



Countdown to Compliance For HIPAA

*Results of the Fall 2002
Industry HIPAA Survey
conducted by
HIMSS and Phoenix Health Systems*



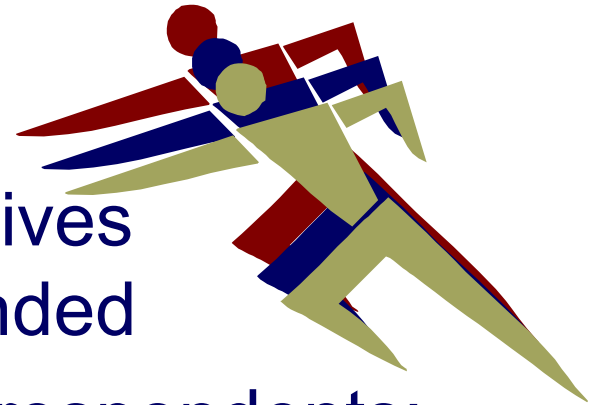
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11th! Healthcare Industry Quarterly HIPAA Survey

- Conducted in collaboration by **Phoenix Health Systems** and **HIMSS**
- Participants completed online survey during early October 2002, at website HIPAAdvisory.com

Who Participated?



- 965 industry representatives across the nation responded
- Providers - 68% of total respondents:
 - Hospitals represented 49% of providers
 - Remainder were physician practices and other providers
- 32% of respondents were payers and vendors, and a few clearinghouses

The BIG Question: Have you completed your remediation efforts for privacy and transactions /code sets?

- **NO! – is the basic answer**
 - 95% of survey participants from **provider and payer** industries reported they had not yet completed remediation efforts
 - **Vendors** are further along: 38% indicate completion of Transactions remediation; 19% report completion of Privacy remediation
 - **Clearinghouses** indicating remediation complete- (Transactions - 13%); (Privacy - 6%)

Progress Slow in General:

- Less than 50% of survey **Participants** have completed their gap assessments
 - 30% of respondents expect to complete assessments in next 3 months
 - Progress much slower than had been anticipated
- **Payers and Clearinghouses** have made most progress – 60% indicate completion
- **Providers** – only 45% report completion of assessments
- **Hospitals:**
 - 59% completion for those with 100+ beds
 - 34% completion for those with < 100 beds

The BIG Hurdles

- **Participants** who *had* completed TCS and Privacy remediation cited:
 - “Understanding/interpreting legal requirements” as most difficult aspect of remediation process
 - “Resolving issues with third parties” as difficult
- **Providers** noted:
 - “interpretation of regulations” and “not enough time” as biggest problems
 - “ budget constraints” ranked next
 - also, increasingly indicating concern about state pre-emption and frustration about lack of best practices to use

Impact of Modifications on Final Rule for Privacy

- 57% of both total respondents and provider respondents indicated modifications would have no impact on their progress toward compliance
- 38% said progress would now be slow
- Only a handful report they will now miss the deadline

Progress in Security

- Respondents indicate security remediation efforts progressing slowly
- Majority of organizations in gap/risk analysis phase
- Most do not expect completion of remediation for security for a year or more
- Question is whether organizations are creating problem for themselves in delaying security implementation
- Vendors making the most progress – 45% indicated security implementation efforts are underway

Current Compliance Activities

- **Transactions/Code Sets** – most are now beyond assessment: 57% of respondents doing project planning and 52% currently in implementation phase
- **Privacy** initiatives getting increased attention, moving past assessment to focus on project planning (66%) and implementation (64%)
- **Security** – 60% respondents still engaged in assessment but activity increasing in project planning (52%) and implementation (33%)
- **HOWEVER**, is there a *danger* - in light of progress to date and what remains to be done - that organizations may *not be ready* next April for Privacy and mandated Transactions testing ?

Industry Collaboration

- Among payers, trend noted shifting from working alone to coordinating more directly with providers
- Providers appear more satisfied with vendor communications related to HIPAA – nearly 60% report their vendors are “moderately or very forthcoming”
- More payers focusing on remediation of existing software (57%) than development of new applications (35%) – some doing both
- 32% of respondents planning to use clearinghouse option for front-end remediation (increase from last survey - 27%)

Trading Partner Readiness

- Providers skeptical that their trading partners will be ready to transmit HIPAA transactions by compliance deadlines:
 - 74% providers predicted their clearinghouses would be ready
 - 80% felt payers would not be able to meet Transactions deadlines
 - 60% had similar concerns about vendors' readiness

Transactions Compliance Testing

- 25% of respondents plan to use third party transactions testing
- Few plan to perform their own transactions testing
- Over 40% of participants don't know or haven't planned their testing strategies – why not?

Consultant Support

- Only 43% of participants reported currently using outside consultants, (down from about 50% in last survey):
 - 53% of larger hospitals
 - 60% of payers

HIPAA Budgets

- Overall across industry, budgets are higher in 2003 than in 2002
- This is contrary to previous expectations for reduced budgets in 2003
- May reflect delayed progress and/or greater awareness of needs

The BIG Payoff

- Over half of **Participants** reported having strategic goals for realizing benefits from HIPAA
- “Hoped for” benefits include:
 - benefit from preventing future privacy/security breaches
 - benefit from increasing patient confidence through better privacy/security
 - save time/effort/money through TCI
 - save time/effort/money through security and/or privacy measures

Complete Survey Results

- Composite summary of the survey results are available at this session
- Survey information will be published at www.HIPAAadvisory.com, -- compare results with previous surveys!
- Watch for special *HIPAAAlert* issue on the survey coming out next week

Questions About Survey

- For further information about the Quarterly Industry HIPAA Surveys, contact:

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