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July 30, 2015

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 industry progress and has recently completed analysis of our June 2015 survey. As you are aware, these surveys are critical to assessing industry readiness and to identify stakeholders that may be struggling with compliance. Survey questions paralleled those in prior surveys to facilitate direct comparison. We have attached a full report of the June results.

Highlights from the survey include:
- Participants: Participation in this latest survey included 621 respondents consisting of 453 providers, 72 vendors and 96 health plans.

- Vendor product development: Three-fifths of vendor respondents were fully complete with product development and one fifth were at least three-quarters complete. These numbers represent good progress from the February 2015 survey where slightly over one-third had completed development.

- Vendor product availability: Three-quarters indicated their production-ready software or services were available to customers. This is an increase from less than three-fifths in the February 2015 survey.   One-quarter responded that their products would not be available until the second or third quarter of 2015, but no one responded that their products would not be ready by the compliance date.

- Health plan impact assessments: About two-thirds of health plan respondents had completed their assessment, down slightly from about four-fifths in the February 2015 survey and one-fifth were nearly complete.   This shift downward may be attributable to the much lower number of respondents to this question for the current survey and to different respondents, as

the total number of health plans that responded to this survey was less than the number that responded 'complete' to this question in February.

- Health plan testing: Nearly three-quarters have begun or completed external testing, representing a significant increase from one-half in the February survey. This indicates good progress in external testing.

- Health plan readiness: Two-fifths responded that they were already prepared and nearly three-fifths of the other respondents indicated they would be ready by the compliance date.

- Provider impact assessments: Over three-fifths of hospitals/health systems have completed assessments, while less than one-sixth of physician practices have done their assessment. This lack of progress is cause for concern as it will leave little time for remediation and testing.

- Provider testing: For hospitals / health systems, almost three quarters had started or completed external testing, while slightly over one-fifth of physician practices had started or completed external testing.

- Provider readiness: For hospitals/ health systems seven-eighths responded that they were ready or would be ready by the compliance date. Only one respondent indicated they would not be ready, but one-tenth responded 'unknown'. For physician practices less than one-half responded that they were ready or would be ready, while nearly one-quarter responded that they would not be ready and over one-quarter responded 'unknown'.

- External testing approach: For hospitals / health systems two-thirds expected to test with multiple payers, while for physician practices only one-sixth expected to do so. Two-fifths of physician practices expected to test only with clearinghouses.

Based on the survey results, it appears that much of the industry is approaching readiness, but there is still work to do, especially for physician practices. Uncertainty over further delays was listed as a top obstacle across all industry segments. While the delays provided more time for the ICD-10 transition, it seems that many organizations did not take full advantage of this additional time. It should also be noted that this survey was released prior to the CMS-AMA announcement describing how these two organizations are joining together to provide support for physicians. Physician practices may now be working more quickly toward compliance, since the potential for further delay has been removed.

We assert that if the industry, and in particular physician practices, do not make a dedicated and aggressive effort to complete their implementation activities in the time remaining, there is likely to be disruption to industry claims processing on Oct 1, 2015.

In addition, we believe it is critical to closely monitor industry progress and testing results as we approach the compliance date to gauge what might occur on Oct. 1, 2015 in order to identify industry challenges and prepare for any anticipated issues. We strongly encourage HHS to leverage its communication channels to continue promoting the need for compliance. That expanded outreach will help ensure covered entities understand what is required and are aware of available resources that can assist them. If it would be helpful, we would be pleased to meet directly with you and your staff to discuss these findings and to identify additional opportunities for partnering on stakeholder outreach and the identification of best approaches for achieving industry compliance.

Please contact Devin Jopp, Ed. D., President and CEO of WEDI, with any questions or to discuss the timing of a meeting. You may contact Devin at djopp@wedi.org or (202) 618-8788.

Sincerely,

Jim Daley
Past-chair, WEDI

cc:
Andrew Slavitt, Acting Administrator, Centers for Medicare & Medicaid Services
Shana Olshan, Director, National Standards Group, Centers for Medicare & Medicaid Services
WEDI Board of Directors

ATTACHMENT

Workgroup for Electronic Data Interchange June 2015 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 June 2015 survey. This survey used an abridged set of questions similar to the last several 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 all 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	Total
November 2009	72	102	187	361
January 2010	37	87	41	165
June 2010	23	66	61	150
January 2011	16	72	27	115
August 2011	40	92	163	295
February 2012	231	242	2118	2591
February 2013	87	109	778	974
October 2013	59	98	196	353
August 2014	87	103	324	514
February 2015	173	205	796	1174
June 2015	72	96	453	621

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.

SURVEY RESULTS

This section highlights the results from the current June 2015 survey and compares them to the results from February 2015. The results are described according to type of entity – vendor (including clearinghouses), health plan, and provider. Survey questions align with those from prior surveys, but a new question was added for health pans and providers specifically asking whether their organization would be ready for the cutover.

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, clinical documentation, 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 and nine-tenths were at least halfway complete. Three-fifths are fully complete and over one fifth are at least three-quarters complete. These numbers represent progress from the February 2015 survey where slightly over one-third had completed development.

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

Nine-tenths indicated their products were available or they had started customer testing. This is an increase from the two-thirds that responded that their products were available or in beta testing in the February 2015 survey. Only one-tenth responded they would begin beta testing in the second or third quarter and no one responded that they would not be ready.

3. *When do you plan to have your production-ready ICD-10 services/software available to customers?*
Three quarters indicated their products were available. This is an increase from less than three fifths in the February 2015 survey. One-quarter responded that their products would not be available until the second or third quarter of 2015, but no one responded that their products would not be ready by the compliance date.

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 reasons were customer readiness, competing priorities and other vendor readiness cited on almost half of the responses. Uncertainty around further delays was also a concern cited on over two-fifths of responses. Some commented that their products had been ready for two years.

HEALTH PLAN RESULTS:
Health plans included a mix of Blue Plans, other Commercial Plans, Federal Plans, State Agencies and other respondents with Commercial Plans and State Agencies comprising the largest number of respondents. This survey had a mix of health plan sizes 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?*

About two-thirds of health plan respondents had completed their assessment, down slightly from about four-fifths in the February 2015 survey and one-fifth were nearly complete. This slight shift downward may be attributable to the much lower number of respondents to this question for the current survey and to different respondents, as the total number of health plans that responded to this survey was less than the number that responded 'complete' to this question in February. However, all assessments should have been complete by this point.

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

About seven-eighths of health plan respondents said they were either complete or nearly complete with this step, similar to the February survey. Over one-half indicated they were complete, which is a slight increase from February. Only a very few were less than halfway complete, less than in the prior survey, but these health plans were just getting started.

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

Over four-fifths of health plans had started internal testing, representing only a minor increase from February results. Of those, slightly under two-fifths responded they were complete, representing a small decrease from February results. The number that expected to begin testing in the third quarter increased from a negligible amount in the February survey to one-tenth of respondents in this survey.

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

About one fifth indicated they planned to test with the majority of providers, and just under three-fifths indicated they would test with a sample of providers. This represents a slight shift downward from the February results. Just under one-fifth responded they would test only with clearinghouses, about twice the amount from the February survey. This represents a shift from testing with individual providers to focusing more on testing with clearinghouse submitters.

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

Nearly three-quarters have begun or completed external testing, representing a significant increase from just over one-half in the February survey. Of these, the number that have completed external testing has doubled to over one-eighth. This indicates good progress in external testing. About one-tenth indicated they did not plan to conduct external testing until the third quarter.

6. *Will your organization be ready for the cutover? [This is a new question; therefore prior survey results are not available for comparison]*

Two-fifths responded that they were already prepared and nearly three-fifths of the other respondents indicated they would be ready by the compliance date.

7. *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, uncertainty around further delays and provider readiness continue to be the top obstacles, each appearing on over two-fifths of responses. However, these numbers are down from about three-fifths in the February survey, perhaps indicating that respondents do not feel these obstacles are as significant as before.

8. **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, a slight decrease from the prior survey. About one-sixth planned to use crosswalking as a primary strategy, double that for the prior survey. This may indicate a switch in approaches as the compliance date draws closer.

PROVIDER RESULTS:

Providers included a mix of many different types, but over one-half were from physician practices and nearly two-fifths were for health systems/hospitals. This distribution is the reverse of that in the February 2015 survey and while the overall count of provider responses was much less, the number of responses for physician practices was the same as in February. For this survey there was a significant decrease in responses from other types of providers. Over two-fifths of respondents had ten or less clinical FTE's. The distribution of respondents was approximately evenly balanced by both geographical area and among urban versus rural or suburban location. The following questions were asked:

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

Over three-fifths of hospitals/health systems have completed assessments, while less than one-sixth of physician practices have done their assessment. Over one-third of physician practices responded that they did not plan to do an impact assessment or responded 'unknown'. This lack of progress is cause for concern as it will leave little time for remediation and testing.

2. **When do you expect to complete business changes?**

One-eighth had completed their business changes, about the same as in the February survey. Over two-fifths responded this would not be complete until the third quarter, an increase from one quarter in the February survey. About one-third responded 'unknown' or they would not be ready by the compliance date, similar to the prior survey. However, for hospitals/health systems less than one-eighth responded this way, while over two-fifths of physician practices did so. Nearly three-fifths of hospitals / health systems responded that they would not complete these changes until the third quarter.

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

Responses for this question were very similar to the distribution in the February survey. There was a slight shift upward to three-tenths for those who planned to test only with clearinghouses compared to one-quarter in the prior survey. One fifth expected to test with the majority of payers while slightly over one-quarter expected to test with a sample of payers. Only a small percent did not plan to conduct any external testing, while one-sixth were unsure if they would.

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

For hospitals / health systems almost three quarters had started or completed external testing, while for physician practices slightly over one-fifth had started or completed this testing.

5. **Who do you plan/have you done your external testing with?**

Responses to this question were similar to the distribution of responses in February. There was a slight shift upward for those who expected to test with multiple payers and those who expected to test only with

clearinghouses with each of these responses comprising slightly over one-third of respondents. One quarter responded 'unknown' to this question. Very few expected to test with only one payer. For hospitals / health systems two-thirds expected to test with multiple payers, while for physician practices only one-sixth expected to do so. Two-fifths of physician practices expected to test only with clearinghouses.

6. *Have you done Medicare Testing?*

One-third responded that they had tested with Medicare, an increase from one-quarter in the prior survey. Three-fifths of hospitals / health systems responded that they had tested, while less than one-sixth of physician practices responded that they had tested with Medicare. One-quarter of providers responded that they planned to test with Medicare, similar to the prior survey. Slightly over one-quarter did not plan to test with Medicare, a slight increase from one fifth in the February survey. Of these, two-fifths of physician practices did not plan to test, while only one tenth of hospitals / health systems did not plan to test with Medicare.

7. *Will your organization be ready for the cutover? [This is a new question; therefore prior survey results are not available for comparison]*

For hospitals/ health systems seven-eighths responded that they were ready or would be ready by the compliance date. Only one respondent indicated they would not be ready, but one-tenth responded 'unknown'. For physician practices less than one-half responded that they were ready or would be ready, while nearly one-quarter responded that they would not be ready and over one-quarter responded 'unknown'.

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

Over two-fifths of respondents cited staffing and competing priorities as obstacles, similar to the February survey. However, the number that responded that uncertainty over further delays was a key obstacle decreased from over one-half in the February survey to about one-third in the current survey. A variety of other obstacles were cited in similar distributions to those in the February survey such as IT and budget impacts and vendor readiness. Hospitals/ health systems expressed more concern over vendor readiness that did physician practices.

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

Slightly over one-half plan to choose ICD-10 codes directly, the same as in the February survey. The number that responded they would do crosswalking from ICD-9 to ICD-10 increased slightly from one-fifth in February to one-quarter in the current survey.   About one-fifth indicated they would use a combination of approaches, a slight decrease from one-quarter in February.   For hospitals / health systems over four-fifths expected to code directly in ICD-10, while for physician practices slightly over one-third expected to do so.

CONCLUSIONS

Overall, the results indicate there is still some remaining work to complete, especially among physicians. Although much progress has been made since February, there are still organizations that are not fully ready for the cutover. However, except for physicians nearly all respondents expected to be ready by October 1. This survey drew a much smaller response rate from the February 2015 survey, which might have impacted the results.

The number of health plans and health systems/hospitals that have started or completed external testing is very encouraging, as is the number of vendors with production-ready products available to customers. This indicates that remediation efforts are essentially completed for much of the industry and final testing is well underway. The anticipation of further delay may have impacted physician readiness. Uncertainty over further delays was listed as a top obstacle across all industry segments. While the delay provided more time for the transition to ICD-10, many organizations did not take full advantage of this additional time and as indicated in prior surveys, many organizations stopped or slowed down compliance efforts when a delay was announced. All industry segments must make a dedicated effort to continue to move forward to complete their implementation efforts, to avoid disruption on Oct 1, 2015, as 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, smaller providers in moving forward.

WEDI will continue its efforts to move the industry forward and plans to continue to monitor industry readiness. WEDI appreciates the opportunity to work with HHS in this regard. WEDI has conducted several ICD-10 forums, the most recent was held July 26 – 28. 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.

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of Information in Healthcare

July 30, 2015

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

RE: Recommendations to Enhance the Transition to ICD-10

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.

Following the recent ICD-10 Survey results submitted to HHS, the WEDI Board of Directors offers the following recommendations to help ensure a smoother industry transition to ICD-10:

Recommendations:

- Currently, there is no publicly available information regarding the readiness level of each Medicaid agency. WEDI recommends that HHS expeditiously publish a consolidated public source of information containing the existing state of Medicaid readiness to assist providers and clearinghouses during the claim submission process. At a minimum, this could be a collection of website links to each agencies' readiness level.

- The recently-announced Ombudsman position should be appointed as soon as possible and strongly urges CMS to not wait until the compliance deadline to complete this appointment. Further, we urge the Ombudsman to meet with WEDI officials and we offer to host a virtual industry session to permit this official to listen to industry issues and ask and address questions.

- The go-live ICD-10 support plan should include leveraging WEDI's and CMS' implementation support program, which already serves as the central source for collecting ICD-10 industry issues and solutions.

- Additional educational outreach should be offered to help providers better prepare for implementation of the new code set. Issues to focus on in this outreach should include provider compliance with most recent local coverage determination codes, joint announcement with the American Medical Association, CMS testing results, and available resources.

WEDI stands ready to assist the Secretary in implementing outreach strategies to assist the industry transition to ICD-10. We urge the Secretary to leverage WEDI's vast connections into the healthcare industry to help build a dialogue between CMS and industry action to ensure alignment of implementation efforts and go-live support. WEDI would like to request a meeting with the Secretary in order to identify key strategies that we can do together to help facilitate industry readiness.

Please contact Devin Jopp, Ed. D., President and CEO of WEDI, with any questions or to discuss the timing of a meeting. You may contact Devin at djopp@wedi.org or (202) 618-8788.

Sincerely,

Jean Narcisi
Chair, WEDI

cc:
Andrew Slavitt, Acting Administrator, Centers for Medicare & Medicaid Services
Shana Olshan, Director, National Standards Group, Centers for Medicare & Medicaid
ServicesWEDI Board of Directors