The HIPAA Rip-Off

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By Karen Gatzke [2]

Need an eye-opener about how the best-laid HIPAA plans can go astray?

Wiener, practice administrator for ParkWest Women's Health in Rochester, N.Y., thought she and her staff were moving right along toward HIPAA compliance. They had investigated items like printing costs for new forms and determined a few security-related computer expenses. She felt positive they could make adjustments and meet the extended Transaction Standards deadline for well under $10,000. Now it looks like costs will reach tens of thousands of dollars for her practice - and timelines are tight. Under HIPAA regulations, all claims transmitted electronically from a physician office to a third-party payer must be in an ASC X12 format by October 16, 2003, for practices that filed for the one-year extension. Wiener thought filing claims in the new, standardized way would be seamless. The practice simply needed a software upgrade. They had a good, 15-year relationship with their software vendor; plus, under their agreement, ParkWest pays a premium for software support, which includes all necessary upgrades. But Weiner fears HIPAA greed is gumming up the works.

Weiner says repeated calls to the vendor were frustrating. "We finally were told that they were not going to convert us for free, or even upgrade the software at all." In fact, the vendor would not be rewriting the internal software because of associated expenses. Instead, they plan to use a processing company (which they happen to own) to handle claims. "So the vendor is requiring us to use this company when we used to send our claims directly to our third-party payers," Weiner complains. "They're forcing us to use a middleman and are making money off HIPAA." How much money, exactly? Initially, the vendor said processing claims would cost $89 per provider, per month for the seven-physician, three-NP practice. "They agreed to give us a discount and are planning to charge us $69 per provider, per month - not to mention we'll have to pay 51 cents per transaction from electronic to paper claims, when necessary, and other associated costs," says Weiner.

Wiener began looking into other companies that weren't charging to upgrade software and found that she couldn't justify the change to another vendor - at least for now. It was also a risky move in terms of meeting the HIPAA deadline. "We have 60,000 to 70,000 patients in our system. A conversion would be a lot of work, we might have to shut down our office for a few days, and we'd have the costs for new equipment and new hardware," she says.

It's hard to say how many other vendors are reaping greater rewards than they should as a result of HIPAA, but as you continue your journey toward compliance, Wiener suggests the following:

- Develop a checklist and start marking off items. You've got to prepare for any changes and charges that may occur.
- Get a date in writing from your vendor that states when your software will be HIPAA compliant. Plan to be live by August to allow enough time to test and implement the system before October.
- Figure out what other computer expenses and additional, related costs are involved.
- Determine what processes will occur within your billing staff and allow time for training.

Wiener says she'll continue to try to tackle all of these, along with the daily tasks of a practice administrator. She'll also be researching software companies to handle future business.

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