

## **HIPAA 5010 Electronic Transaction Standards and ICD-10 Code Sets**

The January 1, 2012, compliance deadline for implementing the HIPAA 5010 electronic transaction standards is fast approaching. This implementation involves converting electronic claims submission from 4010 transactions to the updated 5010 version. This conversion is affecting the entire health care industry, from physicians' offices and hospitals to claims administrators, and will have an impact on most aspects of your business. Implementation of HIPAA 5010 also sets the stage for expansion of ICD-9 diagnosis codes to ICD-10 codes, which has an October 1, 2013, compliance deadline.

### **What is 5010?**

The purpose of 5010 is to facilitate the country's ongoing goal of transitioning to an electronic health care environment by updating the current standards for electronic health care and pharmacy transactions. The updated 5010 versions replace the current versions of the standards and will promote greater use of electronic transactions. This change has been driven by the United States Department of Health and Human Services (HHS). HIPAA is requiring the Secretary of HHS to adopt standards that covered entities are required to use in electronically conducting certain health care administrative transactions. This includes transactions such as claims, remittance, eligibility, and claims status requests and responses. Covered entities are outlined below.

The current transaction standard is X12 version 4010A for claims, remittance advice, eligibility, referrals and claims status and NCPDP version 3.0 for pharmacy claims. The Centers for Medicare & Medicaid Services (CMS) is proposing that the entire industry upgrade to X12 version 5010 and NCPDP version D.O. The changes include structural, front matter, data content and technical improvements and will enhance the usability and usefulness of standards. This also will reduce ambiguities in the use of data that is collected and transmitted.

Covered entities include:

- Health plans
- Health care clearinghouses
- Certain health care providers – Physician Practices; Hospitals; Alternate Site Providers (Rehab, Inpatient and Outpatient Facilities)

### **What transaction codes does 5010 address and what electronic transactions are impacted?**

- 837 Health Care Claim – claims (professional, institutional and dental)
- 835 Health Care Claim Payment/Remittance Advice – payment to providers
- 270/271 Eligibility for a Health Plan Inquiry and Response – eligibility requests and responses
- 276/277 Health Care Claims Status Request and Notification – claims status requests
- 278 Referral Certification and Authorization – referral requests and responses
- 834 Benefit Enrollment and Disenrollment – enrollment and disenrollment in a health plan
- 820 Health Plan Premium Payments – premium payments

## What is the implementation timeline for 5010 and ICD-10?

Level I compliance:	December 31, 2010
<i>Level I compliance means "that a covered entity can demonstrably create and receive compliant transactions, resulting from the compliance of all design/build activities and internal testing."</i>	
Level II compliance:	December 31, 2011
<i>Level II compliance means "that a covered entity has completed end-to-end testing with each of its trading partners, and is able to operate in production mode with the new versions of the standards."</i>	
All covered entities compliant:	January 1, 2012
ICD-10 implemented into the HIPAA mandated code set:	October 1, 2013

Providers should be testing and running dual processes with their software vendors and clearinghouses during 2011. Testing should occur as early as possible, to allow sufficient time for corrective actions and re-testing.

## How do you prepare for 5010?

1. Develop an understanding of how you will be impacted by the change. This can be accomplished by performing an overall analysis of your software systems, and then developing a project plan for updating those systems and, as necessary, adjusting for changes in workflow. You will want to identify your internal and external partners with whom to plan, communicate, and test. Vendors and clearinghouses already should be in the planning process, but you should check with yours to be certain. Review the project plan and determine the technical and business changes that will impact your organization for 5010. Track the project status and be sure to implement a schedule for testing.
2. You should communicate with your IS vendors about their plans to upgrade, and ensure they will be capable of supporting the 5010 transactions.
3. It also will be mandatory to evaluate your business partners (clearinghouses) to make sure they have plans to upgrade by the deadline.

**You will need to take the necessary measures outlined above to make sure you are ready for 5010 transactions. MedCost will not make you compliant.**

## What are MedCost's plans for implementation of HIPAA 5010?

We are currently testing with our vendors and will be fully compliant by the **January 1, 2012**, deadline. You are responsible for testing with your vendors. Transactions submitted to MedCost after the deadline that are not in the 5010 format **will not** be accepted by MedCost. MedCost will not begin accepting ICD-10 code sets until that implementation date of **October 1, 2013**. (Claims with ICD-10 codes must be for services rendered on or after the October 1, 2013 date.)

## What happens if an organization does not adopt the standard?

After the deadline, Medicare, Medicaid and other health plans will not accept electronic transactions that are not in 5010 format.

## Additional Resources

- <http://www.cms.hhs.gov/TransactionCodeSetsStands>
- [http://www.cms.hhs.gov/Versions5010andD0/40\\_Educational\\_Resources.asp#TopOfPage](http://www.cms.hhs.gov/Versions5010andD0/40_Educational_Resources.asp#TopOfPage)