

HIPAA Version 5010: Staying Ahead of the Curve

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The Health Insurance Portability and Accountability Act of 1996 (HIPAA) was designed to simplify health care administration and improve efficiency and cost effectiveness. But much to everyone's surprise, the legislation didn't have a tremendous impact until 2003, when the Centers for Medicare & Medicaid Services mandated the use of electronic data interchange (EDI) and set standards for information privacy and security. More recently HIPAA introduced a new

National Provider Identifier (NPI) system, creating unique identifiers for physicians and health care organizations across the United States.

Despite all these sweeping changes, the work of simplification continues and remains ongoing. Last year, for example, the Department of Health and Human Services published a final rule adopting the X12 Version 5010 for HIPAA transactions. The compliance date for Version 5010 is January

1, 2012, which gives the industry an opportunity to test-run the new standards and make sure they're in good working order as they replace Versions 4010 and 4010A.

The big driver behind HIPAA 5010 is the need to accommodate the new International Statistical Classification of Diseases and Related Health Problems, Version 10 (ICD-10). Version 5010 significantly improves the handling of clinical data, enabling the reporting of diagnosis codes (ICD-10-CM) and procedure codes (ICD-10-PCS) and distinguishing among codes for principal diagnosis, admitting diagnosis, external cause of injury, and patient reason for visit.

However, Version 4010 isn't compatible with the format of the new ICD-10 codes, meaning health care providers will have to upgrade to 5010 to report these codes in their HIPAA transactions. In practical terms, providers won't get paid unless they implement 5010 by the beginning of 2012, and they won't be reimbursed starting in October 2013 unless they submit ICD-10 coding.

An enhanced version of 5010 was required after the realization

that certain parts of the HIPAA EDI lacked the right functionality to meet the needs of providers and payers. To rectify this, the industry has asked for hundreds of changes, such as better present-on-admission reporting on claims, improved use of NPI numbers, and an improved eligibility transaction that will provide more information during the treatment process.

Here are some of the specific changes in Version 5010, which will allow providers to better automate reimbursements:

- Authorization and referral transactions are significantly improved for enhanced implementation.
- Critical medical information has been added to allow health plans to make smarter authorization decisions.
- The implementation instructions are upgraded with logical guidelines.

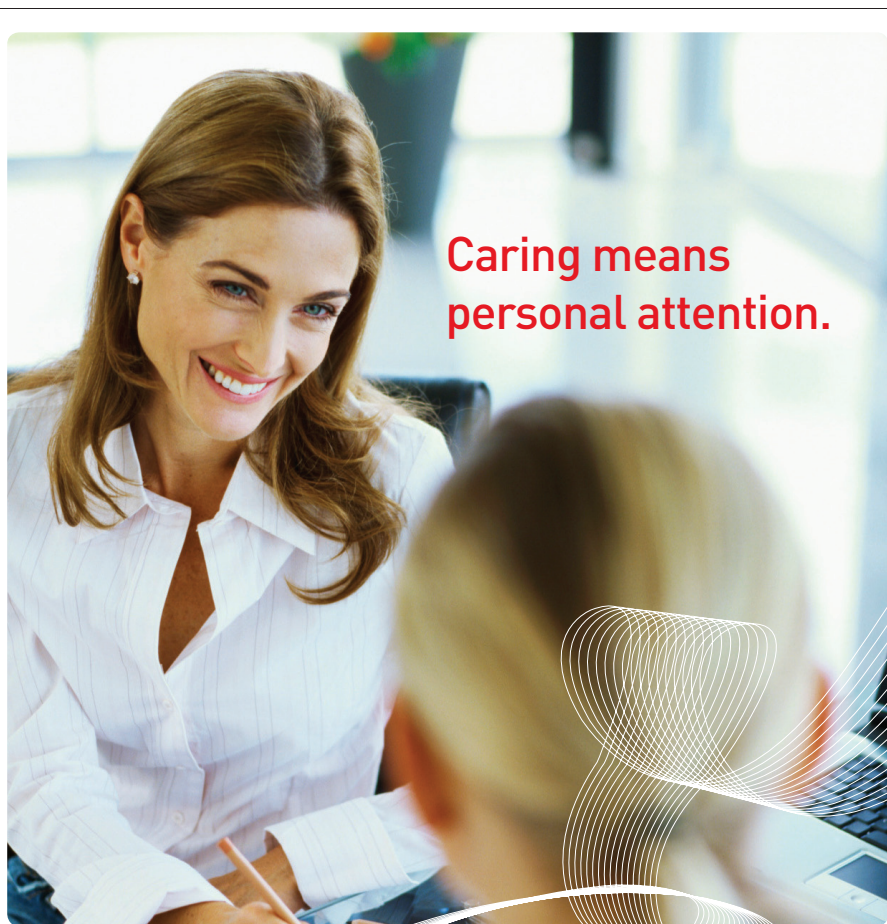
The updated Version 5010 also has data-reporting requirements that differ somewhat from the current transactions. These changes may require the collection of additional data or the reporting of data in a different format.

Many of the changes will boost efficiency and cut costs by reducing the number of phone calls to health plans as well as appeals as a result of incomplete information. Version 5010 will also eliminate unnecessary customer support.

However, preparing for 5010 requires a good deal of advance work. First and foremost, you need a clear strategic approach to achieve compliance. Second, you must form a steering committee to help navigate the complex

changes. Third, your technology infrastructure must be thoroughly assessed to make sure it can completely accommodate Version 5010, and your vendors in this area must be on board. Testing the new systems thoroughly is essential, as is in-house education to ensure that every part of the organization is on the same page. And finally, any investments made today must incorporate the next wave of changes to come after 5010 and ICD-10.

The time, energy, and resources invested in HIPAA 5010 compliance are sure to reap dividends, because the entire industry is moving toward digital streamlining. The Council for Affordable Quality Healthcare, for example, is seeking to improve interoperability among volunteering providers and payers by making eligibility, benefits, and claim-data transactions much more efficient and standardized. But to get the most out of their



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investment, health care organizations need to embrace HIPAA Version 5010 today—and act wisely and judiciously now to stay ahead of the curve.

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