As the healthcare industry transitions to electronic transactions and gains increasing complexity, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) that protects certain health information is receiving a needed update. The current versions of the standards, known as the Accredited Standards Committee X12 Version 4010/4010AI, lack certain functionality required coding and transactional updates. To rectify any inefficiencies and allow for the new ICD-10 coding expansion, HHS approved ASC X12 Version 5010. Although the final HIPAA rule introducing the changes was published on January 16, 2009, enforcement has been delayed as providers struggle to comply with new regulations and systems.

Version 5010 can be described as a software upgrade, a set of standard operating rules, and a framework for supporting the new ICD-10 coding system. The main improvements in Version 5010 include technical, structural, and data content requirements; transactional business standardization; data transmission specifications, and, delineation of various patient codes. Specifically, HIPAA Version 5010 adds the following: clearer implementation guides; better transaction usability through standardized business information; identification of principal diagnosis, admitting diagnosis, external cause of injury, and patient reason for visit codes; monitoring mortality rates, treatment option outcomes, and length of stay; monitoring “present on admission” indicators; Medicare Part D compliance; current and future e-health support; and, ICD-10 accommodations.

Most importantly, Version 5010 is essential to accurately manage new ICD-10 codes, which become mandatory on October 1, 2013. The Program makes the following infrastructure changes in preparation for the ICD-10 transition: increases the field size for ICD codes from five to seven bytes; adds a one-digit version indicator to the ICD code to indicate Version 9 versus Version 10 codes; increases the number of diagnosis codes allowed on a claim; and, includes additional data modification in the standards adopted by Medicare fee-for-service reimbursement. For more information on the ICD-10 conversion see Health Capital Topics Volume 4, Issue 12: The Expense of the ICD-10 Conversion. The final rule also includes changes to claims processing, remittance advice, claim status inquiry/response, and eligibility inquiry/response, which may be of most concern to struggling providers.

The Healthcare Information and Management Systems Society (HIMSS) recommended eight steps to providers to ease the HIPAA 5010 transition: (1) educate yourself on the differences between 4010 and 5010; (2) analyze various changes that will occur with business processes; (3) communicate with the vendor on requirements and timetables; (4) communicate with trading partners on timetables and how testing will be conducted; (5) upgrade and test vendor software internally to ensure it continues to work; (6) update customizations and edits controlled internally; (7) use validation services to ensure transactions are compliant; and, (8) test with trading partners to ensure a gradual transition to full production. The American Medical Association has released similar strategic adaption practices to confused providers.

The transition to HIPAA Version 5010 will affect many healthcare industry stakeholders, including providers, health plans, healthcare clearinghouses, and business associates that participate in electronic transactions, such as billing/service agents and vendors. 4.5 percent of practices will have to replace their practice management systems completely to manage Version 5010 and 50.3 percent of practices will need to install upgrades. Despite the fact that 34.5 percent of private physician practices do not currently have practice management vendors that can upgrade their current system, 42.5 percent of practices have not started implementation of Version 5010. One barrier to implementation is the cost of new HIPAA Version 5010 software, hardware and staff training, which may total approximately $16,575 per practice. Based on these survey results, MGMA petitioned Health and Human Services (HHS) to develop a contingency plan for incomplete claims.
other organizations suggesting that many covered entities would be unable to comply with the new transaction standards by the January 1 deadline.\textsuperscript{15}

Despite delays in enforcement, the OESS encouraged all affected entities to work towards meeting the original January 1, 2012 compliance date, as CMS began accepting claims under the new standards on the original deadline. In addition, during the 90-day enforcement delay, CMS will accept complaints against covered entities associated with compliance with transaction standards. Those providers with complaints filed against them, may be requested, at OESS discretion, to produce evidence of either compliance or a good faith effort to become compliant with the new HIPAA standards.\textsuperscript{16}

\begin{itemize}
\item \textsuperscript{4} “Is Your Practice Ready for Version 5010” October 2011.
\end{itemize}
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