AMERICAN MEDICAL ASSOCIATION

Preparing for the Next Version of
HIPAA Standards:
January 1, 2012 Compliance Date

Fact Sheet 5

Get the Facts to be Compliant

Testing Your Readiness for the 5010 Transactions

This is the fifth fact sheet in a series and is focused on testing the implementation of the Version 005010 (5010) HIPAA electronic transaction standards. 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.

On January 1, 2012, the health care industry will be required to conduct the current HIPAA transactions using the upgraded 5010 version. This means that the necessary programming upgrades must be installed and functioning in your practice management/billing system on this date in order for you to be able to send and receive the 5010 transactions. Additionally, if you use a billing service or clearinghouse, they must have the necessary upgrades as well.

A necessary step in your implementation of the 5010 transactions is to test the transactions. Each HIPAA covered entity (i.e., provider, payer, and clearinghouse) is responsible for its own compliance with the HIPAA transaction requirements. Testing the transactions prior to the compliance date is a critical step that you can take to ensure that you can:

- Send 5010 compliant transactions to your payer either directly or through a clearinghouse,
- Receive 5010 compliant transactions in your system, and
- Ensure payments and cash flow will not be interrupted after January 1, 2012.

<u>What Types of Testing Do I Need to Do?</u>

Overall, there are two types of testing; internal and external. During both phases of testing, you will want to work closely with your vendor to address any systems issues you identify.

Internal / Level 1 Testing: Internal testing is done within an organization to determine if the programming or software changes for the 5010 transactions have been installed correctly and are functioning properly. You will want to talk to your vendor about whether or not they will assist you with internal testing. Completing internal testing will allow you to identify and resolve any internal systems issues that may occur with creating or receiving the 5010 transaction.

The regulation naming the updated HIPAA transactions calls internal testing “Level 1 testing.” The expectation is that Level 1 testing should occur when the organization (e.g., physician practice) will perform all necessary internal readiness activities. To complete Level 1 testing, a practice will be able to successfully create and receive 5010 compliant transactions. The organization is then ready to move to conducting external or Level 2 testing.

If your practice works exclusively with a billing service or clearinghouse and sends them all the necessary data for them to submit the transactions, you will need to contact them about what changes you need to make to the data you currently collect and send. Internal testing will then be limited to ensuring that your practice has processes in place to collect the necessary data that you will then send to the billing service or clearinghouse.

External / Level 2 Testing: External testing involves sending and receiving 5010 transactions with your business associates (e.g., billing service, if you use one) and trading partners (e.g., clearinghouses and payers) through the channels you use today to conduct the various transactions. If the test transactions you are sending include real patient personal health information, be sure to follow all appropriate security and privacy measures to protect the data, such as sending the transactions using a secure connection.

If your practice works exclusively with a billing service or clearinghouse, external testing will involve sending them test data for them to conduct the transaction electronically on your behalf and receiving test data back into your practice. You will also want to verify that your billing service or clearinghouse is conducting the necessary external testing with your payers and other clearinghouses to ensure that they are prepared to meet the compliance deadline.

Through external testing, you will be able to identify any issues that occur when you send a transaction to another organization or you receive a transaction from another organization. If any issues are found, you will be able to resolve them now prior to the compliance deadline.

Completing your external or Level 2 testing means that you have completed “end-to-end” testing with your trading partners and you are ready to move to “live” production of the transactions. This testing period is the time that you will use to become fully ready to exchange and process the 5010 compliant transactions.

The regulation does allow for the use of the 5010 transactions before January 1, 2012, as long as the parties involved in the transaction agree to use the 5010 version. Using the 5010 transactions before the compliance date will give you the ability to see that the transactions are working and should ensure that your payments will continue to flow after the compliance deadline.

Which Trading Partners Should I Test With?

Ideally, you should test with all your trading partners. You, however, likely have dozens, if not hundreds of trading partners, and it may be impractical to test with them all. Your priority should be to test with the trading partners that make up the largest number or largest revenue of your transactions. For example, if you work primarily with a clearinghouse, you will want to test with that organization. If you submit transactions directly to your payers, then you will want to test directly with those payers from which the largest percentage of your revenue comes, (e.g., Medicare or specific commercial plans). If you use a clearinghouse, you may not need to test directly with your payers if you clearinghouse can guarantee they will be compliant and will do the testing with your payers for you.

When Should I Begin Testing?

Completing both internal and external testing will take time.

Internal testing can begin as soon as your vendor completes the installation of the system or software changes. If your vendor does internal testing as part of the installation, complete your own internal testing to ensure that you can create and receive transactions. Also, use this time to complete any necessary staff training.

For external testing, begin contacting the clearinghouses and payers with whom you wish to test as soon as you have a date for your system installation. Clearinghouses and payers will be in various stages of readiness and have many customers. You will need to schedule a time to work with them. If you will be testing with a large number of trading partners, allow plenty of time to complete the process.

Medicare began external testing in January 2011. They fully anticipate being ready for the January 1, 2012 compliance deadline.

Which Transactions Should I Test?

Testing each of the 5010 transactions that you intend to use is best. If you are beginning to use transactions that you did not previously use, you will want to spend extra time testing these in order to understand how they work and the data you will be sending or receiving. The time testing the new transactions will also be the time to train staff on how to use them. For practices, at a minimum you will want to test the claims and eligibility request transactions you send to ensure you can receive the remittance and eligibility response transactions.

Testing Services

There are organizations that offer testing services that can assist you with completing your internal testing. These services may also be called certification, validation, or compliance testing. The organizations that provide these services are third-parties and are not one of your trading partners. For most practices, the cost of using a testing service may be too expensive. You should, however, ask you practice management/billing system vendor and your clearinghouse if they plan to use a testing service and obtain certification.

The certification testing is done after you have completed your internal testing and will verify that the transactions are working and compliant HIPAA transactions. The process usually involves sending test files of 5010 transactions. The testing service will analyze the files and send you the results to show what, if any, issues were found in the files.

Completing compliance testing may decrease the amount of time it takes to complete external testing with your trading partners, since any issues within your system should have been identified and corrected before starting external testing. The decision to use a testing service may depend on the work you are able to do with your vendor and the resources you have to complete the internal testing.

Testing, both within your system and with your trading partners, is the best opportunity you have to insure that the 5010 transactions will function properly after the compliance deadline. A smooth transition to the 5010 transactions will also insure that there are no delays after January 1, 2012 in transaction processing and claims payment.

Upcoming HIPAA Dates:

January 1, 2012 – Compliance with version 5010 transactions

October 1, 2013 – Compliance with ICD-10 code sets

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

www.ama-assn.org/go/5010