

**Designated Standards Maintenance Organization's 2006 Annual Report
to the
National Committee on Vital and Health Statistics'
Subcommittee on Standards and Security
Presented by Nancy W. Spector**

May 1, 2007

Good morning, I am Nancy Spector, Director of Electronic Medical Systems, at the American Medical Association and the chair of the National Uniform Claim Committee. I served as the 2006 Chair of the DSMO Steering Committee. I would like to thank the Subcommittee for inviting me here today to present the DSMO's 2006 Annual Report.

The report has been provided to you, so I will focus on the DSMO activities that are outlined in it.

DSMO Change Requests – Monthly Batches

The DSMO Steering Committee continued its routine work since the previous report dated February 2006. Due to the timing of the annual reports, the reporting periods have varied in length. This report covers the 15-month period of monthly batches from October 2005 through December 2006.

Table 1, on page 2 of the report, is an overview of the change requests in each monthly batch. A total of 27 requests were submitted. Ten requests were withdrawn by the submitter prior to DSMO review. Three requests were withdrawn by the administrator. For clarification, the "administrator" is the website administrator. Requests are withdrawn by the administrator when they are identified as a test or erroneous request.

Table 2, on page 3 of the report, is an overview of the change requests by each report period. During the current report period, 27 requests were submitted, which is an average of 1.8 requests per month. The total number of requests completed through the DSMO review process was 14, for a monthly average of 0.9. There were no appeals handled during the report period.

The monthly average of change requests, both received and completed, has decreased significantly since the first annual report for July 2001 through April 2002. The decline in requests has two potential causes. The current HIPAA standards have been in place since August 17, 2000, so one could assume that necessary, immediate changes needed for the standards have been addressed within the seven-year period.

A second potential cause of the decrease in DSMO change requests is the shift in requests being submitted directly to the SDOs. The SDOs are tracking changes made based on DSMO change requests and producing a summary of all changes made to an implementation guide, which is included in the final work product. As newer versions of HIPAA adopted implementation guides are brought forward, the DSMOs are paying specific attention to those changes in the guides that did not go through the DSMO approval process.

Table 3, on page 4 of the report, provides more specific detail on the disposition of the completed change requests. Two of the change requests resulted in “maintenance”, which is Category C. The Maintenance category indicates that the change requests do not impact the implementation of the transaction and require no further DSMO action. Five change requests resulted in “no change”; Category D. The No Change category means that the request is already accommodated in the implementation guide or a future version or further investigation may be needed prior to approving the request. The remaining seven change requests were recommendations for the adoption of new/modified HIPAA standards, which is Category I.

The actual change requests for this report period are in the Appendix, which begins on page 7, along with additional information on the definitions for each category and a sample change request.

Other 2006 DSMO Activities

Upgrading to the Next Versions of the HIPAA Adopted Standards

In 2006, the DSMO began reviewing change requests for upgrading to the next version of the HIPAA adopted standards.

In April 2006, I presented testimony to this Subcommittee on the forecasted timetable for the DSMO to bring forward X12’s 005010 versions of the currently adopted HIPAA 004010 standards. The testimony outlined the anticipated dates for when X12 would be submitting a change request for each of the transactions. It was noted that the dates presented were subject to change based on X12’s finalization of the 005010 Technical Report 3s (TR3), formerly known as implementation guides. The testimony also gave an update on the previously submitted change request to adopt version 004050 of the Payment of a Health Care Claim; the 835. At that time, X12 was considering withdrawing the request and submitting a change request for adopting version 005010, which was later done.

Between August and November 2006, X12 submitted change requests for a version upgrade from 004010 to 005010 for the following transactions:

- Payment of a Health Care Claim (835)
- Health Care Claim: Institutional (837I)
- Health Care Claim: Professional (837P)
- Health Care Claim: Dental (837D)
- Claim Status Request and Response (276/277)
- Referrals (278)
- Enrollment in a Health Plan (834)

The individual DSMOs completed their reviews of these requests and the DSMO Steering Committee completed their review of the responses at their January and March 2007 meetings. All seven change requests were approved by the DSMO.

At this time, the DSMO is reviewing change requests for two additional modified versions of

HIPAA adopted standards and a new standard as brought forward by X12 and NCPDP. Once this work is completed, the DSMO will send a letter to NCVHS requesting a review of its recommendations related to the change requests.

In addition, the cost/benefit impact analysis for each transaction being completed by the Workgroup for Electronic Data Interchange (WEDI) will be forwarded to NCVHS for its review and consideration. The work is currently underway on the surveys and analyses for each of the transactions. Final results of the cost/benefit impact analysis are intended to be brought to NCVHS by WEDI at the time of the DSMO's recommendations to modify the existing HIPAA standards. Cost/benefit impact analyses are also being prepared for the NCPDP change requests.

Streamlining the HIPAA Modification Process

In conjunction with our work on upgrading the next versions of HIPAA adopted standards, the DSMO has continued its work on a modified process through which adopted HIPAA standards can be updated. In December 2005, the SDOs – HL7, NCPDP, and X12 – presented testimony to this Subcommittee on the SDO perspective of updating the HIPAA standards.

Following the testimony, the SDOs worked together on a proposal for modifying the HIPAA adoption process. The SDOs shared their work with both the DSMO and WEDI during its development and incorporated feedback received. In October 2006, the SDOs present testimony again to this Subcommittee on their proposal titled “Proposal for the Modification of the HIPAA Transaction Implementation Specifications Adoption Process.”

In January 2007, representatives from the SDOs presented an overview of the proposal and the Subcommittee heard testimony from several organizations on their reaction to the proposal. At this time, the proposal is under consideration by the Subcommittee.

In addition to its own work on streamlining the modification process, the DSMO followed the activities surrounding H.R. 4157, the Health Information Technology Promotion Act of 2006. The bill included provisions for coordination, planning, and interoperability of health information technology; transaction standards, codes, and information; and promoting the use of health information technology to better coordinate health care. Section 201 of the bill called for procedures to ensure timely updating of standards that enable electronic exchanges. The SDOs proposal to modify the HIPAA adoption process and H.R. 4157 were developed with similar timeframes and were compatible.

The DSMO also continues to await the NPRM from CMS on modifications and emergency processes for the HIPAA adoption process. The NPRM was previously reported as being expected to be released in 2007. As reported in prior annual reports, the DSMO provided input to CMS on these topics in 2004 and 2005.

Future Work of the DSMO

Looking ahead for 2007, the DSMO will continue to process change requests as submitted. The change requests are anticipated to include the remaining X12 transactions for modifications from

004010 to 005010. A change request has already been submitted by X12 for the Premium Payment to a Health Plan (820) transaction to be upgraded from version 004010 to 005010. NCPDP has submitted change requests for an upgraded version of the Telecommunication and Batch Standard and a new standard to be named in HIPAA; the Medicaid Subrogation Standard Implementation Guide, version 3.0.

The DSMO will continue to coordinate with WEDI on the cost/benefit impact analyses for each transaction being put forward for modification or adoption. Once the change requests and cost/benefit analyses have been completed, the DSMO and WEDI will forward the recommendations and information to NCVHS for its consideration. The DSMO will be prepared to present testimony on its recommendations.

The SDOs will also continue their work on developing a streamlined process for the adoption of modified HIPAA standards. The SDOs will be available to present to the Subcommittee on Standards and Security further clarifying information on its proposal.

When the NPRM on modifications and emergency processes for HIPAA adoption is released, the DSMO will review it and make any necessary changes to its current change review process to meet any new requirements of the final regulation.

Finally, the DSMO will continue its work overall in assisting NCVHS and HHS on any matters related to HIPAA standards.

Summary

This report is a summary of the completed activities from 2006 and the ongoing efforts that will be the subject of future reports at the NCVHS meetings. The DSMO, as a collaborative organization, continues to demonstrate its ability to merge both the business and technical perspectives of the transaction standards, as well as the emergency change and modification processes. The DSMO remains well positioned to assist the NCVHS and HHS in recommending changes to the HIPAA adopted standards or new HIPAA standards not yet adopted.

The DSMO hopes that you have found our report to be helpful to you related to the issues it has covered. We look forward to continuing to work with you. I would like to thank you again for the opportunity to present our report to you today. I will be happy to answer any questions that you have at this time.