



Partnering for Electronic Delivery
of Information in Healthcare

September 24, 2014

The Honorable Sylvia Mathews Burwell
Secretary
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

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

Dear Secretary Burwell:

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 Administrative Simplification 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 August 2014 survey. These surveys are critical to assessing industry readiness and to identify stakeholders that may be struggling with compliance. This survey used an abridged set of questions aimed mostly at status rather than approaches to compliance, and survey questions paralleled those in prior surveys to facilitate direct comparison. WEDI feels the results may be of interest to HHS 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:

- Participants: Participation in this latest survey included 514 respondents consisting of 324 providers, 87 vendors and 103 health plans.
- Vendor product development: Less than one-tenth of the vendors indicate they are halfway or less than halfway complete with product development. About two-fifths indicate they are complete and another third are at least three-quarters complete. This is an improvement over the prior survey.
- Vendor product availability: About two-thirds of vendors indicate their products are already available, nearly double the number from the prior survey, but over one-quarter responded that their products would not be ready until 2015 or responded 'unknown.'
- Health plan impact assessments: Nearly three-quarters of health plans had completed their impact assessment and another one-sixth were nearly complete. This shows continued progress since the October 2013 survey where less than two-thirds had completed their assessment.
- Health plan testing: Over one-half of health plans have already begun external testing compared to less than one-quarter in the prior survey, while over one-quarter do not expect to begin external testing until 2015. Almost three-quarters of health plans had started internal testing compared with less than one-half in the October 2013 survey.



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- Provider impact assessments: About one-half of the providers indicate they have completed their impact assessment - essentially the same number as in the October 2013 survey. About two-fifths responded 'unknown' or that they expect to complete this in 2015. Further analysis shows that the larger providers are mostly complete with this step, while the majority of smaller providers are unsure when they will complete their impact assessments.
- Provider testing: About one-third of providers have begun external testing, while in the October 2013 survey about three-fifths had expected to begin by the middle of 2014. Over one-half responded either that they do not expect to begin external testing until 2015 or responded 'unknown.' Further analysis shows that for the larger providers over one-half had begun external testing, while for smaller providers most did not plan to begin external testing until 2015 or responded 'unknown'.
- External testing approach: About three-fifths of health plans expect to test with a sample of providers while about one-fifth indicated they will test with a majority of providers. A few indicated they would just test with clearinghouses. This is similar to the prior survey. One-half of providers indicate they plan to test with a sample of health plans or only with clearinghouses, while one-quarter plan to test with the majority of their payers. These numbers are similar to the October 2013 survey.

Based on the survey results, vendors and health plans continue to make progress, but some tasks are slipping into 2015, particularly those related to testing. It appears the delay has negatively impacted provider progress, causing two-thirds of provider respondents to slow down efforts or place them on hold. While the delay provides more time for the transition to ICD-10, many organizations are not taking full advantage of this additional time. Unless all industry segments make a dedicated effort to continue to move forward with their implementation efforts, there will be significant disruption on Oct 1, 2015. Other factors that contribute to slow industry progress include competing internal priorities and other regulatory mandates, and in the latest survey readiness of other entities was also identified as an important factor.

It is critical to closely monitor industry progress and early testing results to gauge what might occur on Oct. 1, 2015. We strongly encourage HHS to assist in promoting future ICD-10 readiness surveys, as that should lead to increased response rates and a more comprehensive view of industry readiness. WEDI plans to conduct additional surveys to 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, Ed. D., President and CEO of WEDI, or I would be pleased to answer further questions. You may contact Devin at djopp@wedi.org or (202) 618-8788.

Sincerely,

Jim Daley
Chair, WEDI

cc: Todd Lawson, Office of E-Health Standards and Services
WEDI Board of Directors



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ATTACHMENT

Workgroup for Electronic Data Interchange August 2014 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 August 2014 survey. This survey used an abridged set of questions similar to the last three 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
August 2014	87	103	324

The February 2012 and February 2013 surveys received a higher volume of responses due to enhanced outreach efforts, in particular CMS support for the survey. Although the number of August 2014 responses was much lower, the volume is such that it should provide a fairly reliable indication of industry readiness and progress. For specifics related to prior surveys, please reference WEDI testimonies to NCVHS and WEDI observations on industry progress from prior years. 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 August 2014 survey and compares them to the results from October 2013. The results are described according to type of entity – vendor (including clearinghouses), health plan, and provider. Survey questions align with those from the October 2013 survey except for additional questions related to the impact of the current delay and one question related to provider external testing.

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 but one respondent have started this step. Two-fifths are complete and another third are at least three-quarters complete. This represents good progress from October 2013 where about one-quarter were complete. The number that were less than halfway complete dropped from over one-fifth to less than one-tenth.

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

About two-thirds now have their products available, roughly twice as many as in the October 2013 survey, while about one-fifth indicate products will not be available until 2015 or they responded ‘unknown.’ In the October 2013 survey, only a very few responded ‘unknown’ and the remainder planned to begin testing sometime in 2014.

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

About two-thirds responded that their products were already available, roughly twice that of the previous survey. One-sixth indicated that products would not be ready until 2015 and one-eighth responded ‘unknown.’ A small per cent indicated products would be available later in 2014.

4. ***Will the delay shift the timeline of any of your ICD-10 internal remediation efforts?***

Three-fifths responded they were continuing ahead at full speed, while about one-quarter indicated they would be slowing down efforts. The remainder responded that efforts were on hold, with one respondent indicating they had not yet started. This question was not asked in the prior survey.

5. ***Will the delay shift the timeline of any of your ICD-10 external testing efforts?***

Nearly one-half indicated they were moving ahead as planned. Almost one-third responded they were slowing down external testing and one-sixth responded that they had stopped. This question was not asked in the prior survey.



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6. 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 reason was customer readiness, selected by over half the respondents. Other top obstacles included competing priorities, other vendor readiness and availability of test data and other regulatory mandates. This compares with the October 2013 survey where customer readiness, competing priorities and other regulatory mandates were the most frequently selected with competing priorities being by far the most common response. In the prior survey 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 other respondents with a slightly higher response count for plans covering over a million lives than for those covering under a million lives. The following questions were asked:

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

Nearly three-quarters of health plans had completed this step, up from three-fifths in the October 2013 survey and one-sixth were nearly complete. Only three respondents were less than halfway complete. This shows continued progress, although all should have been complete by this point.

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

Health plans showed continued progress in the completion of their internal business process design and development. Over four-fifths said they were either complete or nearly complete with this step as opposed to slightly less than three-fifths in the prior survey. Only a handful were less than halfway complete, compared with about one-fifth in the October 2013 survey.

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

Almost three-quarters of health plans had started internal testing compared with less than one-half in the October 2013 survey. However, over one-eighth do not expect to begin until 2015, while in the prior survey essentially all planned to start by the end of 2014.

4. Do you intend to conduct external testing?

About one-fifth indicated they planned to test with the majority of providers, while most indicated they would test with a sample of providers and about one-tenth indicated they planned to test only with clearinghouses. This is similar to the responses in the October 2013 survey.

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

Over one-half of health plans have already begun external testing compared to less than one-quarter in the prior survey, while over one-quarter do not expect to begin until 2015. In the prior survey all expected to begin by the end of 2014. This indicates a possible divergence between health plans that are moving forward with test plans and those that may be slowing down efforts.



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6. Will the delay shift the timeline of any of your ICD-10 internal remediation efforts?

One-half of health plans responded that they were proceeding full speed ahead, while two-fifths indicated they were slowing down efforts. Slightly less than one-tenth responded that their efforts were on hold. This question was not asked in the prior survey.

7. Will the delay shift the timeline of any of your ICD-10 external testing efforts?

About two-fifths responded they were moving ahead full speed while one-third responded they were slowing down efforts. One-fifth indicated their external testing efforts were on hold. This question was not asked in the prior survey.

8. 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 continues to be the top obstacle. Provider readiness was also a top concern, followed by vendor readiness, other regulatory mandates and staffing in roughly equal proportions of responses.

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

Three-quarters of health plans answered that direct ICD-10 processing was their primary strategy, up slightly from the October 2013 results. The number that planned to use a combination of direct processing and crosswalking dropped slightly, while about one-tenth of respondents still plan to use crosswalking as a primary strategy.

PROVIDER RESULTS:

Providers included a mix of many different types, with almost one-half being health systems/hospitals and over one-third being physician practices. This represents a slight increase in the ratio of physician practice responses from those in the October 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. Respondents were fairly equally distributed by region with a slightly higher urban versus rural or suburban distribution. The following questions were asked:

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

Just over one-half indicated they had now completed this step, about the same as in the October 2013 survey. About two-fifths responded 'unknown' or that they expect to complete this in 2015. In the October 2013 survey one-sixth responded 'unknown' while the rest expected to complete their assessment in 2014. This lack of progress is cause for concern as it will leave little time for remediation and testing. Further analysis shows that four-fifths of the larger providers had completed assessments, while three-quarters of smaller providers responded 'unknown' or that they expect to complete this in 2015.

2. When do you expect to complete business changes?

The number of providers that responded 'unknown' to when they would complete their impact assessment, business changes and begin external testing has grown from about one-sixth in the prior survey to about one-quarter in the current survey. In addition, nearly one-half do not expect to complete business changes until 2015.



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3. Do you intend to conduct external testing?

About one-fourth expected to test with the majority of payers, while slightly less than one-third expected to test with a sample of payers and one-fifth expected to test only with clearinghouses. About one-sixth responded 'unknown.' This distribution is similar to that in the prior survey.

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

About one-third of providers have begun external testing, but in the October 2013 survey about three-fifths had expected to begin by the middle of 2014. Over one-half responded either that they do not expect to begin external testing until 2015 or responded 'unknown.' Further analysis shows that for the larger providers over one-half had begun external testing, while for smaller providers most did not plan to begin external testing until 2015 or responded 'unknown'. These results may be indicative of those organizations moving ahead with their plans versus those that have slowed down efforts due to the delay.

5. Who have you done your external testing with?

A majority of providers responded to this question and one-quarter indicated they had tested with multiple payers. About two-fifths responded 'unknown' and one-fifth indicated they had tested only with clearinghouses. One-sixth had tested with only one payer. This question was not asked in the prior survey.

6. Will the delay shift the timeline of any of your ICD-10 internal remediation efforts?

One-sixth responded that they would continue to move ahead full speed. Two-thirds were slowing down efforts or placing them on hold. One-sixth responded that they had not yet started internal remediation. This question was not asked in the prior survey.

7. Will the delay shift the timeline of any of your ICD-10 external testing efforts?

About one-eighth responded that they would continue to move ahead full speed. Two-thirds were slowing down efforts or placing them on hold. One-fifth responded that they had not yet started. This question was not asked in the prior survey.

8. 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 choices (staffing, competing priorities, vendor readiness, IT impacts) with these obstacles listed on between two-fifths and three-fifths of each response. Budget concerns grew from one-fifth in the October 2013 survey to one-third in the current survey, while it previously had decreased in significance between February 2013 and October 2013. These responses continue to indicate a myriad of concerns for providers in completing their ICD-10 work and reflect increased budget concerns with the delay.

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

About two-thirds now plan to choose ICD-10 codes directly, up slightly from the October 2013 survey. The number that responded they would only do crosswalking from ICD-9 to ICD-10 grew from one-eighth in October 2013 to one-quarter in the current survey. About one-fifth indicated they would use a combination of approaches. This indicates progress toward native ICD-10 processing for many entities, but a greater reliance on crosswalking for others, especially among smaller providers.



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CONCLUSIONS

Based on the survey results, vendors and health plans continue to make progress, but some tasks are slipping into 2015, especially those related to testing. It appears the delay has negatively impacted provider progress, causing two-thirds to slow down efforts or place them on hold. While the delay provides more time for the transition to ICD-10, many organizations are not taking full advantage of this additional time. Unless all industry segments make a dedicated effort to continue to move forward with their implementation efforts, there will be significant disruption on Oct 1, 2015. Delaying compliance efforts reduces the time available for adequate testing, increasing the chances of unanticipated impacts to production. WEDI offers our support to HHS 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 continue its surveys to gauge industry readiness. WEDI appreciates the opportunity to work with HHS in this regard. WEDI has conducted several ICD-10 forums, the most recent of which was in July 2014 and plans to hold additional events in 2015. WEDI will continue to provide educational opportunities and will produce work products to assist the industry in preparing for ICD-10 implementation. Further information about these efforts is available on the WEDI website at www.wedi.org.