

**National Committee on Vital and Health Statistics**

**Subcommittee on Standards and Security**

**Designated Standards Maintenance Organizations (DSMO) Session  
December 10, 2002**

**Presenter: Maria Ward, PricewaterhouseCoopers, LLP  
Chair, DSMO Steering Committee**

Good morning, and thank you for the opportunity to provide the committee with the annual DSMO progress report, as required by the Memorandum Of Understanding signed by all DSMOs and HHS. In this update I will address three major areas of work that the DSMO Steering Committee has undertaken over the past year:

1. DSMO change request volumes and status (July 2001 – November 2002)
2. Non – “change request” initiatives Undertaken by the DSMOs
3. Specific DSMO requests that warrant additional consideration due to the nature of the request. An example of this would be the request to standardize insurance cards.

This has been an extremely busy year for all covered entities that are in the process of implementing the X12N and NCPDP transactions adopted by HHS for HIPAA. As a result of the increased level of awareness and activity around these transactions, the DSMOs have been equally busy in trying to accommodate all reasonable requests for changes to the Implementation Guides adopted for use under HIPAA. In addition to this we have become involved in many other activities such as working with code set maintainers interested in having their code sets named as standards, supporting HHS in the NPRM and comment period for the addenda, NCPDP and NDC changes, and discussing new requests made through the DSMO process that have the potential to affect all covered entities exchanging these transactions. We believe that we’ve been successful in all of these endeavors, and that the recommendations coming from the DSMOs have and will continue to serve the healthcare community as we move forward with HIPAA implementation.

## **1. DSMO change request volumes and status:**

The numbers reflected in this update represent change requests starting in July of 2001 and continuing through November of 2002. We elected to begin with July of 2001 since that was the first monthly batch of requests that was not part of the “fast track” process that began in December of 2000. The July 2001 through the April 2002 batches have completed the process, and the following totals are for that time period:

### **143: Number of change requests entered**

- 9:** Withdrawn by administrator before DSMO discussion
- 52:** Withdrawn by submitter before DSMO discussion
- 82:** Total number completed through the process
- 1:** *Appeals withdrawn by submitter*
- 5:** *Appeals denied*

Included as an appendix to this report is a detailed breakdown of all of the change requests that were completed through the DSMO process, including the DSMO responses. In summary, these requests were categorized as follows:

### **31 Requests - (B) Modifications necessary to permit compliance with the standard/law**

According to DHHS, necessary items include

1. Something in the adopted standard or implementation specification conflicts with the regulation.
2. A non-existent data element or code set is required by the standard. (removal of data content that is not supported by the healthcare industry any longer)
3. A data element or code set that is critical to the industry's business process has been left out.
4. There is a conflict among different adopted standards
5. There is an internal conflict within a standard (implementation guide).

### **4 Requests – (C) Maintenance**

Classified as items that do not impact the implementation of the transaction. Items classified as Maintenance will require no further DSMO actions. Items are to follow the SDO process.

### **47 Requests – (D) No Change**

Classified as items that the implementation guides do meet the needs requested, or did go through the consensus building process originally to meet need. May request follow up by the submitter for further action.

In the appendix you will see a complete listing of categories and their definitions, a guide to reading the DSMO request, and the actual requests sorted by category type.

In addition to the requests referenced above, there are batches from May 2002 – November 2002 that have not yet “completed” the process and are therefore not included in the volumes. There are an additional eighty-eight change requests that fall into this category.

## **2. Non “Change Request” initiatives undertaken by the DSMOs**

As stated previously, the DSMOs have also been engaged in a number of other activities throughout the year. We believe that it is important for the NCVHS as well as the industry to be aware of these activities. Below is a listing and a brief description of each of the activities referred to here:

1. First and foremost, the DSMO Steering Committee assisted the Department of Health and Human Services with preparing for and responding to comments on the proposed rules for addenda to the X12N version 4010 and the changes for NCPDP and NDC. This proved to be a significant undertaking not only on the DSMO Steering Committee, but also on each of the individual DSMO committees who had to consult with their members throughout the process. We met weekly for two to three hours and sometimes even up to three times per week in an effort to respond to public comments on these NPRM's. Coupled with the individual committee meetings required and the preparation for each of the DSMO meetings, this became nearly a full time job for some of the DSMOs throughout the summer.

As a result of this process we recognize that there is room for improvement if and when we are called upon to do this again. There were some significant challenges that we faced in this “comment response” process, in particular X12N is currently addressing items that they consider to be issues with the process. Once they have completed their analysis of the issues they will bring that to the Steering Committee and we will address those issues as a committee.

We believe that it was appropriate to be this involved in the process since the NPRM's addressed issues that were a result of the DSMO process. We also feel that it's important for the NCVHS and HHS to recognize the significant effort that was required to make the NPRM process, and subsequent final rule, successful. As mentioned earlier, and also requested by CMS in a letter to the DSMOs following the comment response period, we will be addressing any issues around this process that the Steering Committee feels require attention.

2. The DSMOs have also been working to develop guidelines for those requesting that new code sets be named as HIPAA standards. The DSMO believes that prospective terminology maintainers should meet the guiding principles that were expected of all the current maintainers of the selected HIPAA standards. For example, to improve the efficiency and effectiveness of the healthcare system by leading to cost reductions for, or improvements in benefits from electronic healthcare transactions.

In addition to meeting these guiding principles, we believe that there should be every effort made to consider the use of existing code sets to meet the business needs before adopting additional code sets.

We believe that these requests are different enough from data element requests that the process available to the public for making such requests should be tailored to meet this specific need. We are working on the final draft of the code set guidance and also with Washington Publishing Company so that it can be added to the DSMO website.

3. The DSMOs are in the final stages of developing a "charter" for the Steering Committee. In this charter we will formally document the operating procedures of the DSMO Steering Committee including its organization, officers, voting procedures, and meeting guidelines.
4. The DSMO Steering Committee has been working for some time now to develop a new contract that can be signed with Washington Publishing Company for the maintenance of the DSMO website. The DSMO website has been operating for two years now and the Steering Committee feels strongly that some kind of a formal written agreement between WPC and all the DSMO organizations needs to be in place. Because we are not a legal entity, it has been a challenge trying to come to agreement on how this should happen. We've discussed multiple possibilities regarding this issue and have not yet come to closure on it. Some of the DSMO organizations have also engaged their legal counsel on this issue and we are still working through the details.

### **3. Significant DSMO Requests affecting all HIPAA stakeholders**

While the vast majority of DSMO change requests that have been adjudicated address data element (or segment) changes, there have been several that are much more significant and have the potential to affect all entities involved in HIPAA. Because these particular change requests are so significant, the DSMOs have invested a great deal of time discussing them, both at the Steering Committee level and within the individual DSMO organizations.

We believe that requests of this nature warrant a separate “resolution process”. In light of this, the DSMO Steering Committee will also be developing a process to consider requests that fit into this category. The requests considered this year are provided below:

1. NCPDP submitted two change requests regarding the use of their standard:
  - a. Allow the use of the NCPDP standard for the billing of professional pharmacy services (*specific request was denied but recommended to continue current business practices*)
  - b. Allow the use of the NCPDP standard for the billing of supplies (*request was supported*)
2. There were several change requests entered by the same submitter that requested the adoption of new transaction sets under HIPAA
  - a. The Health Care Benefit Coordination Verification Request and Response (ASC X12N 269) (*request in process*)
  - b. The 277 Unsolicited as an acknowledgement (*request in process*) This same requester also submitted requests for mandating Electronic Funds Transfer (EFT) - (*request in process*) and for the use of “standard ID cards” (*request in process*)
3. A change request was made to replace the NCPDP standard for claims with a specification that was developed by one sector of the pharmacy community. This change request has not yet been adjudicated by the Steering Committee.

Again, the DSMOs feel that the nature of these requests were so significant that a separate process (in particular different timeframes) should be established for considering them, just as we are doing with the consideration of new code sets.

In closing, I would like to thank you for your attention and for your continued support and guidance as we work through the initial years of implementing the HIPAA standards. It has been an honor to lead this group of dedicated and extremely hard working volunteer organizations over the past year.