

Preventing Cash Flow Interruptions during Transition to 5010

This is the eighth fact sheet in a series and is focused on preventing cash flow interruptions during the transition to the Version 005010 (5010) HIPAA administrative transactions. Collectively, the fact sheets will provide information, suggestions, guidance, and checklists to assist you with understanding what you need to do to be HIPAA compliant.

The Centers for Medicare & Medicaid Services (CMS), which oversees compliance with the HIPAA transactions and code sets, has made it very clear that there will be **no** delay with the 5010 compliance deadline. Physician practices that are not prepared to send and receive the 5010 administrative transactions as of January 1, 2012 risk having their claims rejected and not being paid.

Even if you are prepared for the 5010 transactions, there may still be unanticipated problems with the transmission of the transactions that could result in delays with claims being received by payers and/or remittance advices and payments being received by practices.

The most recent HIPAA implementation occurred in 2008 with the conversion to the use of the National Provider Identifier (NPI). Unexpected issues arose with Medicare's enrollment process that impacted their claims processing and payments. Many physicians struggled financially for months until the problems were resolved and they began to receive payments again. For this reason, it is important for practices to be prepared for unexpected cash flow interruptions.

Steps You Can Take to Prevent Cash Flow Interruptions

The most important steps you can take to prevent cash flow interruptions are to implement and test the 5010 transactions with your trading partners (e.g., payers, clearinghouse, billing service) prior to the January 1, 2012 compliance deadline. Having the 5010 transactions in place and having tested (see Fact Sheet #5 about testing) with your trading partners is the best approach you can take to make certain that your transactions will continue to be sent and received.

The following are additional steps you can take to support your practice's cash flow during the initial weeks after the compliance deadline.

- Talk to your Medicare Administrative Contractor (MAC) about their advance payment policy. Ask about the format for a request, where to send a request, timeframes for money distribution, etc.
- Talk to your commercial payers to see if they have any advance payment policies.
- Establish a line of credit with a financial institution.
- Limit spending in the months prior to the compliance deadline to build up the practice's cash reserves.

Summary

Despite the health care industry's best efforts to be prepared for the 5010 compliance deadline, there remain risks that there will be unexpected complications that will cause cash flow interruptions. Practices need to be prepared in advance of the deadline to prevent financial hardships.

**Visit the AMA's website for more resources for implementing the
HIPAA 5010 transactions.**

www.ama-assn.org/go/5010