



November 11, 2011

5010 READINESS

33 BUSINESS DAYS UNTIL THE PERFECT STORM

An industry-wide Stakeholder meeting with CMS on November 9, 2011 provided an update on issues, risks, readiness, and potential disruptions in claims and payments as a consequence of the transition from 4010 to 5010.

If your organization and your clients have not prepared for possible *significant* claims and *cash flow disruptions*, now is the time to aggressively prepare for January 1, 2012.

- CMS reiterated the implementation date will *NOT* be delayed;
- Although the numbers vary by organizational surveys, 20 - 50% of entities are not in, or are not ready for 5010 production;
- <8% of plans have tested or moved to production on electronic remits. HBMA believes this represents a critical risk to a successful implementation, inasmuch as payors may default to paper remittance/EOBs and/or simply delay payments;
- The state Medicaid plan readiness is "fluid." As of this date, the states that have notified CMS they will not meet the January 1, 2010 deadline are: California, Colorado, South Dakota, New Mexico, New Hampshire. Many states have implemented HMO-type programs in addition to traditional Medicaid, making it important to establish readiness for EACH PLAN, since many states have multiple Medicaid HMOs;
- There is the potential for significant problems with crossover claims (notably Medicare/Medicaid and Medicare/"Medigap") when each plan is not on the same schedule. CMS has acknowledged that they have no known solution, other than a clearinghouse translating for each payor;
- CMS enforcement will be complaint based, as it is now. HBMA has no information that indicates CMS will increase staffing or other resources in anticipation of 5010-related problems.

Make Sure you are Prepared for Version 5010: Risk Mitigation Strategies: All entities covered by the Health Insurance Portability and Accountability Act (HIPAA) that submit transactions electronically are required to upgrade from Version 4010/4010A to Version 5010 transaction standards by Sunday, January 1, 2012. It is important to remember that the upcoming Version 5010 transition is not only mandatory, but is also an integral step toward a successful ICD-10 transition. [Read more...](http://www.cgsmedicare.com/partb/pubs/news/2011/1111/cope16888.html)
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SGR Update

Congress has made no progress on legislation to avoid the SGR related 27.4% reduction in the Conversion Factor for Medicare physician fee schedule payments that is slated to take effect on January 1, 2012. While most Members of Congress are publicly optimistic that the House and Senate will come together and prevent the SGR cut from taking place, the lack of progress is disappointing.

Waiting until the last minute to "fix" the SGR problem is not new. HBMA has been advised by Members of Congress that 2011 will be no different. It is even possible, we've been told, that an SGR fix might once again be retroactive although that remains the least desirable outcome short of no fix at all.

Billing companies should prepare their physician clients for the possibility that Congress will fail to enact even a temporary SGR fix and a significant cut in physician fee schedule payments could occur on January 1.