Survey Two Results
WEDi SNIP Transaction Testing
August 19, 2003

This survey is the second in a series of surveys conducted by the WEDi SNIP's Transaction Testing team. Our focus on this survey is to continue to measure Health Care's HIPAA implementation progress, understand the challenges in implementing HIPAA, begin to discover the HIPAA production approaches, and survey for testing approaches. A special thank you to organizations participating in this survey. Your responses were thoughtfully completed and were very enlightening.

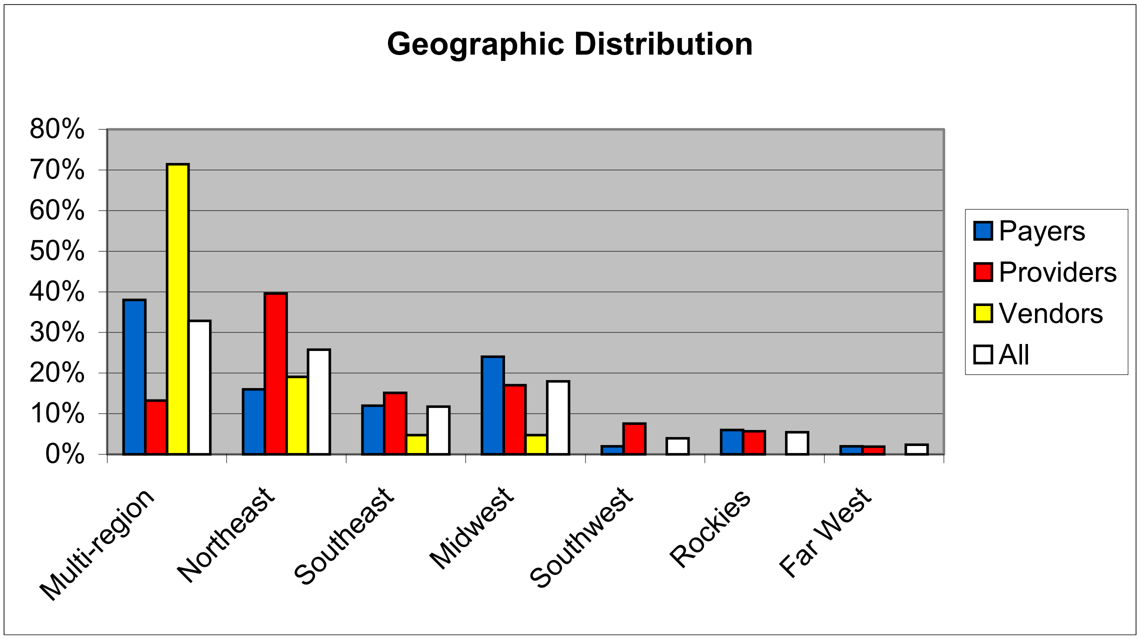
Population

The survey response was strong with 129 total responses. There was a nice balance between Payers (50), Providers (51), and Vendors (24) as each of the later responses became predictable. Because of the poor response from Clearinghouses (4), we cannot derive statistically meaningful analysis. Payers were mostly of Commercial Payers, Blue Cross Blue Shield, or Medicaid while Providers were predominantly Institutions.

Survey Two Population

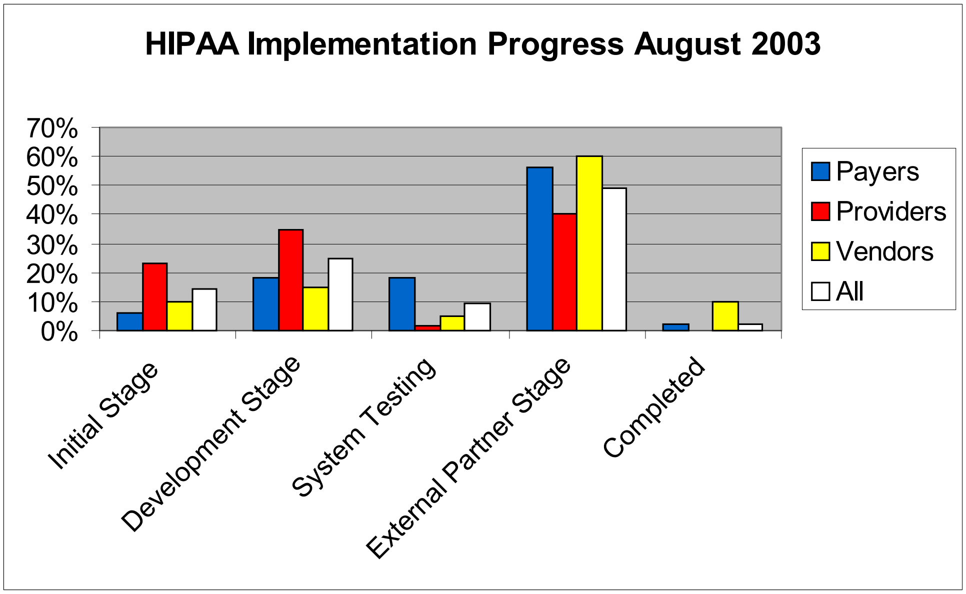
	Payers	Providers	Clearing.	Vendors
Commercial Payers	19			
HMO	5			
Blue Cross Blue Shield	15			
Medicaid	8			
Medicare	3			
Institutional Provider		39		
Physician		5		
Pharmacy Provider		0		
Other Provider		7		
Clearinghouse			4	
Software Vendor				9
Other Vendor				11
Other				4
Totals	50	51	4	24

On a geographic view of the respondent population, Vendors naturally reported in as Multi-region (71%) as well as a large percentage of Payers (38%). Geographically the leaders were the Northeast (26%), Midwest (18%), followed by the Southeast (12%).

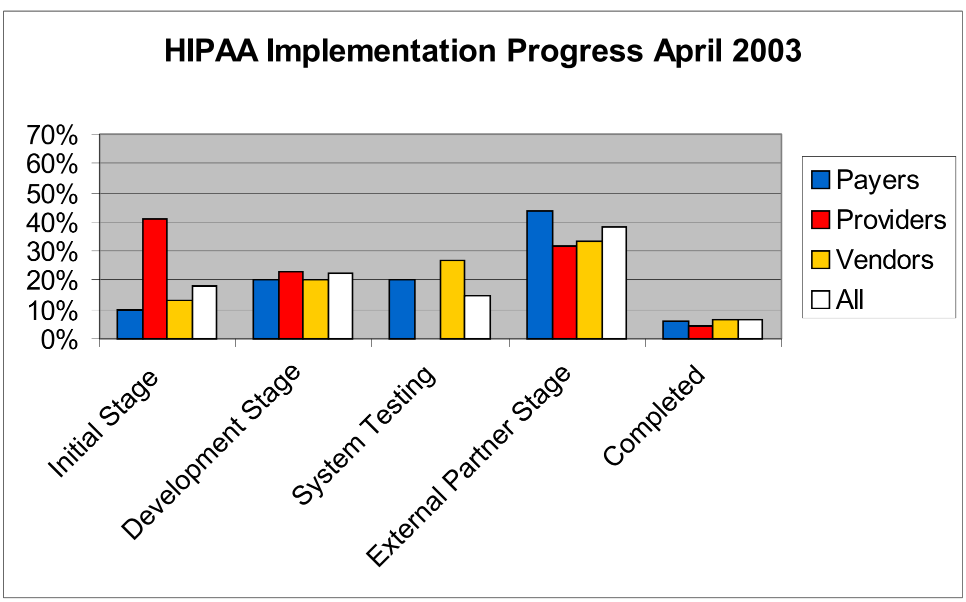


Testing Progress

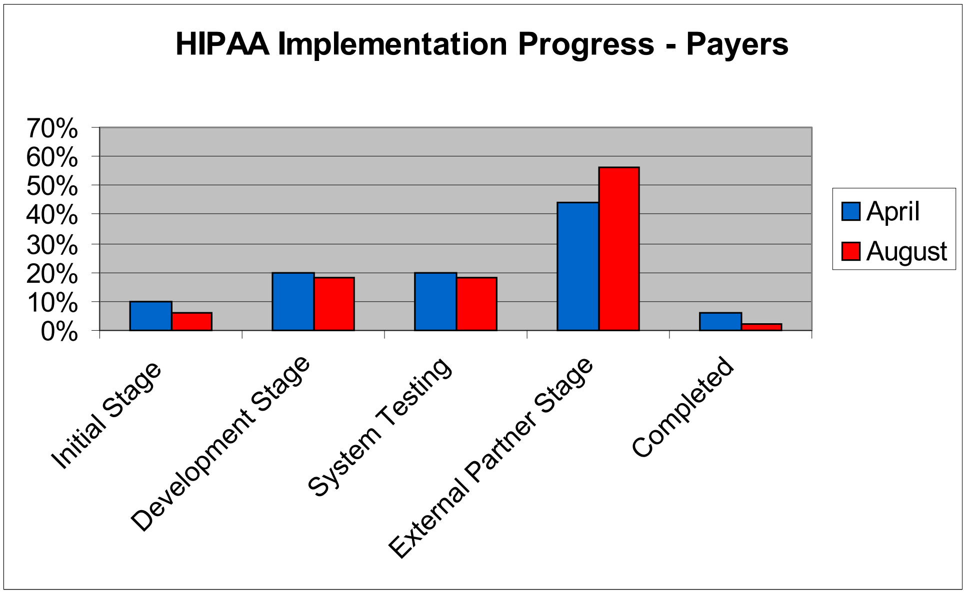
Comparing the results from our April 2003 survey to August 2003, there definitely has been progress and an awakening to partner testing. Overall, External Partner Stages (49%) came in with a definite lead. Vendors (60%) and Payers (56%) are both making nice strides with partner testing and providers (40%) were testing with at least one partner. It is important to put the Provider statistic in perspective since most of the responses were from WEDI member institutions that are more aggressive at achieving HIPAA compliance.



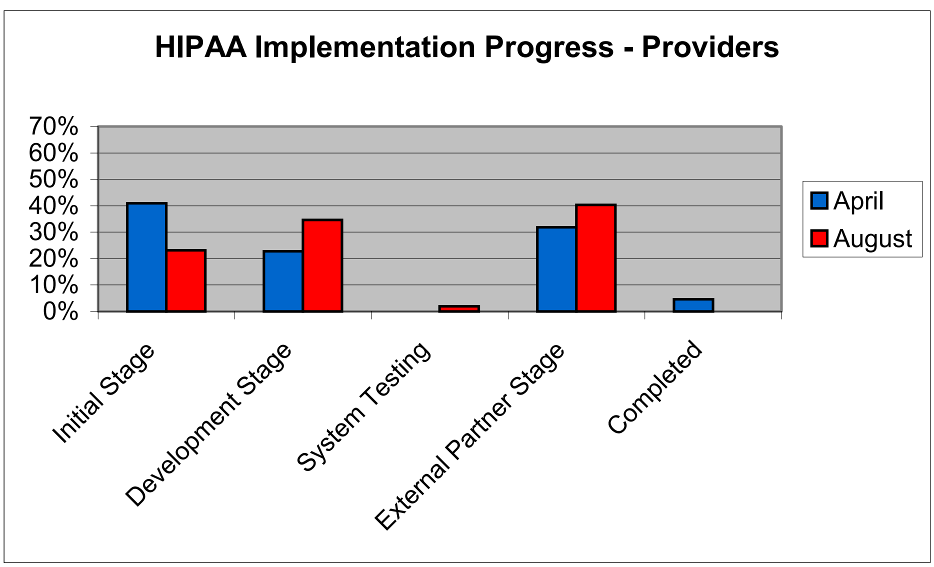
By contrasting the April 2003 Implementation chart against August 2003, it is notable that the Initial Stage for Providers has dropped from 41% in April to 23% in August. The corresponding change has shifted for in the Development Stage as the Provider column increased from 23% in April to 35% in August.



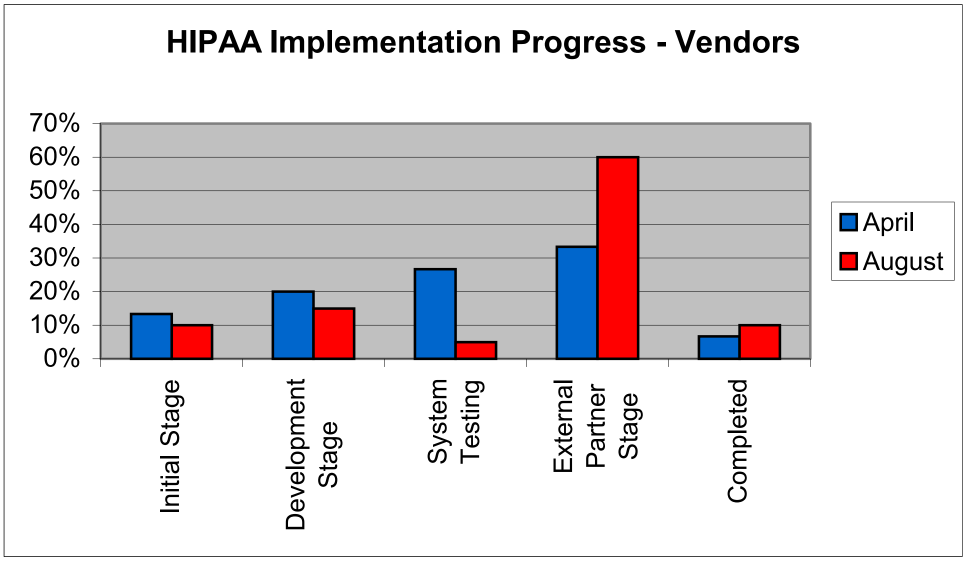
Below are graphs that contrast April 2003 to August 2003 for Payers, Providers, Vendors, and the entire community. For Payers, the obvious contrast is the increase in External Partner Testing. An interesting statistic is the slight drop for those that reported Completed in April (6%) to August (2%). We are associating that to the awakening to perform External Partner Testing now that Internal Systems are in production.



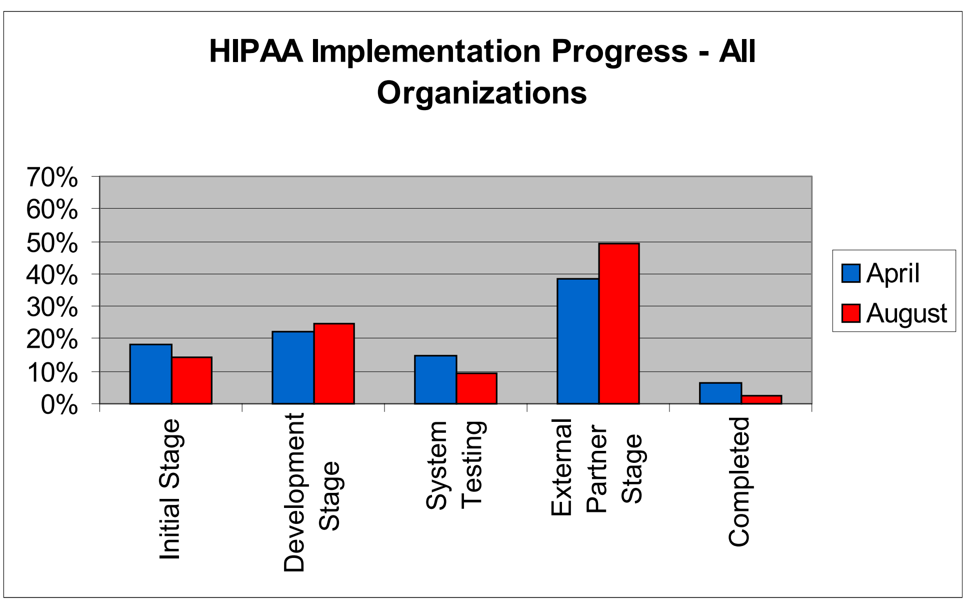
As mentioned earlier, Providers are moving past the Initial Stage into the Development Stage. Nice progress is also being made in External Partner Testing (40%).



The Vendors have reported the most dramatic progress as System Testing dropped from April (27%) to August (5%) while External Partner Testing increased from April (33%) to August (60%).

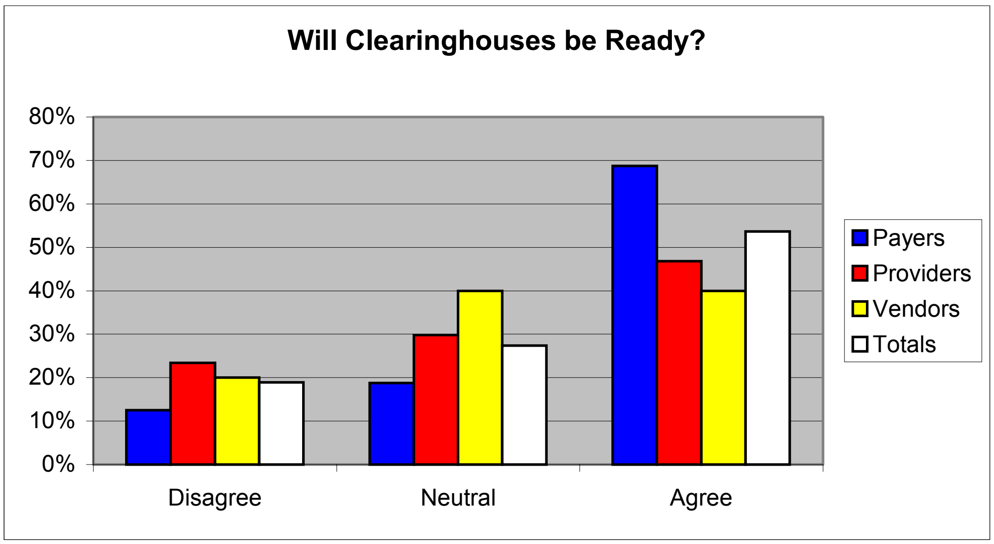


The direct comparison of all vendors again reveals a nice increase in External Partner Stage from April (38%) to August (49%). Somewhat disappointing are organizations that are in the Initial Stage (14%) and Development Stage (25%) that are mostly made up of Providers (58%), followed by Vendors (25%) and Payers (24%). For Payers in Unit Testing (18%), most of the work is involved with Testing Clearinghouses (78%) verses pure Unit Testing (0%) and Testing Vendors (22%).



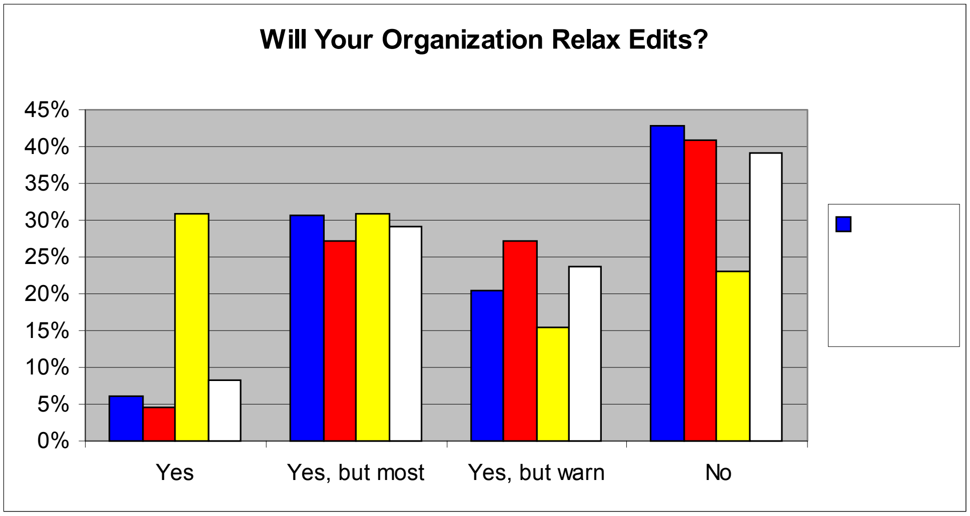
Clearinghouse Readiness

A key concern of the Health Care Community is "Will Clearinghouses be Ready" in October? This question was posed in Survey 2 based on the results of Survey 1. Overall 54% Somewhat to Strongly Agree that Clearinghouses will be ready. A number of organizations were neutral with 27% while 19% Somewhat to Strongly Disagree. Payers (68%) had the most confidence while Vendors felt more neutral.



Strict Adherence to Implementation Guides

With thousands of edits in the HIPAA Implementation Guides, Survey 2 polled organizations on how strict will they adhere to the Implementation Guide edits. The results were varied. Overall, those that strictly adhere with a "No" came in strongest (39%), followed by organizations that will adhere to most edits but will relax some edits (29%) and those will relax edits but will at least warn (24%). There were a few interesting spikes in the graph. Both Payers (43%) and Providers (41%) came in strongest strictly following edits while Vendors (23%) reported the lowest percentage. A number of conclusions could be drawn by this observation. Either the Vendors are trying to be flexible for organizations to relax edits or Vendors are not meeting Health Care demands. Further research needs to be done to draw conclusions.



Non-compliance Reporting

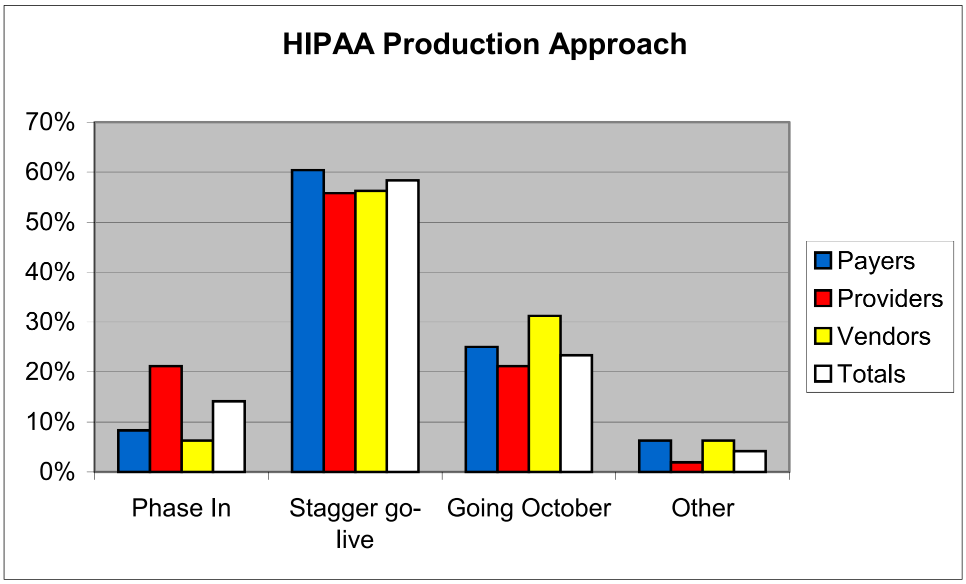
To continue our focus on how Health Care Organizations are approaching HIPAA implementations, Survey 2 queried on how organizations are reporting non-compliance when receiving HIPAA data with errors. Overall, organizations either are using 997 with Proprietary Reports (27%), have No Plan (26%), or using 997 for all Type 1 through 7 edits. Providers (50%) have not made plans on how to communicate non-compliance. Payers heavily favor the use of 997 with Proprietary Reports (36%) and 997 for all Type 1 through 7 edits (30%). Although Unsolicited 277 (17%) to report failed claims has popularity. Vendor implementations are between 997 with Proprietary Reports (36%) and 997 for all Types 1 through 7 edits (29%). With the current debates on how to better communicate non-compliance with transactions through more descriptive 824 and 999, these transactions have not yet been embraced. The ability to tightly integrate error notifications is an important integration capability to automate electronic transmissions. Inconsistencies on notification usage will make it difficult to achieve this efficiency.

How Will You Report Non-compliance

	Payers	Providers	Vendors	Totals
997 (1-7)	30%	10%	29%	20%
997 (1-2) + 824	0%	0%	7%	1%
997 (1-2) + 277	17%	8%	7%	12%
997 (1-2) + 824 +277	0%	6%	0%	3%
997 + e-mail	4%	8%	7%	7%
997 + Proprietary	36%	13%	36%	27%
Other	6%	4%	0%	4%
No Plan	6%	50%	14%	26%

HIPAA Production Approach

The HIPAA Production Approach responses were fairly consistent across organizations. Most are taking a Stagger Go-live (58%), some organizations are electing to Going Live in October (23%), while a much smaller percentage are pursuing a Phase-in approach (14%). Providers reported the highest Phase-in approach (21%).



Obstacles in Implementing HIPAA

A highlight of Survey 2 is to understand the main challenges with Health Care Organizations' HIPAA programs. The reasons varied between organization types. We included a Clearinghouse column since its 4 responses were somewhat consistent.

For Payers, the largest complaint was Trading Partners Not Ready (25%) followed distantly by Application Remediation (12%), and Under Estimating (11%). Providers also reported about their Trading Partners Not Ready (15%) with a number of other obstacles including Lack of Companion Guides (11%), Application Mediation (11%), Started Late (10%), Under Estimated (10%), and Delay in Receiving Clearinghouse (10%).

Clearinghouses reported the strongest obstacle for Trading Partners Not Ready (45%). Vendor obstacles ranked high with Trading Partners Not Ready (23%) followed by Lack of Companion guide (13%), Under Estimating (11%), and Application Mediation (11%).

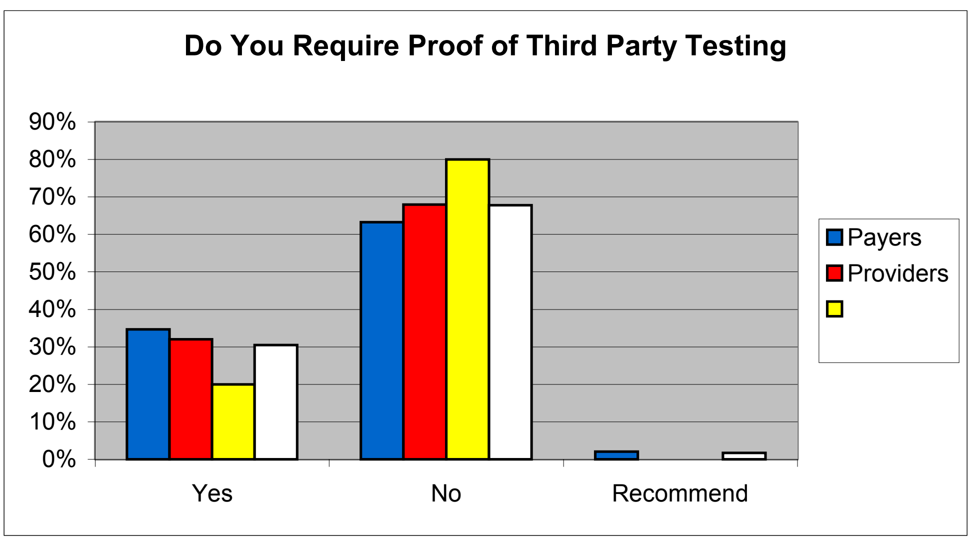
A common leading obstacle across the organizations was Trading Partners Not Ready (20%) for external testing.

Obstacles in Implementing HIPAA

	Payers	Providers	Clearing.	Vendors	Totals
Not Struggling	11%	6%	15%	7%	8%
Started Late	6%	10%	0%	8%	8%
Under Estimated	10%	10%	12%	11%	10%
Appl. Remediation	12%	11%	14%	10%	11%
Delay in Receiving 3rd Party App	8%	10%	0%	4%	8%
Delay in Receiving Translator	8%	5%	0%	2%	6%
Delay in Receiving Clearinghouse	6%	10%	0%	6%	8%
Trading Partners Not Ready	25%	15%	45%	23%	20%
Lack of Test Data	14%	5%	0%	8%	8%
Lack of Companion Guide	1%	11%	14%	13%	8%
Requirements in Companion Guide	1%	7%	0%	7%	5%
	100%	100%	100%	100%	100%

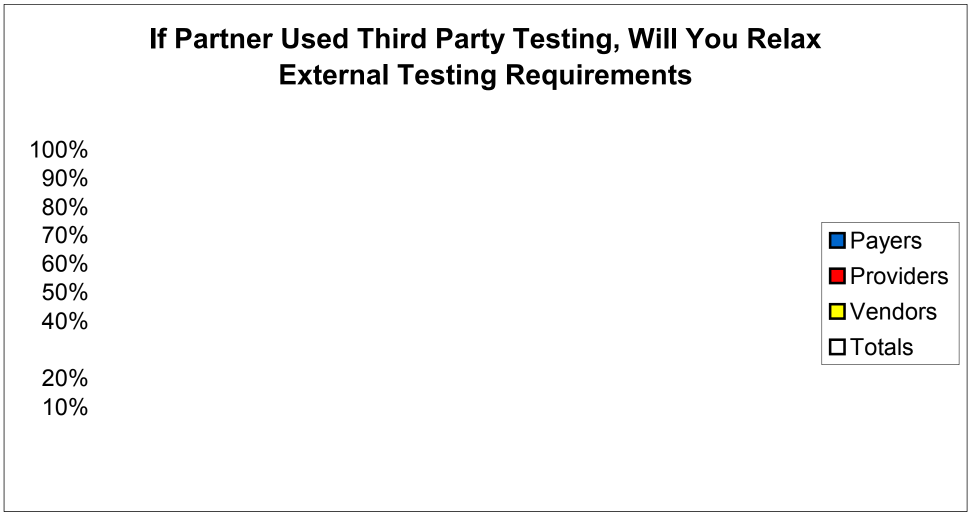
Require Proof of Third Party Testing?

As organizations are performing external partner testing, Survey 2 queried if they require proof of third party testing. Overall, 68% reported that they do not require proof while 31% did. The results were very close between Payers (35%) and Providers (32%). For those that required proof, evidence ranged from producing a validation report or a certificate.

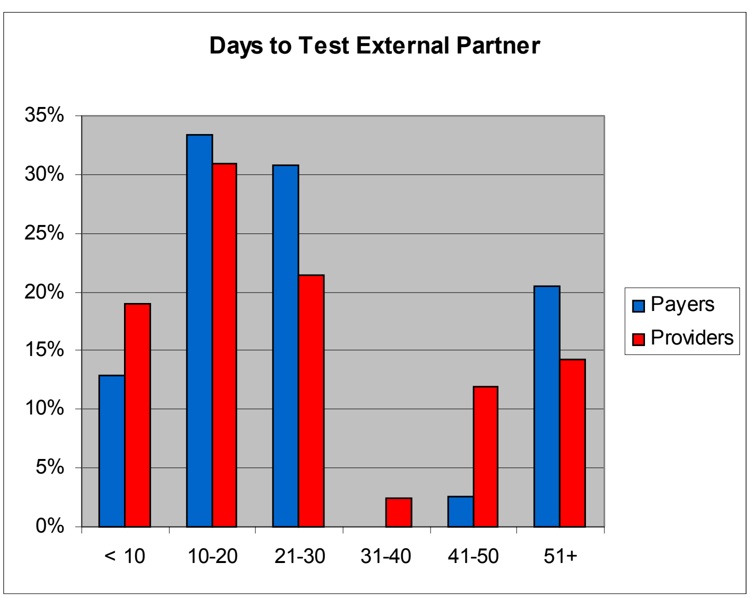


Relax Edits if Using Third Party Testing?

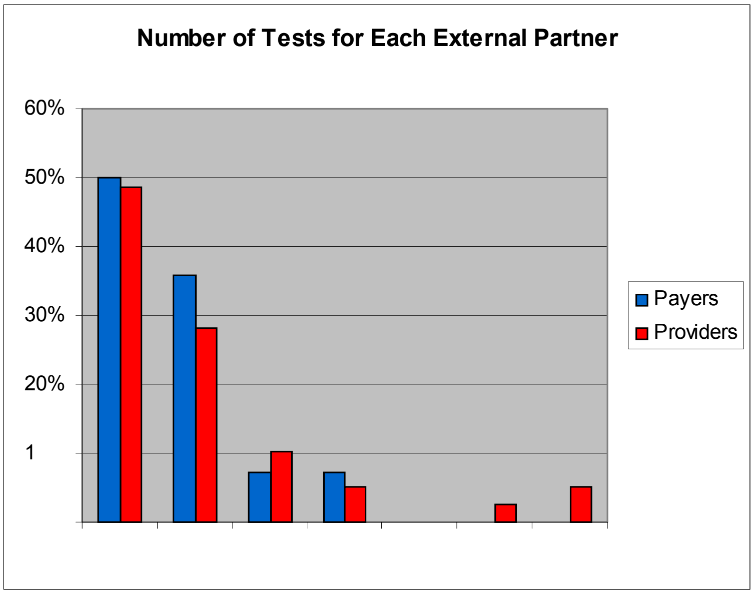
The responses were somewhat influenced by those that do not require evidence of third party testing although overall 75% of the respondents will not relax edits if there is evidence of third party testing. Payers had the strongest "No" response (88%). It appears that Payers rely heavily on their own testing methods. More research is required.



Our report will conclude with two graphs that focus on External Partner Testing. The first graph reports on the number of days it takes to test each partner. Answers varied greatly. For Payers, answers ranged greatly from less than 10 days (13%) to greater than 51 days (19%). The core group reported in at 10-20 (33%) and 21-30 (31%). The same observation could be made for providers although there was an even broader range of response with less than 10 (19%), 41-50 days (12%), and greater than 51 days (14%). Providers also had a core group albeit smaller at 10-20 (31%) and 21-30 (21%).



Another interesting twist when observing External Partner Testing was studying the number of tests that are partners require. Although the previous graph showed a wide range of responses, the number of tests reported in fairly consistently as Payers responses of 1-5 (50%) and 6-10 (36%) while Providers had 1-5 (49%) and 6-10 (28%).



The inconsistencies could be attributed to another of factors that include:

- The vagueness of the survey question
- Different approaches to third party testing
- Simple verse complex scenarios in required tests
- Experience of partner base
- Inexperience of third party testing for some providers

With the diversity of these answers, more research is needed to verify if these conclusions are appropriate.