Countdown to Compliance

For HIPAA

Results of the Winter 2003 Industry HIPAA Survey conducted by HIMSS and Phoenix Health Systems

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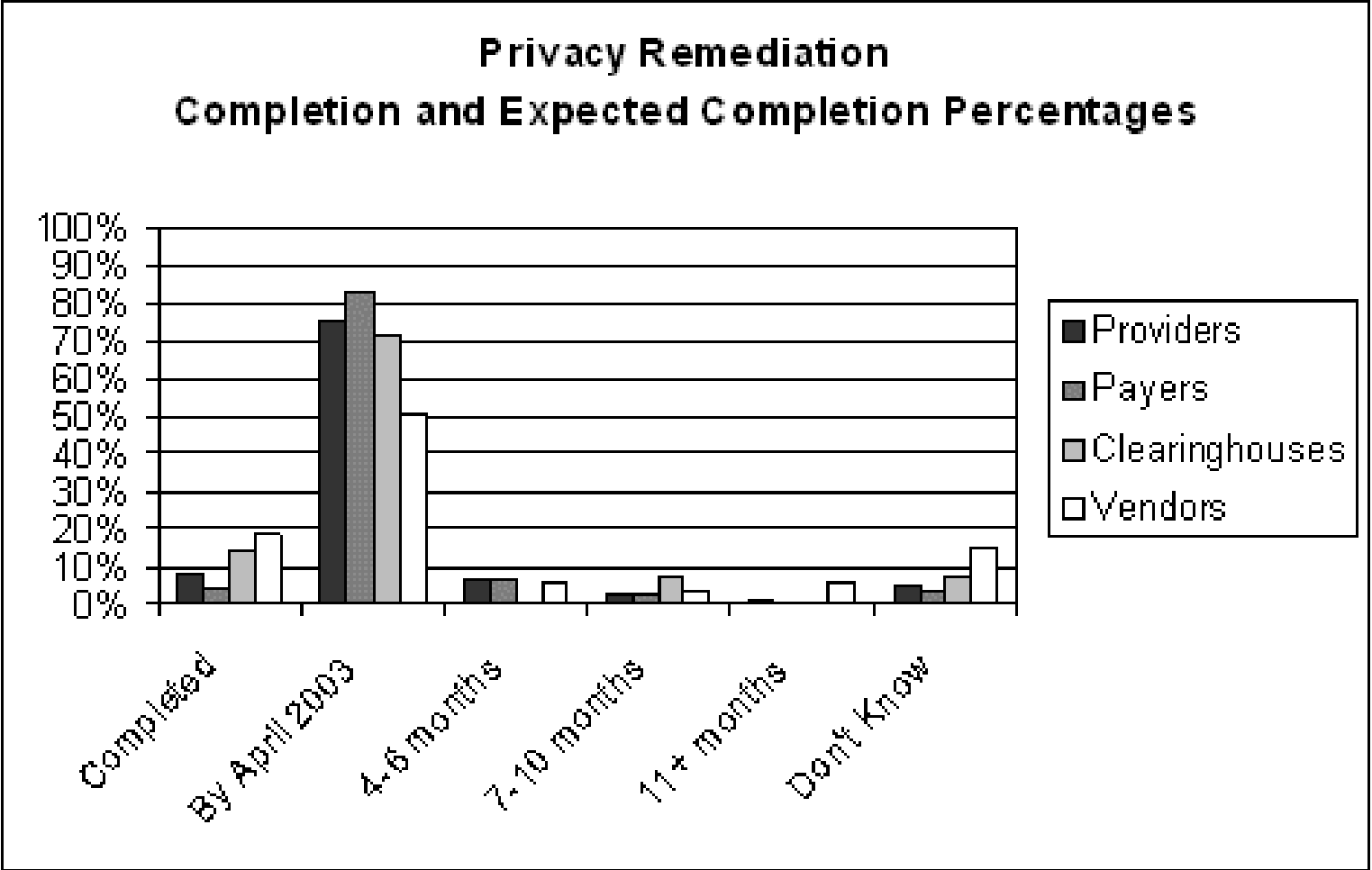
12th! Healthcare Industry Quarterly HIPAA Survey

- Conducted in collaboration by Phoenix Health Systems and HIMSS

- Participants completed online survey during early January 2003, at website *HIPAAdvisory.com*

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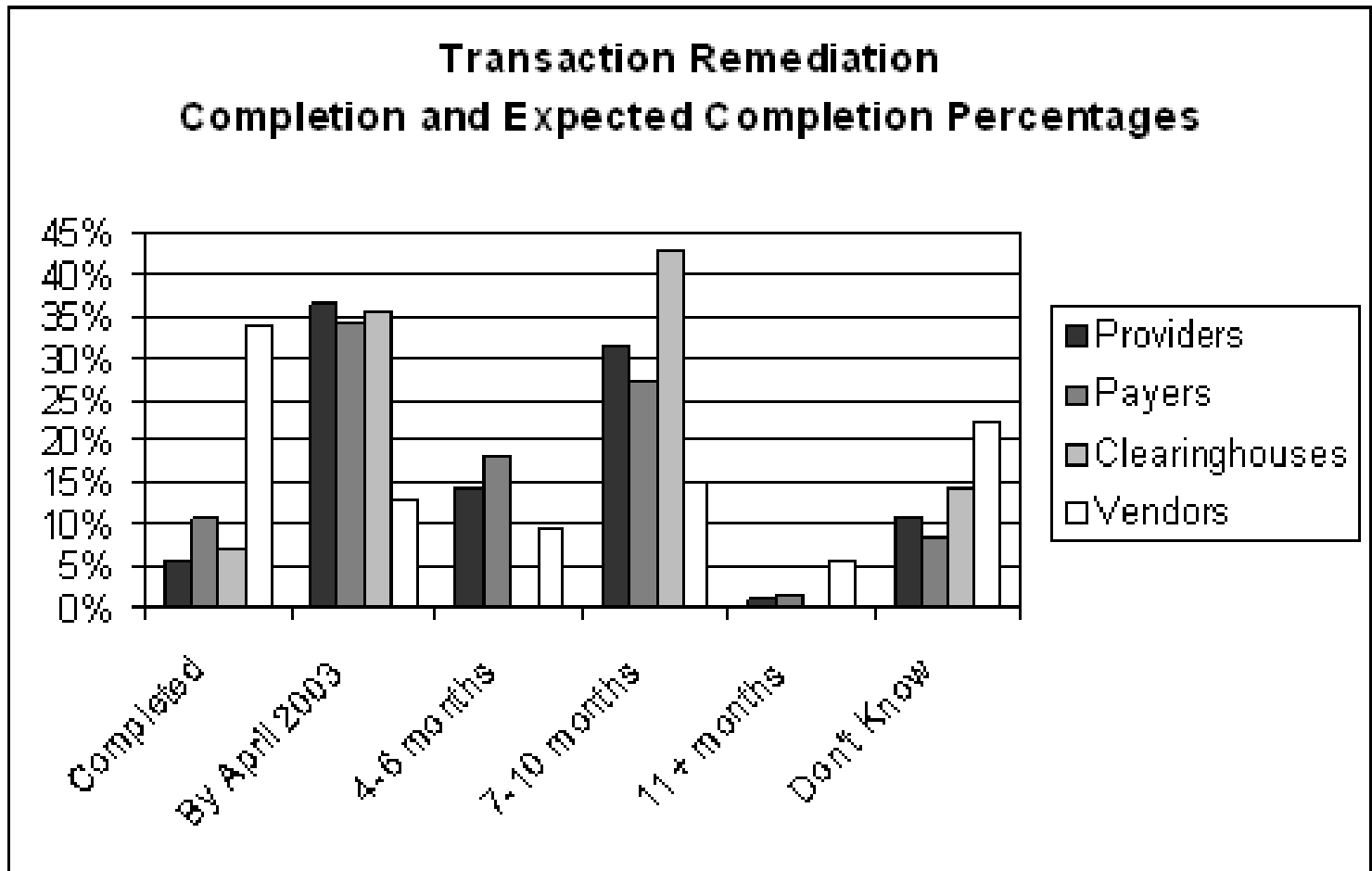
Who Participated?

- 666 industry representatives across the nation responded

- Providers - 70% of total respondents:
  - Hospitals represented 46% of providers
  - Remainder were physician practices and other providers

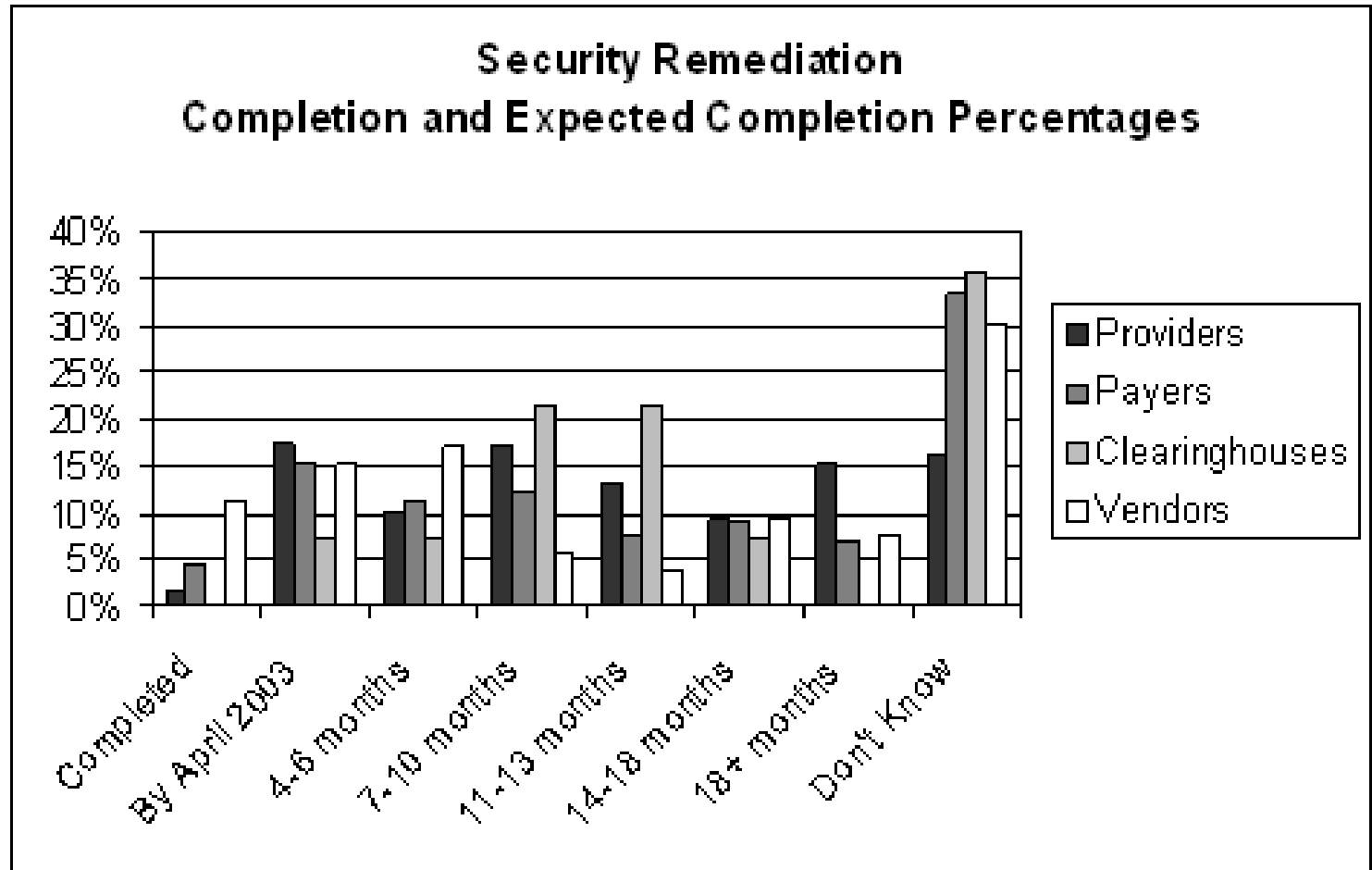- 30% of respondents were payers and vendors, and a few clearinghouses

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Privacy Progress

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Transactions & Code Sets Progress

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Security Progress

Security Remediation
Completion and Expected Completion Percentages

Legend:
- Providers
- Payers
- Clearinghouses
- Vendors

Categories: Completed, By April 2003, 4-6 months, 7-10 months, 11-13 months, 14-18 months, 18+ months, Don't Know

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Gap Analysis – First Milestone

Gap Analysis
Completion and Expected Completion Percentages

Legend:
- Providers
- Payers
- Clearinghouses
- Vendors

X-axis categories: Completed, By April 2003, 4-6 months, 7-10 months, 11+ months, Don't Know

Y-axis: 0% to 80%

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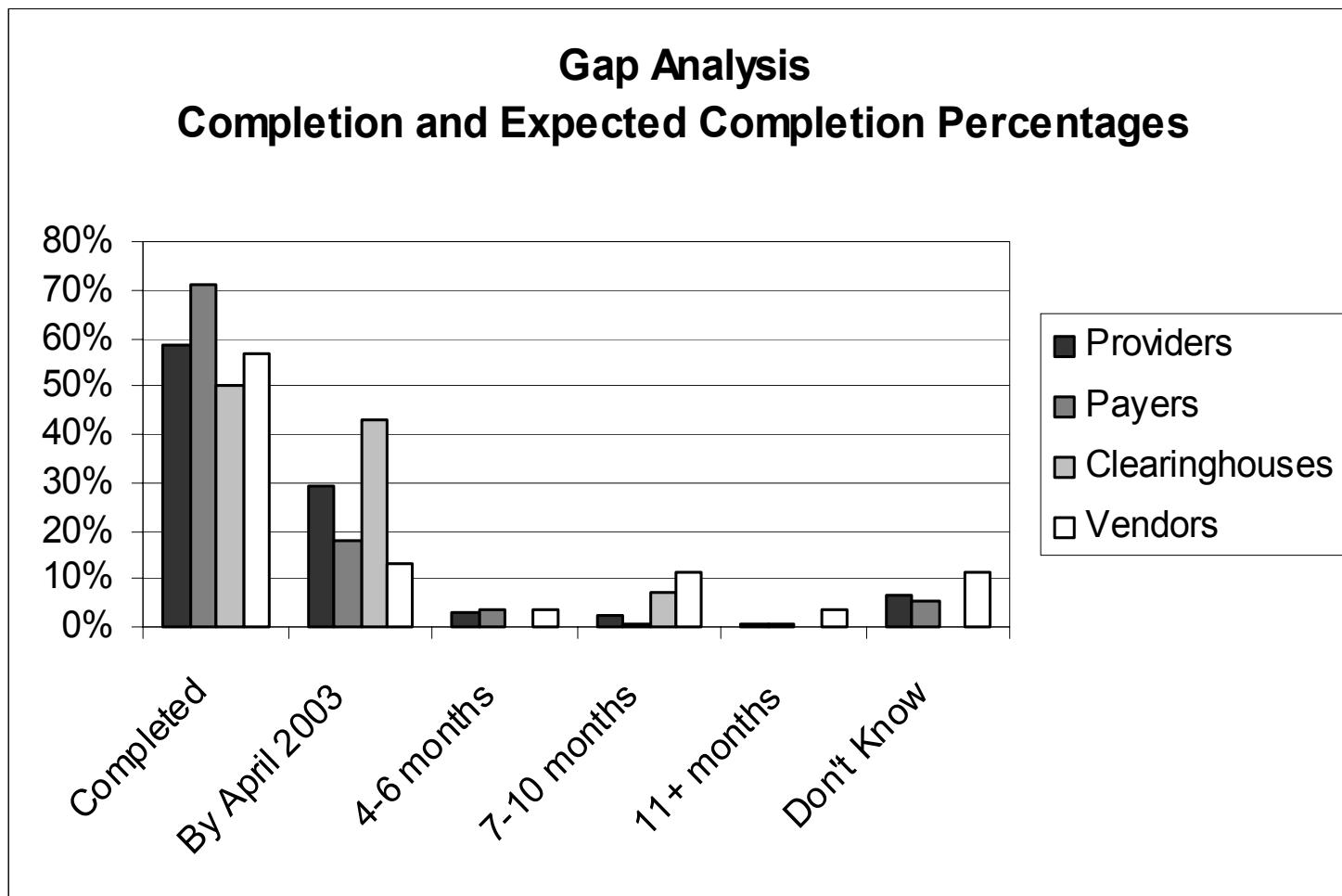
HIPAA Hurdles

- **Participants** who *had* completed TCS and Privacy remediation cited:
  - "Understanding/interpreting legal requirements" as most difficult aspect of remediation process
  - "Achieving successful integration of policies and procedures" - second greatest concern

- **Providers** ranked concerns:
  - "interpretation of regulations" and "not enough time" as biggest problems
  - " potential changes in regulations" ranked next as concern
  - need for more specific guidance from HHS about regulations

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Impact of Pending Security Rule

- Note: final regulations for security not published at time of survey:
  - Asked how its publication would affect compliance efforts
  - One-third reported they anticipated no impact- already compliant or begun compliance work

- 59% of respondents indicated focus on security compliance would increase after final security regulations published

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Tackling Transactions

- 90% reported they had applied for TCS compliance deadline extension

- Only 3% respondents said they were compliant for TCS by original compliance deadline of Oct 2002

- 37% of all respondents and 42% of providers unaware of or had not yet planned for TCS testing

- 28% respondents plan to use 3rd party certification of transactions capabilities

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Current Compliance Activities

- **Transactions/Code Sets** – most are now beyond assessment: 50% of respondents doing project planning and 60% currently in implementation phase

- **Privacy** initiatives reported as main compliance focus with 78% engaged in implementation and 67% involved in Privacy training

- **Security** – More than 50% respondents still engaged in assessment but activity increasing in project planning (47%) and implementation (32%)

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The BIG Payoff

- Over half of participants (57%) reported having strategic goals for realizing benefits from HIPAA

- "Hoped for" benefits include:
  - benefit from preventing future privacy/security breaches (41%)
  - benefit from increasing patient confidence through better privacy/security (39%)
  - save time/effort/money through TCS (35%)
  - save time/effort/money through security and/or privacy measures (18%)

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Industry Collaboration:
Communication about compliance plans

- Respondents indicating they communicate "all" or "much" of their compliance plans to clients"
  - Payers: two thirds of respondents
  - Vendors: over 60% of respondents
  - Clearinghouses: majority of respondents
- Providers' perceptions differ about third-party HIPAA compliance communication:
  - 61% responded Payers only "somewhat" or "not at all" communicative
  - 54% responded Vendors are "moderately" or "very" communicative
  - 57% responded Clearinghouses are "moderately" or "very" communicative

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Trading Partner Readiness

- Providers skeptical that their trading partners will be ready to transmit HIPAA transactions by compliance deadlines:

  - 62% felt Payers would *not* be able to meet Transactions deadlines

  - 71% predicted their Clearinghouses would be ready

  - 62% believed Vendors would be ready

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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?

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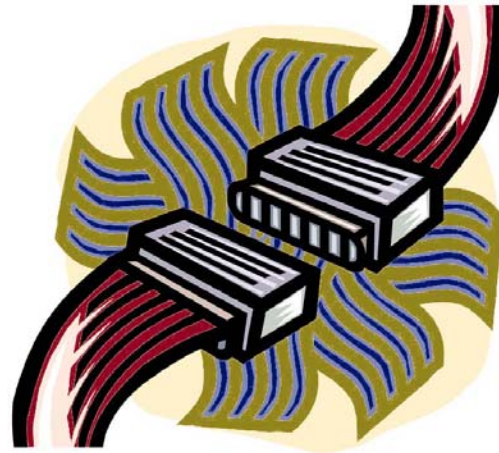
Consultant Support

- 42% of participants reported currently using outside consultants:
  - 60% reported consulting used for awareness, assessment, and project planning
  - 18% indicated using consultants for implementation efforts
  - 19% stated consulting support is focused on training and other HIPAA related objectives

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HIPAA Budget Highlights

- 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

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Summary

- Main focus is on Privacy and Transactions compliance, with Security compliance a secondary priority

- A total of 59% of Providers, 71% of Payers, 50% of Clearinghouses and 57% of Vendors had completed their gap analyses

- 90% of all respondents reported they have applied for the Transactions deadline extension to October 2003

- BUT, only 37% expect to be ready for testing transactions in April 2003

- HIPAA budgets are generally higher for 2003 than for 2002

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Complete Survey Results

- Composite summary of the survey results are available at this session

- Survey information is be published at ***www.HIPAAdvisory.com,*** -- compare results with previous surveys!

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Questions About Survey

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

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