 implementation process by starting to tackle ICD-10 at the same time by completing one business process analysis for both transitions; deploying a single testing plan; implementing a single implementation methodology; applying both sets of technical and process changes at the same time; and eliminating re-work of business process and workflow analysis.

These benefits can be better understood visually, and the following examples illustrate the various scenarios for concurrency based on the exchange of transactions between the covered entities via a clearinghouse:

270 - Health Care Eligibility, Coverage or Benefit inquiry

271 - Coverage or Benefit Information

Scenario A: Provider A processes 4010 transactions, Provider B can process 5010 transactions, and all the payers only accept 5010 transactions.

In this scenario the clearinghouse maps and translates the Provider A 4010 transaction into HIPAA 5010 transactions and sends it to the Payers A, B and C. Since 5010 transactions need more data, the additional data for Provider A needs to be stored at the clearing house in a log and/or database after consultation with the provider.

When the transaction (271) is received from the Payers A, B and C, the clearinghouse will process the data and translate the data to 4010 for Provider A, store the additional data for that provider (same as above) and forward the 5010 transaction to Provider B.

Scenario B: Provider A processes 4010 transactions, Provider B can process 5010 transactions, and all the payers only accept 4010.

In this scenario the clearinghouse maps and translates the Provider B 5010 transaction into 4010 transactions and sends it to the Payers A, B and C. Since 5010 transactions have more data, the additional data needs to be stored at the clearinghouse in a log and/or database after consultation with the provider.

When the transaction (271) is received from Payers A, B and C, the clearinghouse will process the data and translate the data to 5010 for Provider B and will extract the additional data for Provider B from the log/database.

Scenario C: Provider A processes 4010 transactions, Provider B can process 5010 transactions, and the Payer A accepts 4010, Payer B accepts 5010, and Payer C accepts 4010 and 5010.

In this scenario, the clearinghouse maps and translates Provider A 4010 transaction into 5010 transactions and sends them to Payer B, and send the 4010 transaction to Payer A and C. The clearinghouse will also map and translate Provider B 5010 transactions into 4010 transactions and send them to Payer A, while the 5010 transactions go to Payer B and C. The extra data from the 5010 transactions will be stored by the clearinghouse in a log/database.

When the transaction (271) is received from Payers A, B and C, the clearinghouse will process the data and translate the data to 5010 for Provider B and will extract the additional data for Provider B from the log/database. The clearinghouse will translate the data into 4010 and will forward the 4010 transaction to Provider A.

As this example notes, there is no firm date when the covered entities need to be on Level I compliance during 2010. The dates are fixed only as to when they must comply. During the course of the year, each covered entity will be at different phases with 5010 compliance. Concurrency will allow organizations to set their own timelines and compliance plans without being delayed due to various trading-partner schedules.

Don't delay

Most organizations are looking at 5010 and ICD-10, and hoping that these daunting initiatives will somehow disappear or at least be postponed. And to be fair, the ICD-10 deadlines have already been pushed back a number of times. There are a number of reasons -- most having to do with governmental revenue initiatives that are not likely to slow down anytime soon -- which help to ensure the deadlines outlined above are going to stick. Some of the benefits the government expects from 5010/ICD-10 include:

- Less ambiguity in the TR3 implementation guides.
- Enhanced usability and usefulness of certain transactions such as referrals and authorizations (X12 and NCPDP).
- Support for increased use of EDI between covered entities.
- Support for e-health initiatives now and in the future.
- Standard method of recouping state Medicaid funds paid inappropriately.

Assuming 5010/ICD-10 will not be delayed, there are a number of reasons why organizations should start moving to concurrent transactions as soon as possible:

- Ample time for change control during design, development and early testing.
- Negotiating power with trading partners -- now is the time to get best pricing for conversion services, not when everyone is vying for the time of a few specialized firms.

- First pick of most technically qualified personnel from the limited pool available.
- Increased knowledge levels of all members of the organization, because of early indoctrination of the process.
- Time to explore new solutions and options, such as real-time processing via Web sites, enhanced reporting, and claim auditing and balancing

What have we learned?

The new 5010/ICD-10 requirements and deadlines are not going to change. The Level 1 compliance deadline is rapidly approaching and covered entities should be well down the path to developing their game plans to ensure they are 5010-compliant.

Concurrency will provide each entity with the time to analyze the processes and utilize both systems while learning the 5010 guidelines. By utilizing concurrency, each entity can gradually wean off of 4010 -- making it a smooth transition with 100 percent compliance to the 5010 requirements -- while avoiding loss or delay in revenues. Smart organizations will start their transition processes right away to get the best deal on conversion services and the highest quality support.

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<http://health-care-it.advanceweb.com/Features/Article-2/HIPAA-5010-What-is-it-Why-is-it-Important.aspx>