Status of Nation's Health Care Industry in Y2K
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By Richard A. Sherer [1]

With less than five months before an irrevocable and unavoidable deadline, major questions still remain about the ability of the health care industry to cope with the so-called Y2K problem.

In February the U.S. Senate's Special Committee on the Year 2000 Technology Problem reported: "The health care industry lags significantly in its Y2K preparations compared with other sectors." Of chief concern is that the thousands of computers involved in virtually all aspects of health care may not react properly to the change from 1999 to 2000 because of long-ago programming decisions that designed hardware and software around a two-digit date. Thus, computers that have not been properly tested and upgraded to recognize a four-digit date may assume that 2000 is really 1900, causing them to fail.

Notwithstanding the Senate's concerns, the likelihood of Year 2000-type problems impacting health care varies, depending on the person being interviewed. In April, the head of the Health Care Financing Administration (HCFA), which is responsible for Medicare payments to providers, testified that her agency was making "remarkable progress." In her testimony, Nancy-Ann Min DeParle added, "All of HCFA's Year 2000 systems issues will be resolved and thoroughly tested and retested before Jan. 1, 2000." But, at the same hearing, an auditor from the government's General Accounting Office said that the Office of Management and Budget had designated the U.S. Department of Health and Human Services, which includes HCFA, "as a tier 1 agency on its three-tiered rating scale, meaning it had made insufficient progress in addressing the Y2K problem."

Nor is HCFA's readiness the only source of concern. "HCFA may be the largest payer, but it's not the only one," said one consultant. "HCFA accounts for about one-third of all payments to providers. The other two-thirds come from private payers, and they need to be ready, too." The American Hospital Association (AHA) reported: "65.7% of surveyed hospitals' information systems are expected to be Y2K compliant by year end," and "31.9% are not expecting to be fully compliant...but do not anticipate any adverse effect on critical operations."

"The AHA results are a little more positive than what we're finding in our survey," said Joel Ackerman, a leading expert on the impact of Y2K problems in health care and founder of RX2000. While the AHA surveyed CEOs, he tried to reach the people responsible for Y2K activity, "and they tend to be a little less diplomatic."

The Senate committee report was even more explicit: "According to a report by the Gartner Group [a technology consulting firm], 64% of hospitals—primarily smaller hospitals—have no plans to test their Y2K remediation efforts."

For physicians, the Y2K problem is a two-edged sword. On one hand, much of the equipment used in modern medical care incorporates microchips that may or may not be date-sensitive and may or may not fail when the clock strikes midnight on Dec. 31. On the other hand, computers that handle medical records and billings are all subject to possible Y2K glitches that could have a substantial impact on cash flow and revenues in the first half of the new year.

Richard F. Corlin, M.D., speaker of the American Medical Association's House of Delegates, said, "Most physicians' office operating systems will be ready by [December], most of the equipment that physicians use—particularly life-sustaining equipment—will be checked and either taken out of service or verified as compatible by then."

But the Senate committee report disagreed, saying that 90% of physicians' offices are unaware of their Y2K exposure. An official at HCFA, who asked not to be identified, added, "The only publication the AMA has put out on the subject is about how to protect yourself liability-wise."

The finger-pointing continues. Corlin, for example, testified at a hearing of Congressional committees concerned with Y2K problems: "the Gartner Group also found that although only 0.5% to 2.5% of
medical devices have a Year 2000 problem, approximately 5% of health care organizations will not locate all the noncompliant devices in time. It determined further that most of these organizations do not have the resources or the expertise to test these devices properly and will have to rely on the device manufacturers for assistance."

In his report to Congress, Corlin stated the risk to patient safety is real. "Since 1986, the FDA has received more than 450 reports identifying software defects-not related to the Year 2000-in medical devices," he said. "Consider one instance-when software error caused a radiation machine to deliver excessive doses to six cancer patients; for three of them the software error was fatal." With Year 2000 issues compounding this already sensitive area, patient safety must be considered.

"Not all of the equipment manufacturers are forthcoming with information on their devices," said Ackerman.

Even the pharmaceuticals industry, which drew praise from the Senate committee as "one of the leaders in the Y2K remediation effort," faces potential Y2K problems. "Eighty percent of their raw materials come from outside the U.S.," Ackerman noted. "If the rest of the world is not ready for the Year 2000, it may manifest itself in the second or third quarter of the year."

In recent weeks, still another problem has arisen that may impact the health care industry: Liability insurance companies have begun issuing riders on malpractice policies excluding Y2K-related problems. "What I'm hearing from doctors is that without malpractice insurance they won't practice," Ackerman said. "I don't see an active dialogue going on about this. Who is willing to take the risk? Even hospitals can't keep their doors open without malpractice insurance."

On the other side of the coin, some managed care administrators and physicians complain that Y2K remediation efforts are affecting their other operations, particularly in areas that require support from the information technology (IT) staff. In February, Modern Healthcare magazine reported on its annual survey of information systems: "the quest for improved managed-care capabilities slipped from the No. 1 information systems priority for the past four years to barely an afterthought this year."

Joseph I. Berman, M.D., former chief medical officer for Anthem Blue Cross and Blue Shield in Cincinnati, told a managed care conference audience in Atlanta, "Essentially nothing has happened for the past year and a half in the area of IT that would allow one to develop an effective disease management program."

In an interview with Psychiatric Times, Berman expanded on the topic. "The general point I made is valid," he said. "The slowdown in disease management activities is true. Introducing new IT programs that would permit you to do disease management more effectively was slowed. Any software you buy requires that you be able to interface with the software your company is already running, and that requires IT assistance. If assistance isn't there, the program doesn't get implemented."

Berman's complaint is only one of many that will be voiced over Y2K in the coming months. "It's like death by a thousand paper cuts," Ackerman said. "If they've only got a dollar to spend on Y2K, they should put it on contingency planning rather than on fixing problems," Ackerman advised. "We're not going to get everything done. We're not going to find everything in time. Concentrate on the backup processes, the anticipated failures and the way to deal with them when they occur."

"Anticipate failures not just in your own organization but in your payers and suppliers as well. You may want to keep a little extra cash, have some extra supplies available or find some alternative suppliers."

"And there is one other possibility," Ackerman concluded. "Try to work more as a community. Work together to solve the problems...The message from Washington will be increasingly the need to pull together and to plan on helping each other."

(HCFA has set up a toll-free number [(800)958-HCFA] and a Web site (www.medicare.gov/y2k) to address concerns about medical supplies, facilities and business operations-Ed.)

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