Providers: Are you ready for HIPAA Version 5010?

As of January 1, 2012, physician practices that conduct one or more HIPAA transactions electronically (such as submitting a claim, or relying on a billing service to do so) must use the new version of the HIPAA transactions. Otherwise, their transactions will be rejected, resulting in serious cash flow disruptions.

What are HIPAA transactions?

"Health care administrative transactions" are transfers of information between various parties for the purpose of completing a specific administrative task. Examples include when a physician checks a patient's eligibility with a payer or submits a claim to a payer. Under HIPAA, these electronic transactions were standardized. (These same transactions, if conducted on paper, through a dedicated fax machine, or by phone are not subject to the transaction standards.)

In 2000, as called for in a final rule issued by the Secretary of Health and Human Services, the Accredited Standards Committee X12 (ASC X12) developed standards for the specific electronic transactions and code sets covered under HIPAA. These transactions and their subsequent addenda are referred to as the "4010 transactions" or the "4010A1 transactions."

In January 2009, a final rule was published that replaced the 4010 transactions with an updated version, called the 5010 transactions. The 5010 transactions reflect changes made to improve functionality and address new business needs. Under the January 2009 rule, the 5010 transactions become mandatory January 1, 2012.

Why Should I Care?

You don't need to know the technicalities of the transactions, but your practice must begin using them by the deadline. After January 1, 2012, 4010 transactions will be rejected as non-compliant, meaning your practice could face serious billing disruptions. Further, the 5010 transactions are a necessary step in implementing the new ICD-10 codes, which will be required for all services performed on or after October 1, 2013.

What Should I Do?

The Centers for Medicare and Medicaid Services (CMS) has made it clear that the January 1, 2012 deadline is firm-no mercy for late-adopters. Physician practices should act now to implement the 5010 transactions with their trading partners. Many resources exist to help practices make this transition:

- The AMA website has several tools for physician practices on the 5010 transaction transition, including a toolkit. See www.ama-assn.org/go/5010.
- CMS has publishes educational resources. See www.cms.gov/Versions5010andD0/
- ASC X 12, the organization that developed the transaction standards, has transaction implementation guides available for purchase. See www.x12.org.