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Show-Me Update

Greater Missouri Chapter

Healthcare Financial Management Association

Summer 2003

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When is a Deadline not a Deadline?

By: Kalon Mitchell

We are now only a few months from the deadline for implementing the transaction and code set portion of HIPAA and a sense of panic is beginning to take root in the industry. CMS has stood by the deadline. Its position, since offering the extension last year, is that one extension is enough. However, it is obvious to me that, and WEDI (Workgroup for Electronic Data Interchange), that there will be many organizations, both payers and providers, that will not be prepared to implement these regulations.

Arkansas BC/BS, who processes claims for a five state area, including Missouri, currently reports that only three computer systems have passed testing for the submission of ANSI 837 Claims. These systems are all out of state and are all for professional (1500) claims only. At this time, not a single vendor has passed for submission of UB92 or institutional data. They sent out a warning to all providers in Arkansas last month to make sure that their vendor was on the ball because they are ready.

In Missouri, Medicaid is well behind schedule for testing and implementation of their solutions for claims processing. Although they maintain that they will be ready on time, every day that goes by tightens the window for testing of both their system, and interactions with provider solutions. In a separate article, I have included their response to my inquiry regarding their status.

WEDI is the parent organization for MO SNIP (Strategic National Implementation Process). It is one of many regional organizations that meet to discuss the real life issues involved with HIPAA, see mosnip.com. The following letter contains proposals on how to alleviate some of the problems. WEDI has given up on the idea of extension of the deadline. CMS is ready with their systems and seem to have little patience with the rest of the industry. WEDI has taken the approach of trying to change what must happen by the deadline. By relaxing the requirements of the EDI transactions and allowing non-compliant transactions after the deadline, they seem to think that CMS can hold firm on the date without actually requiring the regulations. It will be interesting to see the response to this proposal. The entire letter contains several exhibits supporting this position and is available on the chapter web site, hfmashowme.org.

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When is a Deadline not a
Deadline?, Cont.

April 15, 2003

Dear Secretary Thompson:


In its advisory role under the Health Insurance Portability and Accountability Act (HIPAA), the Workgroup for Electronic Data Interchange (WEDI) periodically brings to your attention issues related to Administrative Simplification that it believes merit review and consideration by the Secretary.

In this instance, WEDI believes that a substantial number of covered entities are not sufficiently far along to achieve compliance with HIPAA Transaction and Code Set (TCS) standards by the October 16, 2003, deadline as required under the Administrative Simplification Compliance Act (ASCA). As a result, a number of covered entities that will be compliant are worried about trading partners or transactions that will not be compliant. These covered entities and several states, such as New Jersey, are considering contingency plans in order to avoid unintended consequences and adverse impacts, notably rejection of non-standard electronic transactions, disruption of payment flows to providers under Medicare, Medicaid, and private sector health plans, and reversion to paper transactions by covered entities that currently are capable of generating transactions in a non-standard format.

Much progress has been and is being made by the healthcare industry to comply with HIPAA TCS standards and ASCA. There is considerable industry support for HIPAA TCS standards and their successful implementation,

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and the healthcare industry looks forward to realizing the benefits of successful implementation. The issue at hand is how does the industry make the short-term transition from its current state to a successful implementation, given a substantial degree of noncompliance in October 2003, and thus avoid the so-called *train wreck* that will result from reversion to paper claims or stoppage of cash (payment) flows.

Several courses of action may mitigate unintended consequences and adverse impacts. WEDI has catalogued these and identified potential solutions for reducing unintended consequences and adverse impacts in Exhibit 1 to this letter. Two are outlined here for consideration by the Secretary:

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***Continued from page 2
When is a Deadline not a
Deadline?, Cont.***

Permitting compliant covered entities to utilize HIPAA TCS standard transactions that may not contain all required data content elements, if these transactions can otherwise be processed to completion by the receiving entity, until such time as compliance is achieved or penalties are assessed.

Permitting compliant covered entities to establish a brief transition period to continue utilizing their current electronic transactions in lieu of reversion to paper transactions.

“...WEDI is prepared to assist the Secretary and CMS in any effort to avoid the unintended consequences...”

WEDI respectfully requests that the Secretary provide guidance to the healthcare industry not only on these courses of action, but also on what is meant by the term “compliance,” the interpretation of which may provide some short-term transitional space for attaining a successful implementation of HIPAA TCS standards. WEDI also would like to emphasize the time sensitivity of its request for guidance, and respectfully requests that the Secretary provide such guidance to the industry within 60 days, by June 15, 2003. This timing is necessary for effective communication of such guidance to the healthcare community.

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The healthcare industry believes that the goals underpinning a successful implementation of HIPAA TCS standards are to sustain cash flows from payers to providers, to minimize disruptions to business activities in the healthcare industry, and to allow sufficient time for covered entities that are making the effort to comply with HIPAA TCS standards transactions to make the transition to a successful implementation.

For example, a large clearinghouse that is now compliant with the HIPAA TCS standards indicates that it has completed testing with only about 10% of over 1,000 payers, and that it will not be able to complete testing by October 16, 2003, because it is having difficulty with its payers scheduling testing because of the payers’ time constraints. Industry participants have indicated that a transition of approximately six months should be sufficient to achieve critical mass for a successful implementation.

Finally, WEDI is prepared to assist the Secretary and CMS in any effort to avoid the unintended consequences and adverse impacts described herein, and to respond to any questions that the Secretary may have on this matter. ■

Sincerely,
Ed Jones
Chairman

cc: Dr. John Lumpkin, Chair,
NCVHS



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Letter From The Editor

By: Kalon Mitchell

Once again, I have gone a little crazy with HIPAA in this issue. I realize that everyone is probably tired of hearing about it, but it will impact your cash flow if you are not prepared. As a vendor of software that creates and transmits these transactions, I have spent much of my time dealing with these issues personally and observing the strategies of other payers and provider systems.

The problem I see most frequently, besides everyone being behind schedule, is a lack of a testing strategy the includes all data collected through the HIS system, transferred to the electronic billing system, and back through the ERA. Most organizations work with different vendors for these systems are taking the approach of dealing with these vendors separately to analyze if they are compliant. For example, your ADT system may be collecting all the appropriate information and your billing system can produce a certified 837 transaction, but your electronic billing system is still accepting the print image of the claims from the host system as input. This will simply not work because you are limited to the data collected by these forms and not all data collected by your host system. As soon as a payer requests data available in the ANSI 837 format, but not on these forms, you will be unable to provide this information. Both of your vendors may be able to provide certification that they collect and/or transmit all of this data, but if they don't work together, the solution is useless. If you do use two different vendors, be sure both are compliant and that all data moves from the host to the electronic billing system. Make sure that they can prove it.

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This issue contains information regarding the readiness of Missouri Medicaid and the industry as a whole in dealing with these issues. If you are not ready, you are not alone. ■



Missouri Medicaid - HIPAA Compliance Report

At our last HFMA meeting in St. Louis, Medicaid was represented by Audrey Goodin. While she was able to answer several questions regarding other issues, she made it clear that she knew nothing about the status of HIPAA compliance. I made the point at that meeting that we needed to know this information. I was then asked by Matt Levsen to send a letter to her, formally requesting an update. As most of you know, payers and providers should have been testing their systems by 4/15/03. Until this response, little was known about the status of Medicaid, except that they were not ready to test. MO SNIP had also been attempting to get this information as well. Both of us got a response at about the same time.

While the system is not yet ready, they insist that they will be ready by the deadline, however, in the response to MO SNIP to the question, "what will you do if you are not ready by the deadline?", their response was that they would continue to receive claims in their existing format. I am not sure how they can do this and still be compliant. CMS has stated repeatedly that Medicaid is not exempt from HIPAA regulations. Many Medicaid programs are also behind schedule, however, Kansas and Arkansas Medicaid are ready to test claims.

The following letter is in response to my request for HIPAA compliance information.

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Dear Mr. Mitchell:

This is in response to your May 12, 2003 inquiry regarding Missouri Medicaid's compliance efforts relating to the Health Insurance Portability and Accountability Act (HIPAA) of 1996.

The Division of Medical Services (DMS) is working with our fiscal agent, Verizon Information Technologies, to complete development and testing of the

Medicaid Management Information System (MMIS) in order to comply with the Transaction and Code Sets portion of the HIPAA rule.

DMS has completed development of the 837 health care claim, 835 health care claim payment/advice, and NCPDP Version 5.1/1.1 Batch transactions. Internal integrity and balancing testing began in December 2002 and is near completion.

Continued on page 7

Upcoming Events

Show Me Chapter Summer Conference

The annual Show Me Chapter Summer Conference will be held July 16 - 18, 2003 at Holiday Inn Sunspree Resort, Osage Beach, MO (LOOK IN YOUR MAIL FOR BROCHURES OR REGISTER AS INDICATED BELOW)

On Thursday, July 17, this educational event will feature Steven H. Berger, FHFMA, CHE, CPA, a national speaker for HFMEF, ACHE and other prestigious organizations and associations.

Mr. Berger will present: Gaining Insight and Improving Hospital Revenue Cycle Management

On Friday morning four hospitals throughout Missouri will present: Revenue Cycle Improvement Case Studies - Real Life Experiences

Both of these events are guaranteed to send you away a little, or maybe a lot more knowledgeable, than when you arrived.

To register please send the following information to:

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Registration

Golf: TBA

Education:

Before July 1st \$150.00

After July 1st \$175.00

Lodging

Holiday Inn Sunspree Resort
Osage Beach, MO
573/365-2334

\$86 per night + tax (single/double)

Hotel cut-off date: June 23, 2003



Show Me Chapter HFMA & Hawthorn Chapter AAHAM Summer Conference Agenda

July 16, 2003 Golf Event (details forthcoming)

July 17, 2003

7:30 - 8:30 Registration and continental breakfast

8:30 - 11:45 Gaining Insight and Improving Hospital Revenue Cycle Management

11:45 - 1:15 Show Me Chapter annual Awards Luncheon for all registrants

1:15 - 4:30 Gaining Insight.... Continued

5:30 - 6:30 Networking reception

July 18, 2003

7:45 - 8:15 Registration and continental breakfast

8:45 - 11:45 Revenue Cycle Improvement Case Studies from Missouri Hospitals

HFMA Joint Chapter Fall Conference September 24 - 26, 2003

Mark your calendars now for the annual Fall Workshop at the Lake of the Ozarks, presented by the Heart of America, Sunflower, Greater St Louis and Show Me HFMA Chapters. The education offerings include topics on Provider Based Status, Managing Your Chargemaster, Bond Ratings, Financial Management, A/R Management, Federal Changes, Provider Updates, and Compliance. A certification-coaching course will be offered. The program brochure will be distributed in late July.

The dates are September 24 - 26th at Tan Tara Resort. The room rates are \$109 and the cut-off to get the discount pricing is August 26th. You may make your reservations now by calling 1-800-826-8272 and mention HFMA to get the discounted room rate. ■

Cheryl Mason
Sunflower (Kansas) Chapter HFMA

Medicaid Crossovers and Coordination of Benefits

One concern I have had in developing our electronic billing solutions and determining how they would work in the real world, after HIPAA, is the status of crossovers. Currently, Medicare processes Medicaid crossovers automatically so the provider does not have to bill them after receiving payment from Medicare. If this service was eliminated, it would delay cash flow significantly for these secondary claims.

HIPAA describes this process as "coordination of benefits" and describes multiple solutions for handling this transaction. In each case, the payment data from the electronic ERA provided by the primary payer must be merged with the original ANSI 837 claim. The subscriber data is rotated so that the secondary becomes primary and then it is sent to the secondary carrier for payment. The main issue is, who is going to provide this processing?

HIPAA regulations state that this can be done by the payer and sent on to the secondary carrier since they have the 837 Claim and the payment data. Another scenario is that the ERA is sent to the provider and their system must merge the data as described in the previous paragraph and forward it to the secondary payer. This is what I anticipate will happen most often. The last scenario is that the secondary payer can't handle COB electronically and must receive the transaction on paper, with a printed EOB from the primary. You will see this frequently as well.

The good news is that I have discussed this with Parren Clark of Trispan and he assured me that Medicare will continue to automatically perform crossovers for Medicaid secondary claims. This is very fortunate since we are not sure of the reliability or availability of the Medicaid system, at this point. If Medicare will support Medicaid crossovers, they will probably support their other crossovers as well. ■

Continued from page 5 Missouri Medicaid - HIPAA Com- pliance Report, Cont.

External business-to-business testing on these transactions is scheduled to begin in July 2003. DMS will begin transition and implementation of these transactions in October 2003. Companion billing guides for these transactions, trading partner agreements, and testing schedules should be posted on the DMS website at www.dss.state.mo.us/dms by July 1st, 2003. Development of the other HIPAA-named transactions (270/271, 276/277, 278, 820, 834) should be complete within the next several months, with business-to-business testing scheduled for August-September 2003.

In addition, DMS is in the process of replacing all non-standard "local" code sets with standard codes. These changes are being announced through the regular process of program bulletins and updated billing instructions, which may be accessed at the same website referenced above.

Please feel free to contact Todd Meyer of my staff at 573-751-7996 if you have additional questions. ■

Sincerely,
Gregory A. Vadner
Chief Executive Officer



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