

October 16, 2001

The Honorable Thomas A. Daschle  
Senate Majority Leader  
S-221 Capitol Building  
Washington, DC 20510-7020

Dear Senator Daschle:

Re: Extension for Standard Transactions and Code Set Regulations

The Standards for Electronic Transaction, issued by Department of Health and Human Services in August 2000, is the first in a series of regulations implementing the administrative simplification provisions in the Health Insurance Portability and Accountability Act (HIPAA). These rules set out complex, technical requirements to standardize electronic transactions and codes used by the health sector including providers, health plans, nursing homes, home health agencies, and drug stores by October 2002. Given the cost and complexity of these rules, coupled with the fact that the Secretary will make significant modifications to this "final" rule later this year without changing the compliance date, the current implementation period is inadequate. Therefore, we urge the Congress before it adjourns to pass legislation to extend the implementation period for regulations on Transactions and Code sets.

We strongly support the goals of administrative simplification for the standardization of electronic health care transactions and code sets. However, virtually every entity within the private and public sector that collects health data, provides or pays for health care services, conducts research, or develops health policy will need to make systems and business processes changes consistent with HIPAA transactions and code set standards in order to continue to communicate. Rushed implementation risks national disruption of payments and services. The success of administrative simplification is contingent upon assuring all entities are ready and have thoroughly tested their systems.

With little more than one year remaining until the current implementation deadline, it is imperative that additional time be granted immediately so that all covered entities and programs – public and private – can better allocate resources and avoid wasteful

spending on temporary solutions. It is important to note that an extension of the implementation period of transactions and code sets will not impact the compliance date for regulations on privacy of health care information.

Sincerely,

American Academy of Neurology  
American Academy of Ophthalmology  
American Academy of Otolaryngology  
American Academy of Pediatrics  
American Association of Orthopedic Surgeons  
American Association of Health Plans  
American College of Physicians-American Society of Internal Medicine  
American College of Surgeons  
American Health Care Association  
American Managed Behavioral Healthcare Association  
American Medical Association  
American Medical Group Association  
American Optometric Association  
American Psychiatric Association  
American Society of Anesthesiologists  
American Society of General Surgeons  
American Public Human Services Association (State Medicaid Directors)  
American Urological Association  
Advanced Medical Technology Association  
Blue Cross and Blue Shield Association  
College of American Pathologist  
Health Insurance Association of American  
National Association of Home Care

