



*Partnering for Electronic Delivery
of Information in Healthcare*

December 13, 2013

Robert Tagalicod
Director, Office of E-Health Standards and Services
Centers for Medicare & Medicaid Services
Department of Health and Human Services
ATTN: CMS-044-P
7500 Security Boulevard
Baltimore, MD21244-1850

RE: Workgroup for Electronic Data Interchange ICD-10 Survey Results

In its advisory role under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Workgroup for Electronic Data Interchange (WEDI) periodically brings to the attention of the Department of Health and Human Services issues related to healthcare information exchange and related areas that it believes merit review and consideration.

WEDI has been conducting ICD-10-CM/ICD-10-PCS (ICD-10) readiness surveys since 2009 to gauge the status of industry progress and has recently completed analysis of the October 2013 survey. This survey used an abridged set of questions aimed mostly at status rather than approaches to compliance, and survey questions paralleled those in the February 2012 and February 2013 surveys to facilitate direct comparison. WEDI feels the results may be of interest to CMS and has included a full report of the results as an attachment to this communication. It should be noted that, while not all participants answered every question pertaining to their industry sector, the majority did. The results include all responses from all participants, whether or not they completed all questions on the survey.

Some items of note include the following:

- Participation in this latest survey included 353 respondents consisting of 196 providers, 59 vendors and 98 health plans. The number of responses is significantly lower than in the prior two surveys.
- About one-fifth of the vendors indicate they are halfway or less than halfway complete with product development. This is significantly smaller than the one-half that were at this stage in the February 2013 survey, however, only one-quarter indicated they were complete.
- About three-fifths of vendors indicate they are already doing, or plan to begin customer review and beta testing by the end of this year. This is down slightly from the two-thirds indicated in the February 2013 survey.
- The number of vendors that already have or will have their products and services available by the end of this year is down slightly from the three-fifths figure in the February 2013 survey.
- About three-fifths of health plans have completed their impact assessment- and another one-fifth are nearly complete. This shows moderate progress since the February 2013 survey where approximately one-half had completed their assessment.



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- About two-thirds of health plans have started or expect to start internal testing by the end of this year, down slightly from the three-quarters that expected to do so in the February results.
- About one-third of health plans have already begun or expect to begin external testing by the end of this year, down from one-half in the February 2013 survey. About three-fifths expect to begin in the first half of 2014.
- About one-half the provider respondents indicate they have now completed their impact assessment, up from one-sixth in the February 2013 survey.
- Although the number of providers that responded 'unknown' to when they would complete their impact assessment, business changes and begin external testing is down significantly from the February 2013 survey, responses indicate the majority will not complete these steps until 2014.
- About one-tenth of providers expect to begin external testing in 2013 and one-half expect to begin in the first half of 2014.
- Most health plans expect to test with a sample of providers while about one-fifth indicated they will test with a majority of providers. The majority of providers indicate they plan to test with a sample of health plans or only with clearinghouses, but almost one-quarter plan to test with the majority of their payers.

Based on the survey results, it is clear the industry continues to make slow progress, but not the amount of progress that is needed for a smooth transition. The industry is far behind the milestones suggested in the WEDI/NCHICA timeline, and has slipped further behind when compared to the February 2013 survey results. Factors that contribute to this slow progress include the change in compliance date, competing internal priorities and other regulatory mandates.

It is critical to closely monitor both industry progress and early testing results to gauge what might occur on Oct. 1, 2014. We strongly encourage CMS to assist in promoting future ICD-10 status surveys, as that should lead to increased response rates and a more comprehensive view of industry status. WEDI plans to conduct additional surveys during 2014 to continually gauge progress. WEDI appreciates the opportunity to work with your office to continue outreach efforts and to identify best approaches for achieving industry compliance.

Devin Jopp, President and CEO of WEDI, or I would be pleased to answer further questions.

Sincerely,

Jim Daley
Chairman, WEDI

CC: WEDI Board of Directors



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ATTACHMENT

Workgroup for Electronic Data Interchange October 2013 ICD-10 Survey Results

WEDI has been conducting ICD-10-CM/ICD-10-PCS (ICD-10) readiness surveys since 2009 to gauge the status of industry progress and has recently completed analysis of the October 2013 survey. This survey used an abridged set of questions similar to the last two surveys, aimed mostly at status rather than approaches to compliance. It should be noted that, although not all participants answered every question pertaining to their industry sector, the majority did and the results are based on these responses.

BACKGROUND

The first ICD-10 readiness survey was released in November 2009 and was meant to gather a high-level initial readiness baseline. The survey included separate sections for software vendors, clearinghouses, health plans and providers. The number of questions was very limited.

A much more detailed ICD-10 survey was launched in January 2010. In this survey, software vendors and clearinghouses were consolidated into one section and separate sections were kept for health plans and providers. Follow-up surveys were conducted on a roughly semi-annual basis through this most recent one.

These surveys should not be considered as a perfectly balanced representation of the state of the industry. Historically, WEDI membership and survey participants tend to be more aware of industry issues and correspondingly more advanced in addressing these issues. Therefore, the survey results would tend to provide a somewhat more advanced picture of readiness progress.

The following table illustrates the number of respondents to each survey by type of entity:

SURVEY	Vendor/CH	Health Plan	Provider
November 2009	72	102	187
January 2010	37	87	41
June 2010	23	66	61
January 2011	16	72	27
August 2011	40	92	163
February 2012	231	242	2118
February 2013	87	109	778
October 2013	59	98	196

The February 2012 and February 2013 surveys received a higher volume of responses due to enhanced outreach efforts. Although the October 2013 responses were much lower, the volume is such that it should provide a fairly reliable depiction of industry readiness and progress. For specifics related to prior surveys, please reference the WEDI testimony to NCVHS in June 2011 and the WEDI observations on industry progress from 2011, 2012 and 2013. These items are available via the WEDI website at www.wedi.org.



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SURVEY RESULTS

This section highlights the results from the current October 2013 survey and compares them to the results from February 2013. The results are described according to type of entity – vendor (including clearinghouses), health plan, and provider. Survey questions align with those from the February 2013 survey except for an additional question for providers and health plans regarding the extent of external testing they plan to conduct.

VENDOR RESULTS:

The vendors represented all sizes from those with fewer than fifty health care related employees to those having over one thousand. Their customers included physicians, hospitals, health plans, clearinghouses and other vendors. Offerings included clearinghouse services, electronic health records, coding services and revenue cycle services and products. The following questions were asked:

1. *How complete is your solution development for the majority of your ICD-10 products and services?*

All respondents have started this step. One-fourth are complete and another half are at least halfway complete. This represents good progress from February 2013 where about two-fifths had not yet started or were less than 25% done.

2. *When do you plan to start ICD-10 customer review and beta testing?*

More than one-third have started this phase (twice as many as in the February 2013 survey) and another one-fourth plan to do so by the end of this year. Most of the remainder plan to do this in the first half of 2014. Only a couple of respondents indicated 'Unknown.'

3. *When do you plan to have your ICD-10 services/software available to customers?*

More than one-third indicated their products were ready now, a moderate increase over the one-fifth indicated in the February 2013 survey. About two-fifths indicated their products would not be ready until 2014, a slight increase from the one-third indicated in the February 2013 survey.

4. *Which of the following are your top 3 obstacles/issues that have caused delay and/or lack of progress in ICD-10 planning and implementation?*

The top three reasons remained the same (customer readiness, competing priorities and other regulatory mandates) with competing priorities being by far the most common response, being selected by three-fifths of the respondents. Customer readiness was a distant second, appearing on about one-third of responses.

HEALTH PLAN RESULTS:

Health plans included a mix of Blue Plans, other Commercial Plans, Federal Plans, State Agencies and a few Property/Casualty respondents with roughly an even split between plans covering under a million lives and those covering over a million lives. The following questions were asked:



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1. *How complete is your formal impact assessment/gap analysis?*

Survey results indicated continuing, but not necessarily rapid, progress in this step. Three-fifths of respondents said they were complete and another one-fifth were more than three quarters complete. All had at least started this step and less than a one-tenth were under halfway complete. In the February 2013 survey only half said they were complete.

2. *How complete is your internal business process design and development?*

Health plans showed good progress in the completion of their internal business process design and development. For the October 2013 survey three-fifths said they were either complete or nearly complete with this step as opposed to slightly more than one-third in the February 2013 survey. About one-tenth indicated they had not yet started or were less than a quarter complete, which is down from the one-fourth that were at this early stage in the February 2013 survey.

3. *What is your estimated date to start internal testing of fully functional ICD-10 processing?*

Just under a half indicated they had already started this step and another one-fifth planned to start by the end of 2013. This total is similar to the February 2013 total, but most had not started at the time of the February survey.

4. *Do you intend to conduct external testing?*

Only one-fifth indicated they planned to test with the majority of providers. Most indicated they would test with a sample of providers and less than one-tenth indicated they planned to test only with clearinghouses. This question was not asked in prior surveys.

5. *What is your estimated date to begin external testing?*

About one-fifth had already started and one-sixth planned to start by the end of 2013. This shows some progress compared to the February 2013 survey where less than one-tenth had started. However, three-fifths of respondents expected to start this phase in the first half of 2014. This represents a slight increase from the February 2013 survey where one-half expected to start this testing in 2014. This indicates that the majority of health plans will have less than nine months for external testing.

6. *What are the top 3 obstacles/issues that have caused delay and/or lack of progress in ICD-10 planning and implementation?*

Competing internal priorities and other regulatory mandates continue to be the top obstacles noted by health plans. However, provider readiness concerns surpassed staffing concerns as the third highest obstacle.

7. *What is your primary strategy for ICD-10 claims processing?*

Over two-thirds of health plans answered that direct ICD-10 processing was their primary strategy, up slightly from the February 2013 results. The number that planned to use a combination of direct processing and crosswalking dropped slightly, while a few respondents still plan to use crosswalking as a primary strategy.



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PROVIDER RESULTS:

Providers included a mix of many different types, with almost one-half being health systems/hospitals and just under one-third being physician practices. This is nearly the reverse of the distribution in the February 2013 survey. The respondents were split equally between those with more than one hundred full time clinical staff and those with one hundred or less. The following questions were asked:

1. What is the expected completion date of your ICD-10 impact assessment?

Although one-sixth responded “Unknown” to this question, this was a significant decrease from the two-fifths that responded “Unknown” in the February 2013 survey. Also, one-half indicated they had now completed this step in comparison to only one-sixth in February 2013. However, there is still cause for concern as one-fourth do not plan to complete their assessment until sometime in 2014, leaving little time for remediation.

2. When do you expect to complete business changes?

Slightly more than one-tenth were complete or expected to complete this step before the end of 2013. One-half planned to do so in the first half of 2014, while one-fifth indicated they would complete these changes in the third quarter of 2014. One-sixth did not know when this would occur. This indicates some progress in planning when compared to the February 2013 survey where around two-fifths of providers responded “Unknown” to this question.

3. What is your expected date to begin internal testing of your business processes and system changes?

Nearly one-fourth expected to begin internal testing in 2013 with just under one-half planning to do so in the first half of 2014. About one-sixth indicated they would begin internal testing in the second half of 2014 and another one-sixth did not know when this would occur. This question was not asked in the prior survey.

4. Do you intend to conduct external testing with health plans/trading partners?

Slightly less than one-fourth expected to test with the majority of payers, while one-third expected to test with a sample of payers and one-fourth expected to test only with clearinghouses. About one-sixth responded “Unknown.” This question was not asked in prior surveys.

5. What is your expected date to begin external testing?

About one-tenth expected to start external testing in 2013, and about half expected to do so in the first half of 2014. One-fourth still responded “Unknown” to this question, although this is down significantly from the one-half that did not know in the February 2013 survey. This indicates that most providers are planning for nine months or less for external testing.



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6. *What are your top three obstacles that have caused delay and/or lack of progress in ICD-10 planning and implementation?*

Respondents were fairly evenly split among the answers here (staffing, competing priorities, vendor readiness, IT impacts) with these obstacles listed on between two-fifths and three-fifths of each response. However, budget concerns dropped from two-fifths in February 2013 to one-fifth in the current survey. These responses continue to indicate a myriad of concerns for providers in completing their ICD-10 work.

7. *How do you plan to produce ICD-10 codes?*

Over one-half now plan to choose ICD-10 codes directly, up significantly from one-fourth of respondents in the February 2013 survey. About one-fourth indicated they would use a combination of approaches. Less than one-sixth indicated that they would just do crosswalking from ICD-9 to ICD-10. This indicates good progress toward native ICD-10 processing.

CONCLUSIONS

Based on the survey results, all industry segments appear to have made some progress since February 2013, but have not gained sufficient ground to remove concern over meeting the October 1, 2014 compliance deadline. Unless all segments move quickly forward with their implementation efforts, there will be significant disruption on Oct 1, 2014. Also, there will not be enough time to do proper end to end testing in the CMS suggested timeframes (start Oct 1, 2013), as most of the industry is not yet ready for that step. WEDI offers our support to CMS to redouble efforts to assist the industry and, in particular, small providers in moving forward.

WEDI will continue its efforts to move the industry forward and plans to conduct additional surveys in 2014 to gauge industry readiness. WEDI appreciates the opportunity to work with CMS in this regard would encourage continued collaboration on industry status surveys. WEDI has conducted several ICD-10 forums and plans to hold another in January 2014. Throughout the year, WEDI will continue to provide educational opportunities and will produce work products to assist the industry in preparing for ICD-10 implementation. WEDI invites CMS to continue to closely collaborate on these efforts. Further information about these efforts is available on the WEDI website at www.wedi.org.