

# **HIT in the Next Five Years: Managing the Mandates of 5010/ICD-10, ARRA, Privacy and Security and Healthcare Reform**

**HIMSS Financial Systems Education Webinar Series**

**September 30, 2009**

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## Today's Speakers



- **Miriam Paramore**
  - Senior Vice President of Corporate Strategy & Public Affairs, Emdeon
  - HIMSS Board of Directors
  - HIMSS Board Liaison, Financial Systems Steering Committee
  - HIMSS Board Liaison, Advocacy & Public Policy Steering Committee



- **Joe Miller**
  - Director of E-Business, AmeriHealth Mercy
  - Chair, HIMSS Financial Systems Committee

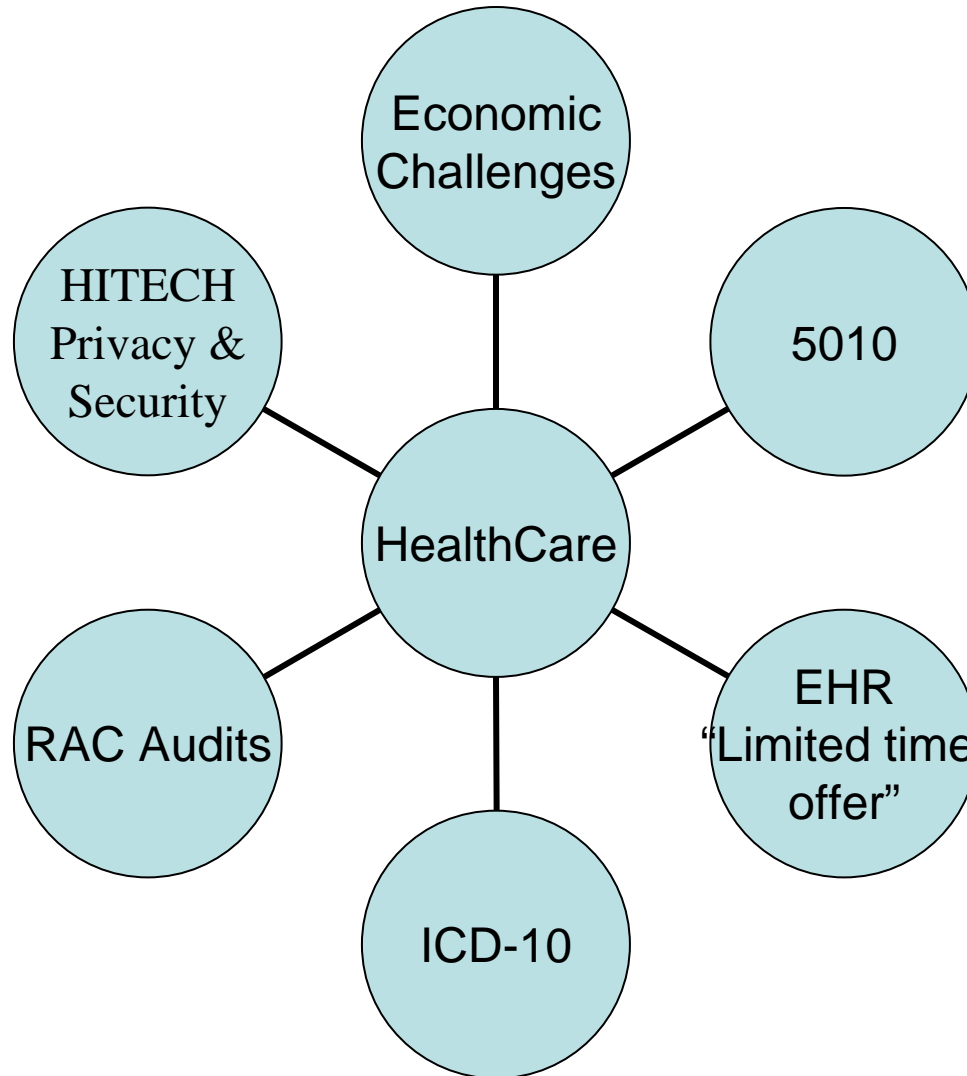


- **Philip Bradley**
  - Vice President, Information Services, Harris County (Tx) Hospital District
  - Member, HIMSS Financial Systems Committee

## Agenda

- The Key Events and Timeline
- HIT Perfect Storm
- Strategies
- Perspectives
  - Provider
  - Payer
  - Vendor
- Questions

## Healthcare IT Space 2009-2015



## Federal Drivers



American Recovery and Reinvestment Act (ARRA)

Signed by President Obama Feb. 17, 2009

HITECH Section For HIT Includes:

EHR Incentives

New Privacy and Security Provisions

Support for Health Information Exchanges

5010 and ICD-10

Final Rule Issued January 2009

Convert from HIPAA Version 4010 to 5010 by January 1, 2012

Convert from ICD-9 to ICD-10 by October 1, 2013

## 5010 and ICD-10

- 5010
  - Major changes to 837 (claims), 835 (remittance), 270-271 (eligibility) and other HIPAA transactions
  - Required for ICD-10
  - Large testing effort between providers and health plans
- ICD- 10
  - Change from ICD-9 to ICD-10 = more characters, more codes, more complexity
  - Core systems for billing will need to change
  - All interfaces exchanging diagnosis data will need to change
  - More than just a HIT initiative

## **HITECH – EHR “Limited Time Offer”**

- Facilities and practices will receive incentives for implementing EHRs
- Must achieve “meaningful use” to qualify for incentives
- Some providers will also replace practice management system
- Incentives start in 2011, penalties start in 2015

## HITECH Privacy and Security

- Breach Notification requires that an individual be notified if there is an unauthorized access, disclosure or use of their health information.
- Accounting of Disclosures provision gives patients the right to request an accounting of disclosures of their health information made through an electronic health record.
- Business Associate provision ensures that new entities that were not contemplated when HIPAA was written (such as PHR vendors, RHIOs, HIEs, etc.) are subject to the same privacy and security rules as providers and health insurers, by requiring Business Associate contracts.

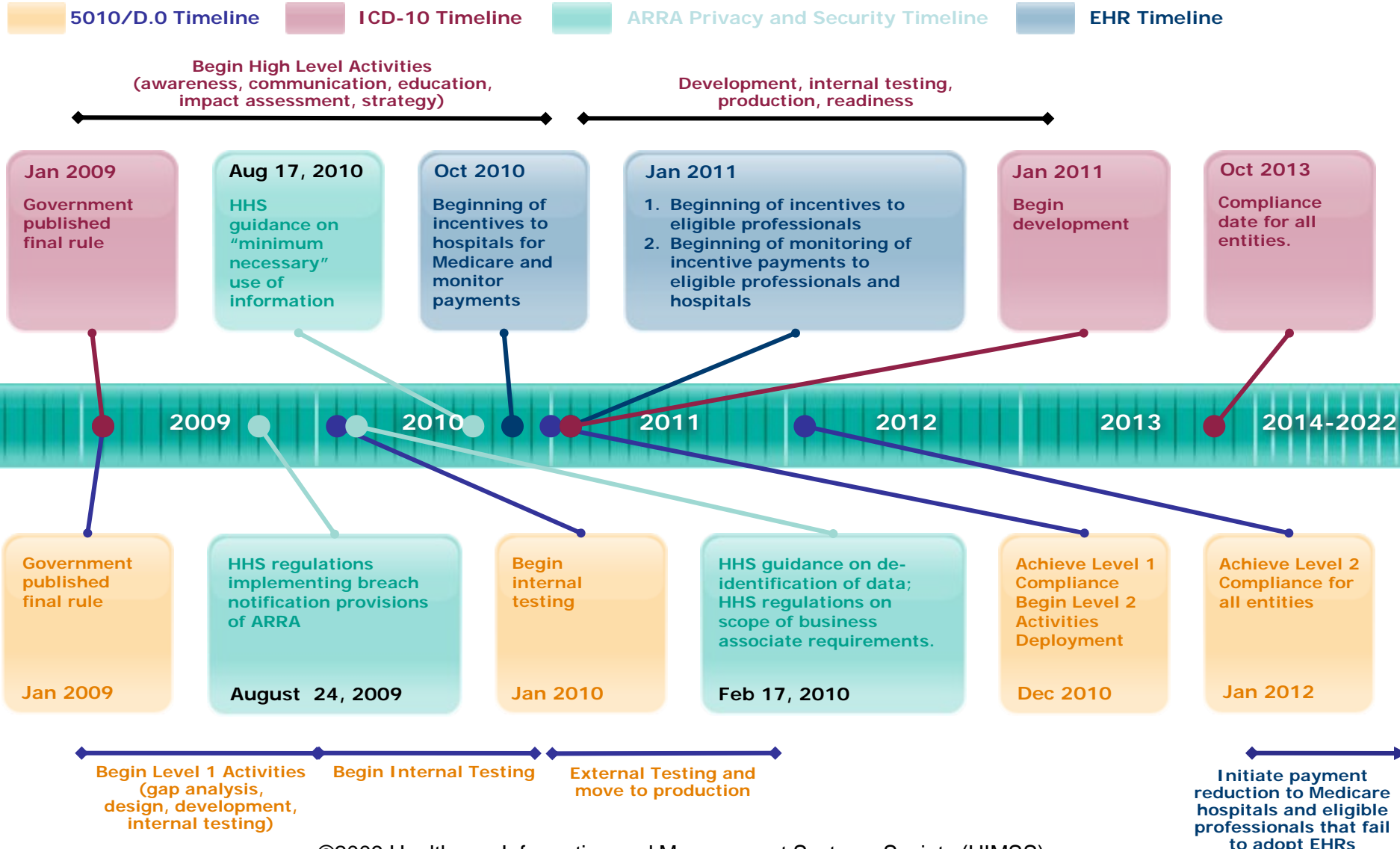
## Other Complicating Factors

- Economic Climate – downturn has limited healthcare organization's available cash and access to capital
- Healthcare Reform – if passed, will require non-IT and IT related changes
- RAC Audits – already a distraction

## Organizations Impacted

- All Providers – IDNs, Hospitals, Primary Care and Specialty Practices
- Other Entities - PBMs, Laboratories, Radiology Ctrs
- Health Plans
- Clearinghouses
- Healthcare System Vendors
- System Integrators
- All Business Associates

# Timeline



# HIT Perfect Storm: Mid- 2010 to Mid-2012

*NOTE: All dates are estimates except 5010 dates which were taken from the CFR.*



## Industry Challenges

- Large Complex Overlapping Initiatives
- Impacts all Industry Sectors
- Numerous External and Internal Integration Points
- Limited Capital Access
- Insufficient Numbers of Qualified, Experienced HIT Professionals

## Strategies



- Strategic Synergy
- Focus and Defer
- Manage Out
- Outsource

## Strategic Synergy

### Approach:

- View the changes as strategic investments, look for opportunities to create synergies among the efforts

### Appropriate for Organizations:

- Aging or inadequate infrastructure
- Ability to make strategic investment
- Strong in-house or outsourced project management

### Risks:

- Ability to meet short timeframes
- Ability to maintain multi-year investment

## Focus and Defer

### Approach:

- Prioritize initiatives and defer, where possible, less critical initiatives.

### Appropriate for Organizations:

- Having significant challenges
- Limited resources

### Risks:

- Lack of long term strategy may require revisiting tactical investments
- On-going deferral of strategic solutions will create backlog

## Manage Through

### Approach:

- Work through the changes as a typical project effort with modest investment of resources

### Appropriate for Organizations:

- Where infra-structure is in place and changes are less dramatic and more incremental
- Strong project management

### Risks:

- May underestimate changes required
  - More difficult to up-size after setting initial stakeholder expectations of modest level of effort
- Example: Provider with current released EHR and PMS

## Outsource

### Approach:

- Outsource all major initiatives to a strategic partner.

### Appropriate for Organizations:

- Minimal current capabilities
- Able to find a trusted strategic partner

### Risks:

- Ability to manage vendor who will have many competing clients all with similar deadlines

## Industry Sector Perspectives

- Provider – Harris County Hospital District
- Payer – AmeriHealth Mercy
- Vendor - Emdeon



## Provider Perspective

- Vendors
  - The vast majority of providers use a vendor developed application solution
  - It is critical that you understand your vendor's path to compliance
  - Review & understand your contract terms
  - Compose a letter to your vendor(s) requesting
    - When will a compliant version be available
    - What is my path to that version
    - Budget required

## Provider Perspective

- Budget
  - Based on your vendor(s) response what costs is required to become complaint
    - Software Upgrade / Replacement
    - Hardware Upgrade / Replacement
    - Upgrade / New Implementation
  - What will not get accomplished? Impact on other planned activities
    - Begin to bring Senior Leadership up to speed on the scope and duration of the effort

## Provider Perspective

- Payer Contracts
  - Begin dialog now with payers to understand
    - How will these contracts be affected
    - When and how the payer plans to become compliant

## Provider Perspective

- Implementation Impact
  - Begin communication with senior leadership
  - Outline what activities that may not occur
    - Costs
    - Resources required

## **Payer Perspective – AmeriHealth Mercy**

- Leader in Medicaid Managed Care
- Over 1.3 million covered lives in 5 states
- Expertise in care management
- Significant use of electronic transactions including clinical information exchange

## **AmeriHealth Mercy Priority: 5010/ICD-10**

- Key to our business operations
- Key to controlling our costs
- 5010 – impacts all key transactions from claims to remittances, eligibility to enrollment
- ICD-10 – impacts almost every system, interface, vendor, trading partner and client

## Approach: Strategic Synergy

- Transaction processing infrastructure dates back to 2004 and start of 4010 – inflexible, difficult to support, unresponsive to new business needs
- Re-architect Infrastructure to:
  - Meet 5010 Requirements
  - Addresses existing weaknesses
  - Plan for future enhancements to HIPAA Transactions
  - **Implement changes that will deliver business value**

## Expected Challenges

- 5010 - large technical effort with little forgiveness on timelines
- 5010 – strategic approach lends itself to scope creep
- 5010 – providers unable to meet timeline leading to an increase in paper claims submission
- ICD-10 complexity yet to be discovered

## Vendor Perspective - Emdeon

- Largest digital network in healthcare moving 4.5 billion health information exchanges per year
- Connects 350,000 providers; 1,200 payers; 55,000 pharmacies; 155 million Americans
- Expertise in secure, interoperable, standards-based health information exchange
- HIPAA transactions, RCM, Payment Distribution, ePrescribing, Clinical Exchange

## **Emdeon Priority #1: 5010 / ICD-10**

- Key to keeping the industry compliant – impacts all HIPAA transactions
- Key to our commitment to customer services
- Key to creating market-place parity
  - Billing and coding systems
  - Payment systems
  - Translations systems
  - Support systems (reconciliation, auto-posting, etc.)

## Emdeon Expected Challenges

- 5010 – Many-to-many relationships create nearly limitless combinations
  - Trading partners (providers and payers) are often not in sync
  - Various interpretations of compliance and risk tolerance increase the complexity
- ICD-10 complexity yet to be discovered
  - Cross-walks to ICD-9 desired but not truly feasible
- Significant workforce training on use of ICD-10 will determine the success of any technology and will severely impact the timeframe

## Emdeon Perspective on Next 5 Years

- Strategic planning approach, but with bias towards practicality
  - Administrative information exchange is the financial life blood of healthcare
- 5010 Marketplace testing beginning Q1 2010
- 5010 Educational Website with technical guidance materials coming Q4 2009
- Privacy and security requirements must be factored into planning efforts
- EHR implementations may destabilize the administrative systems just when 5010 is hitting
- Meaningful use requires information exchange – which will increase the need for vendors to help with the compliance, interoperability, and security challenges

# Questions

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