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Presentation to
National Committee on Vital and Health Statistics
Subcommittee on Standards and Security
July 31, 2007

Issues for Successful Migration to
the Next Version of HIPAA Standards

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Discussion Points

- Medicare FFS Program
  - FY2007 HIPAA 1 Synopsis
- HIPAA 2 Project Status and Issues
  - What we have done so far
  - Scope Considerations
- Comments on Issues Identified by the Sub-Committee

July 31, 2007   2

Medicare FFS Program
FY2007 HIPAA 1 Synopsis

- Over 43 million Beneficiaries
- Over 1.2 million providers
- Resulting in over 1 billion claims processed
  - 99.6% of the 172 million institutional claims are in the 837-I
  - 94.5% of the 935 million carrier claims are in the 837-P

July 31, 2007   3

Medicare FFS Program
FY2007 HIPAA 1 Synopsis

- Many, if not most Medicare Beneficiaries have supplemental coverage
- Over 570 million COB claims (crossover) are generated
  - 99% compliant with the 837 I and P

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Medicare FFS Program
FY2007 HIPAA 1 Synopsis

- Over 116 Million eligibility inquiries are processed in the compliant 270/271

- Over 16 million claim status inquiry/response transactions are processed in the 276/277 compliant format

July 31, 2007   5

Medicare FFS Program
FY2007 HIPAA 1 Synopsis

- Over 67 million remittances produced
  - 57.9% of the 7.2 million institutional remittances are in the 835
  - 44% of the 60.3 million carrier remittances are in the 835
- Conversion from paper (SPR) to ERA is one remaining area of cost savings

July 31, 2007   6

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HIPAA 2 Project Status
What We've Done So Far

- Preliminary analysis and documentation
  - Side-by-side comparison of current and proposed standards
  - Prepared documentation highlighting the variances
  - Prepared draft versions of data files as potential interface layouts for input to Medicare's claims adjudication systems

July 31, 2007   7

HIPAA 2 Project Status
What We've Done So Far

- Teams are forming to understand potential scope of change and identify decisions needed
  - Internal CMS cross-component
  - Shared System Maintainers
  - MAC/FI/Carrier
  - EDC

July 31, 2007

8

HIPAA 2 Project Status
Scope Considerations

- Should Medicare use any of the additional data that will be available for adjudication, medical review, fraud detection or other purposes?

- Should we continue to deposit data not used by Medicare in the Store & Forward Repository (SFR) for COB, or bring all submitted data into our Core Systems for potential future use?

July 31, 2007   9

HIPAA 2 Project Status
Scope Considerations

- Today all contractors select their own translator. Need to decide whether to switch to shared COTS product versus upgrade a current translator solution
- When will the new versions of the standards be available in COTS products?
- Should system interfaces be required to switch to X12 based files?

July 31, 2007   10

HIPAA 2 Project Status
Scope Considerations

- How should any new data "brought in" be used? Where should it be retained? How long should it be retained?

- How many shared system quarterly releases will be required to implement full functionality?

- When will systems be ready to support testing with trading partners?

July 31, 2007   11

HIPAA 2 Project Status
Scope Considerations

- Resource planning
  - Establishing this project priority will be difficult; maintaining priority over the multi-year implementation will be more difficult
- Financial planning
  - Budget cycle is 2 years
  - Approval of requested future years' funding and/or approved amount is unknown

July 31, 2007   12

HIPAA 2 Project Status
Scope Considerations

- How to freeze/limit changes to current EDI during the transition?

- Will the COB Trading Partners be on the same test/implement/cutover schedule?

- Will 1st time transactions be implemented in the same timeframe as new versions of existing transactions?

  – Claim Attachments; standard error reporting

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The Project Plan

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Comments on Issues
Identified by the Sub-Committee

- What are the Business Benefits of HIPAA 2?
  - 'Standards are more standard'
    - 270: Required search and match criteria
  - Standards are data enriched
    - 837: Up to 5 IDE (Investigational Device Exemption) numbers for demonstration projects
    - 835: Healthcare Policy Identification new segment with relevant URL for the payer policy

July 31, 2007   15

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*Comments on Issues
Identified by the Sub-Committee*

- What are the Lessons Learned from HIPAA 1?
  - 'Changing the tires while driving the car'
    - Infrastructure was all new in HIPAA 1
  - Considerations for HIPAA 2
    - Medicare FFS is undergoing major re-alignment of provider-contractor-DataCenter relationships
    - Intend to complete MAC and EDC transitions prior to HIPAA 2 testing

July 31, 2007   16

Comments on Issues
Identified by the Sub-Committee
HIPAA 1 Lessons Learned continued

- Early adopters were the pilot group
  - HIPAA 1 transactions were not pre-tested by industry
  - Addenda to standards not issued until Feb 2003
- Considerations for HIPAA 2
  - Because HIPAA requires the use of ANSI standards, request that ANSI establish a certification protocol for those claiming conformance with ANSI healthcare standards
  - Require that the SDOs establish certification agents who would employ the new ANSI certification protocol to certify the SDOs' work product (i.e. the standards) in order to qualify to be selected as a HIPAA standard
  - Require SDO certification of proposed standards prior to DSMO review and subsequent recommendation by NCVHS
  - Require stakeholder certification to claim HIPAA compliance

July 31, 2007   17

Comments on Issues
Identified by the Sub-Committee
HIPAA 1 Lessons Learned continued

- Key components missing
  - Standard error reporting
  - Standardized Trading Partner Identification
  - Secured transaction exchange using the internet
- Considerations for HIPAA 2
  - Include standard error reporting in the regulation
  - Address the need for a national registry of EDI Trading Partners
  - Address the need for use of secured exchange using the internet, RHIO interoperability, coordination with HITSP, ONC, other national efforts

July 31, 2007   18

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Comments on Issues
Identified by the Sub-Committee

- Vendor as a Covered Entity?
  - The definition of covered entity should not be expanded to include the software vendor community
  - The current covered entity community performs operational activities using the software tools from vendors
  - A distinct category should be created for the software vendor community with specific performance and/or certification criteria defined

July 31, 2007   19

Comments on Issues Identified by the Sub-Committee

- Vendor performance/certification criteria should be beyond compliance with the standard Transactions
  - Once certified, a deployment schedule for customers should be required (based on numbers & location, not names)
  - Vendors should be required to support multiple versions of standards = current + new

July 31, 2007   20

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Comments on Issues
Identified by the Sub-Committee

- Overall industry implementation plan?
  – Definition of 'plan' is needed (as learned from WEDI SNIP)
  – Would support *roadmap,* targeted end date for current standards
  – Standards and Implementation Guides need industry testing to be sure ambiguities, interpretations, issues are identified and resolved as early as possible and recommend this happen before DSMO review

July 31, 2007   21

Questions?

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