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 HIPAAAdvisory.com
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
Privacy Progress

• Only 9% of Providers and 5% of Payers have actually completed Privacy remediation.
• 75% of all Providers and 83% expect to be compliant for Privacy by HHS’ April 2003 deadline.
• For vendors, 20% have completed remediation and another 51% expect to be compliant by deadline.
Transactions & Code Sets Progress

Transaction Remediation Completion and Expected Completion Percentages

- 6% of Providers and 11% of Payers have completed TCS remediation efforts.
- 37% of Providers expect to be ready for testing in April;
- 42% of Providers have not decided on their testing strategies.
- 90% of all respondents have applied for Transactions deadline extension.
Security Progress

- Security remediation efforts are progressing slowly – focus is currently on TCS and Privacy
- About 60% of participants reportedly are still conducting Security gap/risk analyses
- 30% did not know at time of survey when they will complete remediation efforts
Gap Analysis – First Milestone

Progress on gap analyses has improved considerably since previous survey (completed in Fall 2002). Respondents completing gap assessment:

- 59% Providers
- 71% Payers
- 50% Clearinghouses
- 57% Vendors

Those not finished with gap assessment plan to complete by April 2003.
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
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
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
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%)
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%)
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
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
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

• 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
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
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
Complete Survey Results

- Composite summary of the survey results are available at this session.
- Survey information is be published at www.HIPAAAdvisory.com, -- compare results with previous surveys!
Questions About Survey

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

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