American Hospital Association

Administrative Simplification & ICD-10 Implementation

Background

With the implementation of health care reform, there has been a great deal of interest in reducing the complexity and cost of administrative insurance requirements in health care. Administrative simplification is a core issue in making health care more affordable. Originally adopted as a part of the *Health Insurance Portability and Accountability Act* (HIPAA), administrative simplification required standardized, electronic transactions between health plans and providers. HIPAA's scope reaches the majority of health plans with limited exceptions for government programs.

AHA View

At the urging of the AHA and others, the *Patient Protection and Affordable Care Act* significantly expands efforts to establish uniform standardized transaction and administrative processes among health plans, clearinghouses and providers by requiring the adoption of a single set of "operating rules" for each of the HIPAA transaction standards. Operating rules are intended to reduce variations in how individual health plans and clearinghouses actually implement HIPAA transaction standards; ultimately, they bring further administrative efficiencies and cost savings by adopting standardized best practices. The operating rules are being developed through a consensus-based process involving all stakeholders, including hospitals. That process is being conducted primarily through the Council for Affordable Quality Healthcare's (CAQH) Committee on Operating Rules for Information Exchange (CORE).

The operating rules are being developed and implemented in stages. The eligibility and claims status operating rules have been finalized and should be in place by the beginning of 2013. The electronic funds transfers and claims payment/remittance advice rules are actively under development. Unique health plan identifiers and claims or encounter information will follow.

While CAQH membership primarily includes health plans, this year it established a Provider Council to more formally engage a broader range of participants in CAQH. Co-chaired by AHA President and CEO Rich Umbdenstock, the Provider Council's charge is to provide input into existing CAQH initiatives and research and participate in idea development, analysis and consideration of new opportunities and initiatives to increase efficiencies and reduce costs. The AHA, a participating organization on the CORE, encourages hospitals to join the committee to ensure that the hospital perspective is fully voiced. We also are collaborating with state and other hospital associations.

The AHA strongly recommends that the Centers for Medicare & Medicaid Services (CMS) name CAQH CORE as the single operating rule authoring entity for all medical transactions. This will:

- Help prevent market confusion;
- Eliminate the burden on providers, health plans and other stakeholders in negotiating among multiple entities and their unique processes; and
- Prevent duplication of effort and associated costs.

Standards for Electronic Health Care Payments. The AHA believes that CMS's January interim final rule adopting federal standards for the electronic transfer of health care funds and remittance advice under HIPAA will help health care providers associate health care payments with the payer's remittance advice details. The AHA supports the rule's decision to adopt the Electronic Payment Association's NACHA CCD+ standard, and urges CMS to promptly release an interim final rule adopting operating rules for electronic fund transfer and remittance advice. Specifically, we believe the operating rules developed by the CAQH CORE would further improve the efficiency and effectiveness of the electronic fund transfer process by establishing a common provider enrollment form for requesting an electronic fund transfer setup with health plans.

ICD-10. In 2009, the Department of Health and Human Services (HHS) mandated adoption of new International Classification of Diseases (ICD) standards, or ICD-10. This replacement to the outdated ICD-9 coding system is long overdue, and the AHA supports the change to ICD-10 because it provides greater precision in the classification of disease. In early April, HHS issued a proposed rule to delay the implementation for one year, until October 1, 2014. The delay is prompted at least in part by problems with implementing a new version of the HIPAA transaction standards in January that interrupted payments for some hospitals and physician offices, and growing evidence that small providers were behind in the implementation process. The AHA supports a short delay (no more than 12 months) and recommends that HHS keep the transition for both diagnoses and procedures (ICD-10-CM and ICD-10-PCS) on the same timeline. In a recent AHA member survey assessing ICD-10 readiness, 70 percent of responding hospitals thought that a short delay in ICD-10 compliance would be helpful given the many competing initiatives, including health reform implementation and the adoption of electronic health records. In addition, the AHA has launched extensive educational programs to help hospitals prepare for this significant and complex transition.

Meanwhile, CMS in March delayed enforcement of the new Version 5010 and D.0 transaction standards for electronic health care claims through June 30. The new standards took effect January 1 for health care providers and others covered by HIPAA. CMS said remaining issues warrant an extension of enforcement discretion to ensure that all entities can complete the transition. The AHA believes there needs to be a successful transition to 5010 in advance of ICD-10.