



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 associated with administrative insurance requirements in health care. Administrative simplification efforts are needed to make health care more affordable and reduce the amount of time providers spend on administrative tasks. 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.

The administrative simplification provisions of the *Patient Protection and Affordable Care Act* (ACA) call for the adoption of operating rules for each HIPAA transaction standard to improve their efficiency and effectiveness. The operating rules are intended to reduce variation in how individual health plans and clearinghouses actually implement the HIPAA transaction standards by adopting standardized best practices. The rules also seek to establish performance expectations on the electronic response to an inquiry to ensure a satisfactory response time. The ultimate goal of these new operating rules is to reduce administrative burden and cost for all parties.

AHA View

Operating Rules. With support from the AHA, the Council for Affordable Quality Healthcare's (CAQH) Committee on Operating Rules for Information Exchange (CORE) has been designated as the authoring body responsible for the advancement and creation of all operating rules. This multi-stakeholder initiative is developing operating rules that support interoperability between payers and providers. **The AHA successfully advocated for revising the CORE's governance model to include a balanced number of provider and health plan representatives.**

Since enactment of the ACA, the AHA has worked closely with CAQH to expand provider input into the development of operating rules by CORE as well as broader CAQH activities. CAQH has 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 to increase efficiencies and reduce costs. The AHA also has worked closely with CAQH on the new governance process for CORE and on recommending several hospital and health system individuals to serve on CORE's new board.

At the AHA's urging, the ACA included legislative language that requires health plans to file a statement with the Department of Health and Human Services

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(HHS) certifying that their data and information systems are in compliance with the HIPAA standards and the corresponding operating rules starting Dec. 31, 2013. Failure to adhere to the operating rules will result in significant penalties for a health plan that is non-compliant. Key compliance dates for operating rules are as follows:

- Jan. 1, 2013 – Eligibility and claim status
- Dec. 31, 2013 – Health plans must certify their information systems are in compliance with the above operating rules
- Jan. 1, 2014 – Electronic funds transfer and electronic remittance advice
- July 1, 2014 – Adoption of other transaction operating rules
- Jan. 1, 2016 – Effective date for using operating rules for other transaction standards (such as claims or enrollment)

The AHA will continue to actively participate in the development of operating rules in collaboration with state and other national hospital associations. We encourage hospitals to join CORE to ensure that the hospital perspective is fully voiced.

ICD-10. In 2009, 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 it will provide greater precision in the classification of disease. In 2012, HHS announced a one-year delay in ICD-10 implementation, until Oct. 1, 2014. The delay was prompted in part by problems implementing a new version of the HIPAA transaction standards that interrupted payments for some hospitals and physician offices, as well as by growing evidence that small providers were behind in the implementation process. The AHA supported this short, 12-month delay based on a survey of AHA members that indicated 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. The AHA also recommended that HHS keep the transition for both diagnoses and procedures (ICD-10-CM and ICD-10-PCS) on the same timeline. CMS recently reiterated that no further delay is expected with ICD-10 implementation – Oct. 1, 2014 remains firm. To help hospitals prepare for this significant transition, the AHA has launched extensive educational programs.