

July 1999

YEAR 2000 COMPUTING CRISIS

Status of Medicare Providers Unknown



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United States General Accounting Office
Washington, D.C. 20548

**Accounting and Information
Management Division**

B-283199

July 28, 1999

The Honorable Tom Bliley
Chairman
The Honorable John D. Dingell
Ranking Minority Member
The Honorable Michael Bilirakis
Chairman, Subcommittee on Health and Environment
The Honorable Sherrod Brown
Ranking Minority Member, Subcommittee on Health and Environment
The Honorable Fred Upton
Chairman, Subcommittee on Oversight and Investigations
The Honorable Ron Klink
Ranking Minority Member, Subcommittee on Oversight and Investigations
Committee on Commerce
House of Representatives

Virtually everything in today's hospital is automated—from the scheduling of procedures such as surgery, to the use of portable devices as diverse as heart defibrillators and thermometers, to the billing process. It therefore becomes increasingly important for healthcare providers such as doctors and hospitals to assess their billing/medical records information systems and biomedical equipment to ensure that critical systems are Year 2000 compliant.¹ At your request, our objectives were to assess (1) the Department of Health and Human Services' (HHS) Health Care Financing Administration's (HCFA) outreach and testing efforts for ensuring that Medicare providers will be Year 2000 compliant and (2) surveys that have been completed to date or planned on the Year 2000 status of healthcare providers. On June 29, 1999, we briefed Committee staff on the results of our work. The briefing slides are included in appendix I.

This report provides a high-level summary of the information presented at that briefing, including background information, Year 2000 risks confronting healthcare providers, HCFA outreach and testing efforts, and

¹The Year 2000 problem is rooted in how dates are recorded and computed. For the past several decades, computer systems typically used two digits to represent the year, such as "99" for 1999, in order to conserve electronic data storage and reduce operating costs. In this format, however, 2000 is indistinguishable from 1900 because both are represented as "00." As a result, if not modified, systems or applications that use dates or perform date- or time-sensitive calculations may generate incorrect results beyond 1999.

the results of surveys on the reported readiness of healthcare providers. This report also presents suggestions we are making to reduce the risk of Year 2000-related failures of healthcare provider systems.

Results in Brief

HCFA has taken comprehensive measures in conducting its outreach activities. For example, the HCFA Administrator sent individual letters to over 1.1 million Medicare providers in January and May of this year, alerting them to take prompt Year 2000 action on their information and billing systems. In addition, HCFA held a series of Year 2000 conferences throughout the country and has established a toll-free information hotline. Despite these aggressive actions, however, HCFA data show that provider participation in its outreach activities has been low. Further, HCFA has tasked contractors that process Medicare claims to test with providers using future dated claims. As of June 21, 1999, Medicare contractor testing with providers had been limited and testing that has occurred had identified problems. For example, HCFA reported that one contractor tested with 434 providers and encountered initial problems with 123 (28 percent)—9 of which were considered critical failures.

Many surveys have been completed this year on the Year 2000 readiness of healthcare providers by healthcare trade associations and other organizations. However, none of the 11 surveys we reviewed provided sufficient information with which to assess the Year 2000 status of the healthcare provider community. Each of the surveys had low response rates and several did not address critical questions about testing and contingency planning.

Background

HCFA administers the Medicare program. Medicare is the nation's largest health insurer, serving about 39 million Americans by providing federal health insurance to individuals 65 or older and to many of the nation's disabled. By 2000, HCFA expects to process over 1 billion claims and pay \$288 billion in fee-for-service and managed care benefits annually.

HCFA uses about 70 contractor systems to process Medicare Part A and Part B claims. Part A claims are those submitted by hospitals, skilled nursing facilities, hospices, home health agencies, and rehabilitation agencies, while Part B claims are those submitted by physicians, laboratories, durable medical equipment suppliers, outpatient providers, and other practitioners. In addition to the Medicare contractors, the

process involves over 1 million healthcare providers and numerous banks serving both contractors and providers.

Healthcare Provider Systems Are Vulnerable to Year 2000 Failures

The healthcare provider community is dependent on numerous computer and embedded systems² that are susceptible to Year 2000 failures. In addition to the risks posed to billing and medical records systems, other systems potentially affected include infrastructure systems (e.g., heating, ventilating, and air conditioning equipment) and biomedical equipment.³ The question of whether medical devices such as magnetic resonance imaging (MRI) systems, x-ray machines, pacemakers, and cardiac monitoring equipment can be counted on to work reliably on and after January 1, 2000, is obviously of critical importance to our nation's healthcare. Because of this, we have testified before this Committee and others on the reported compliance status of biomedical equipment.⁴

President's Council on Year 2000 Conversion Has Expressed Concern About the Readiness of the Healthcare Sector

The President's Council on Year 2000 Conversion, established in February 1998, to, among other things, establish numerous working groups to increase awareness of and gain cooperation in addressing the Year 2000 problem in various economic sectors, reported in April 1999 that the healthcare sector had not made adequate progress in addressing the Year 2000 problem.⁵ The report stated that while recent surveys indicated that a large number of healthcare providers were confident they would complete much of their work on mission-critical systems before the end of the year, the actual number of systems that are now Year 2000 compliant is relatively low in categories ranging from recordkeeping to infrastructure.

²Embedded systems are computers used to monitor or control the operation of devices, machines, or plants. In some instances, the embedded systems contain microprocessors providing timing and calendar functions.

³Biomedical equipment refers to medical devices regulated by the Food and Drug Administration (FDA) and scientific and research instruments, which are not subject to FDA regulation.

⁴Year 2000 Computing Crisis: Readiness of Medicare and the Health Care Sector (GAO/T-AIMD-99-160, April 27, 1999) and Year 2000 Computing Challenge: Concerns About Compliance Information on Biomedical Equipment (GAO/T-AIMD-99-209, June 10, 1999).

⁵The President's Council on Year 2000 Conversion: Second Summary of Assessment Information, April 21, 1999.

HCFA Is Conducting Numerous Outreach Activities, But Provider Participation Has Been Low

HCFA has taken comprehensive measures in conducting its outreach activities. HCFA outreach activities include information dissemination as well as presentations and conferences. For example, the HCFA Administrator sent out individual letters to over 1.1 million Medicare providers in January and May of this year alerting them to take prompt Year 2000 action on their information and billing systems. HCFA has also established a toll-free information hotline and plans to film a four-part series in conjunction with the Health and Science television network that is to be broadcast to hospitals and nursing facilities. In addition, as of June 25, 1999, HCFA had held 12 Year 2000 conferences throughout the country and was planning to hold 10 more. Further, HCFA has a web site dedicated to Year 2000 that contains information on how to assess readiness, test systems, and develop contingency plans.

Despite HCFA's aggressive outreach efforts, HCFA data show that provider participation in these activities has been low. On average, only about 2 percent of the approximately 10,000 providers invited to each of the Year 2000 conferences attend. In addition, less than 1 percent of the Medicare provider community has called the HCFA toll-free Year 2000 information hotline. In providing agency comments on our draft briefing slides, the HCFA Administrator told us that HCFA has been working with healthcare provider trade associations to encourage greater participation in its outreach activities.

Contractor Testing With Providers Has Been Limited and Reported Results Are Not Encouraging

Since providers submit Medicare claims through contractors, HCFA has tasked its contractors to future date test with their respective providers. In March 1999, HCFA required all Medicare contractors to establish a test environment that would allow Medicare claims from providers and submitters⁶ to be validated in a future date environment. In May 1999, HCFA further defined this requirement by establishing a goal for contractors to future date test with providers that represent at least 50 percent of the annual claims volume. However, HCFA did not set milestones for contractors to test with providers.

In addition to instructing contractors to test with providers, HCFA also informed providers that they had to begin submitting Medicare claims to contractors in an 8-digit format by April 5th of this year. As of mid-May,

⁶Submitters are third-party billers or clearinghouses that bill for providers.

HCFA reported that 97.3 percent of Part A providers/submitters and 99.99 percent of Part B providers/submitters had met this requirement. However, submitting an 8-digit claim does not mean that the data exchange between providers and contractors is Year 2000 compliant, nor that providers internal systems are Year 2000 compliant. Until these data exchanges between providers and contractors are future date tested, the ability of these entities to process Medicare claims in a future date environment is unknown.

To date, Medicare contractor future date testing with providers has been limited and testing that has occurred has identified problems. As of June 21, 1999, 38 of 68 contractors had not initiated any testing with their respective providers. Of the remaining 30, only 1 had tested with more than 1 percent of its respective providers. According to HCFA's web site, the 1 Medicare contractor who completed substantial testing with 434 providers encountered initial problems with 123 (28 percent); 9 of these were critical failures that produced dates of 1900 and 1901 during the testing process. This contractor/provider testing only identifies problems with the data exchange. Accordingly, it does not address whether providers' systems that process Medicare claims are Year 2000 compliant.

Insufficient Information Is Available From Surveys to Assess the Year 2000 Status of Healthcare Providers

None of the 11 surveys we identified that had been completed in 1999 by trade associations working with the President's Council and by other organizations provided sufficient information to assess the Year 2000 readiness of healthcare providers. (See appendix I for details on which organizations conducted surveys and a high-level summary of the results of each.) The response rates for all surveys were low. For example, of the 11 surveys conducted, 4 had response rates of 10 percent or less, 4 had response rates that ranged from 13 to 29 percent, and 3 had response rates that ranged from 33 to 50 percent. In addition, all data were self-reported and, based on our review of the survey instruments, it was unclear on what basis (e.g., vendor certification statements, test results) the self-reported compliance statements were made.

In addition, not all of the organizations' surveys asked critical questions on testing and contingency planning, nor did all differentiate among various types of systems potentially affected by the Year 2000 problem (e.g., billing/records systems, biomedical equipment). For example, 4 surveys did not ask any questions on testing, 2 did not address contingency plans, and 5 did not ask about the status of specific types of systems potentially

affected by the Year 2000 problem. Only 5 of the 11 organizations have plans to resurvey before the end of the year.

Suggested Actions

In order to reduce the risk of Year 2000-related failures of the Medicare provider community and ensure that the public has adequate information about what is being done to reduce the risk of such failures, we suggest that HCFA

- continue to solicit suggestions from healthcare provider trade associations on how to increase participation in outreach activities;
- consider using additional outreach methods, such as public service announcements;
- consider conducting end-to-end tests with providers and Medicare contractors on a sample basis, if time permits;
- set milestones for Medicare contractors to test with providers; and
- continue to publicize the results of all contractor/provider testing on HCFA's web site.

We also suggest that the healthcare sector working group of the President's Council on Year 2000 Conversion

- develop a template to ensure that future surveys include critical questions on testing and contingency planning and to ensure that assessments are categorized into areas such as billing/medical record systems, biomedical devices, and infrastructure and
- consider working with associations to publicize those providers who respond to future surveys in order to increase survey response rates.

We provided a copy of our briefing materials and our draft report to the HCFA Administrator and HCFA officials representing the healthcare sector working group of the President's Council on Year 2000 Conversion. Additionally, we provided portions of the briefing to officials from the following associations: National Association of Medical Equipment Services, American Hospital Association, American Clinical Laboratory Association, American Medical Association, American Medical Group Association, American Health Care Association, American Ambulance Association, National Association of Community Health Centers, and National Association of Rural Health Clinics. The HCFA Administrator and other officials generally agreed with our suggested actions. Their oral comments have been incorporated as appropriate throughout this report.

Scope and Methodology

To assess HCFA's outreach efforts, we reviewed HCFA's Year 2000 outreach program to identify and assess Year 2000 outreach activities. We also reviewed HCFA documentation on provider participation in these outreach efforts. To assess HCFA's testing efforts with providers, we reviewed documentation on HCFA's end-to-end testing program and the results of Medicare contractor testing with providers.

To assess surveys completed to date, we reviewed the HHS Office of Inspector General's March 1999 report on the results of its Medicare provider survey and the Rx2000 March 1999 report of its early 1999 survey of the healthcare industry. In addition, we identified and reviewed the results of nine Year 2000 surveys conducted by trade associations participating in the healthcare sector working group of the President's Council on Year 2000 Conversion.⁷ We also determined whether each of these organizations planned to conduct future surveys. We conducted our work at HCFA offices in Baltimore, Maryland, and Washington, D.C, from May 1999 through June 1999, in accordance with generally accepted government auditing standards.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we will not distribute it until 30 days from the date of this letter. At that time, we will send copies to the Honorable John Koskinen, Chairman of the President's Council on Year 2000 Conversion; the Honorable Nancy-Ann Min DeParle, Administrator of the Health Care Financing Administration; the Honorable Jacob J. Lew, Director of the Office of Management and Budget; and other interested parties. Copies will also be made available to others upon request.

⁷We included in our review surveys conducted by trade associations representing providers that bill Medicare.

If you have any questions on matters discussed in this letter, please call me at (202) 512-6253, or Dave Powner, Assistant Director, at (202) 512-4348. We can also be reached by e-mail at *willemsenj.aimd@gao.gov* and *pownerd.aimd@gao.gov*, respectively. Key contributors to this report were Christina Bower, Robert Norris, and Glenda Wright.

A handwritten signature in cursive script that reads "Joel Willemssen". The signature is fluid and elegant, with the first letters of the first and last names being capitalized and prominent.

Joel C. Willemssen
Director, Civil Agencies Information Systems

Briefing on the Year 2000 Status of Medicare Providers

GAO Accounting and Information
Management Division

Y2K Status of Medicare Providers



June 29, 1999

Briefing for the House Commerce Committee

GAO

Briefing Overview

- Objectives and Methodology
- Background
- Health Care Financing Administration's (HCFA's) Provider Outreach and Testing Efforts
- Y2K Survey Results on the Readiness of Healthcare Providers
- Observations
- Suggested Actions

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Objectives

- Assess HCFA's outreach and testing efforts for ensuring that Medicare providers will be Year 2000 compliant
- Assess surveys that have been completed to date on the Year 2000 status of healthcare providers and identify any additional survey work that is planned

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Methodology Overview

To address these objectives, we:

- Reviewed HCFA's Year 2000 outreach program to identify and assess Y2K outreach efforts to the Medicare provider community, and HCFA's approach for testing with Medicare providers
- Reviewed survey efforts of 11 healthcare provider trade associations that are participating in the health sector working group of the President's Council on Year 2000 Conversion, the HHS OIG, and Rx2000, and identified what additional survey work is planned by these organizations
- We performed our work from May through June 1999, in accordance with generally accepted government auditing standards

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GAO Background

Approximately 1.1 million healthcare providers administer services for Medicare insured patients. Examples include:

- Durable Medical Equipment Providers
- Home Health Agencies
- Hospitals
- Laboratories
- Physicians
- Skilled Nursing/Long Term Care Facilities

Healthcare provider systems potentially affected by Y2K failures include billing/medical record systems, biomedical devices, and infrastructure systems

HCFA uses about 70 contractor systems to process Medicare Part A and Part B claims submitted by healthcare providers

GAO HCFA's Year 2000 Provider Outreach Efforts

- **Information Dissemination**

- The HCFA Administrator sent letters in January and May 1999 to the approximately 1.1 million Medicare providers alerting them to take prompt action on Y2K
- HCFA is providing Y2K information on its web-site and in booklets
- HCFA established a 1-800 hotline so providers can call for Y2K information. From March 8 - June 4, 1999, the hotline reportedly received a total of 1,835 inquiries
- HCFA plans to film a four part broadcast series in conjunction with the Health and Science television network that is to be broadcast in July to approximately 1600 hospitals and 1200 nursing facilities

GAO HCFA's Year 2000 Provider Outreach Efforts

- **Presentations/Conferences**
 - HCFA has offered to provide speakers in local congressional districts and conferences throughout the country. As of June 1999, over 170 presentations have been made, according to HCFA.
 - HCFA has held 12 regional Y2K conferences for the provider community and plans to hold an additional 10 conferences
 - Approximately 10,000 providers have been invited to each session
 - The average attendance of 211 has ranged from 154-330

GAO HCFA's Year 2000 Provider Outreach Efforts

- **Contractor Outreach**
 - HCFA is requiring contractors who deal directly with providers to conduct Year 2000 outreach to the provider community and is monitoring these efforts through its contractor oversight teams
 - HCFA informed providers that they had to begin submitting Medicare claims to contractors in an 8-digit format by April 5th of this year
 - As of mid-May, HCFA reported that 97.3 percent of Part A providers and 99.99 percent of Part B providers have met this requirement

GAO HCFA's Year 2000 Provider
Testing Efforts

- **Contractor Testing**
 - HCFA's end-to-end testing program does not include testing with providers, rather HCFA has tasked the Medicare contractors to test with their respective providers
 - In March 1999, HCFA required all Medicare contractors to establish a test environment that will allow Medicare claim formats from providers/submitters to be validated in a future date environment
 - In May 1999, HCFA established a goal for contractors to future date test with providers that represent at least 50 percent of annual claims volume

GAO HCFA's Year 2000 Provider
Testing Efforts (cont.)

- **Contractor Testing (cont.)**
 - As of June 21, 1999, testing between contractors and providers/submitters (submitters are third party billers or clearinghouses who bill for providers) has been limited
 - 38 of 68 contractors have not initiated any testing with their respective providers/submitters
 - Of the remaining 30 contractors, only one has tested with more than one percent of its respective submitters/providers
 - The one Medicare contractor that completed substantial testing with its providers/submitters reported problems
 - According to HCFA's website, of the 434 providers/submitters this contractor tested with, 123 (28 percent) encountered initial problems and nine (2 percent) of these were critical failures which produced dates of 1900 and 1901 during the testing process.
 - These tests are only data exchange tests and do not demonstrate that providers' systems that process Medicare claims are Year 2000 compliant

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GAO Surveys Completed on Y2K Status of Healthcare Providers

We identified 11 surveys that have been completed in 1999 on the Y2K status of healthcare providers

- 9 surveys have been completed by healthcare provider trade associations working with the health sector working group of the President's Council on Year 2000 Conversion
- HHS OIG has completed a survey on the readiness of 5 Medicare provider groups
- Rx2000, an independent non-profit organization that HCFA has contracted with to assess the Y2K status of the healthcare industry, has completed its third assessment of the healthcare sector.

GAO Survey Status of Provider Trade Associations Working with the President's Council on Year 2000 Conversion¹

PROVIDER GROUPS	PROVIDER ASSOCIATIONS WORKING WITH THE COUNCIL	C -- Survey Completed P -- Survey planned N -- No Survey
Durable Medical Equipment Providers	National Association of Medical Equipment Services	C
Home Health Care Agencies	National Association for Home Care	N
Hospitals	American Hospital Association	C, P
Laboratories	American Clinical Laboratory Association	C, P
Physicians	American Medical Association	C, P
	American Medical Group Association	C
Skilled Nursing/ Long Term Care Facilities	American Association of Homes and Services for the Aging	N
	American Health Care Association	C
Other	American Ambulance Association	C
	National Association of Community Health Centers	C
	National Association of Rural Health Clinics	C
	Total Number of Associations	11
	Total Number of Associations with Completed Surveys	9

¹ Healthcare provider trade associations were included if they represent providers who bill Medicare

Source: GAO analysis confirmed by the President's Council on Year 2000 Conversion, Health Sector Working Group

GAO National Association of Medical Equipment Services (NAMES) Survey

In March 1999, NAMES sent out a survey to its membership of approximately 775 durable medical equipment (DME) suppliers and manufacturers.

Results (reported March 1999)

- 139 DME suppliers and manufacturers responded (18% response rate)
- 44.6% were finished with their Y2K remediation efforts
- All data were self-reported
- NAMES does not have plans to re-survey

GAO American Hospital Association (AHA) Survey

In February 1999, AHA sent out a survey to 2,000 member hospitals who were asked to report back anonymously.

Results (reported March 1999)

- 583 hospitals responded (29% response rate)
- Almost one-third reported that they do not expect to achieve full compliance by year end
- 12.9% of respondents currently have Y2K compliant information systems
- 5.7% of respondents currently have compliant medical devices
- 23.8% of respondents have Y2K compliant infrastructure systems
- All data were self-reported
- AHA plans to survey its membership again but no specific dates were provided

GAO American Clinical Laboratory Association (ACLA) Survey

In February 1999, ACLA sent out a survey to the ten major independent clinical laboratories they represent.

Results (reported April 1999)

- 5 laboratories responded (50% response rate)
- On average, about 75% of all systems are Y2K compliant and certified
- Expected target dates for full compliance for all 5 laboratories are the end of the second quarter of 1999
- All data were self-reported
- ACLA is currently surveying members again using the same questions. ACLA plans to be more proactive in following up with non-responders on this survey and hopes to have 100% participation. Survey responses are due by June 30, 1999.

GAO American Medical Association (AMA) Survey

In February 1999, AMA sent out a survey to 7,000 randomly selected physicians. The results were reported anonymously, but AMA did track non-respondents.

Results (reported April 1999)

- 522 responded (7% response rate): 383 by mail survey and 139 by phone
- 47% of respondents reported that they are currently Y2K ready
- Of the remaining respondents, 94% expected to be ready by 12/31/99
- All data were self-reported
- AMA is planning at least one more randomly selected survey of physicians. A survey will also be conducted at AMA's annual meeting June 20-24, 1999, in Chicago where there will be several thousand physicians in attendance. AMA hopes to receive a better response rate at this conference.

GAO American Medical Group Association (AMGA) Survey

In March 1999, AMGA sent out a survey to all of AMGA's membership, 230 medical groups representing 45,000 physicians.

Results (reported in May 1999)

- 99 medical groups responded (43% response rate)
- 59% reported their billing/financial systems as Y2K ready
- 42% reported their biomedical equipment as Y2K ready
- 52% reported their clinical/medical records as Y2K ready
- 44% reported their facility infrastructure as Y2K ready
- All data were self-reported
- AMGA does not have plans to re-survey

GAO American Health Care Association (AHCA) Survey

In March 1999, AHCA sent out a survey to about 12,000 skilled nursing and long-term care facilities who were asked to report back anonymously.

Results (reported in May 1999)

- 342 facilities responded (approximately 3% response rate)
- 83.6% of the billing/financial systems will be compliant by 9/30/99
- 81.9% of the clinical/medical record systems will be compliant by 9/30/99
- 60.5% of the biomedical equipment will be compliant by 9/30/99
- 71.1% of the operational/physical plants will be compliant by 9/30/99
- All data were self-reported
- AHCA does not have plans to re-survey

GAO American Ambulance Association (AAA) Survey

AAA sent out a survey to its membership of 700 private ambulance companies. Data collection is on-going.

Preliminary Results (reported as of June 10, 1999)

- Approximately 90 responded (approximately 13% response rate)
- On average, 68% reported they are Y2K compliant
- An average of 83% reported that their vendors are Y2K compliant
- The remainder of those responding indicated they would be compliant by the end of July 1999
- All data were self-reported

GAO National Association of Community Health Centers, Inc. (NACHC) Survey

NACHC sent out a survey to 763 community health centers

Results (reported in March 1999)

- 71 community health centers responded (9% response rate)
- Of 69 respondents, 3 had completed their Y2K projects (2 respondents did not answer this specific survey question)
- All data were self-reported
- NACHC does not have plans to re-survey

GAO National Association of Rural Health Clinics (NARHC) Survey

In March 1999, NARHC surveyed its 350 members who service approximately 1,000 clinics.

Results (reported May 1999)

- 5 responded (1% response rate)
- Due to the low response rate, NARHC did not provide its survey results
- All data were self-reported
- NARHC does not have plans to re-survey. Officials stated that given the low response rate and the inability to validate, NARHC is assuming that its members are not prepared for Y2K and will therefore focus on educating its members on this issue.

GAO HHS Office of Inspector General (OIG) Survey

In December 1998, HHS OIG sent a survey to 5,000 randomly selected Medicare providers who were asked to report back anonymously. 1,000 surveys were sent to each of five provider groups:

- Durable Medical Equipment Suppliers
- Home Health Agencies
- Hospitals
- Physicians
- Nursing Facilities

Results (reported March 1999)

- 1,651 providers responded (33% response rate)
- About one-half reported that their billing and medical records systems were Y2K ready
- Less than one-half had developed a Y2K contingency plan
- All data were self-reported
- HHS OIG is planning to conduct a follow-up survey this summer

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Rx2000 Survey

In early 1999, Rx2000 conducted a telephone survey of 3,640 randomly selected providers. The Rx2000 survey stratified providers by region of the country and healthcare industry segment.

Results (reported March 1999)

- 763 providers responded with usable survey data (21% response rate)
- From these, Rx2000 projected the following population parameters:
 - 40% of the Medical Practices report Y2K readiness
 - 37% of the Hospitals report Y2K readiness
 - 33% of the Skilled Nursing Facilities report Y2K readiness
 - 33% of the End Stage Renal Disease Facilities report Y2K readiness
 - 63% of the Durable Medical Equipment report Y2K readiness
 - 42% of the Home Health Care Agencies report Y2K readiness
 - 76% of the Laboratories report Y2K readiness
 - 41% of the Health Plans report Y2K readiness
 - 43% of the Pharmaceutical Distributors report Y2K readiness
- All data were self-reported
- Rx2000's survey response rates in seven of the nine provider groups were not high enough to project the results at the confidence level sought
- Future Rx2000 assessment reports are due out in June and September 1999

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GAO Key Areas Addressed in Healthcare Provider Surveys

Organization	Compliance status of types of systems potentially affected by Y2K (e.g., billing/records systems, biomedical devices)	Testing	Contingency Planning
NAMES			X
AHA	X		X
ACLA		X	X
AMA	X	X	X
AMGA	X	X	X
AHCA	X	X	X
AAA		X	X
NACHC		X	
NARHC	X		
HHS OIG	X	X	X
RX 2000			X

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Observations - Outreach

HCFA has taken comprehensive measures in conducting its outreach activities. However, HCFA data show that provider participation in these activities is low.

- On average, about 2 percent of 10,000 providers invited attend each of the Y2K conferences hosted by HCFA
- Less than 1 percent of the Medicare provider community has called the HCFA 1-800 information hotline on Y2K

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Observations - Testing

HCFA's end-to-end testing does not include testing with providers. It is limited to all HCFA internal systems and contractor systems. HCFA has tasked its contractors to test with their respective providers.

Medicare contractor future date testing with providers has been limited

Contractor/provider testing that has occurred has identified problems

Contractor/provider testing only identifies problems with the data exchange. It does not demonstrate that providers' systems that process Medicare claims are Year 2000 compliant.

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GAO Observations - Surveys Results

Insufficient information is available to assess the Year 2000 status of the Medicare provider community

- Response rates have been low
 - Of the 11 surveys conducted, 4 had a response rate of 10 percent or less, 4 had response rates from 13-29 percent, and 3 had response rates from 33-50 percent
- Data are self-reported and it is unclear what the self-reported compliance statements are based on (e.g. vendor certification statements, test results, etc.)
- Not all organizations asked critical questions on testing and contingency planning, nor did all differentiate between various types of systems potentially affected by Y2K
 - 7 asked about testing
 - 9 asked about contingency plans
 - 6 asked about the status of specific types of systems potentially affected by Y2K (i.e. billing/record systems, biomedical devices, infrastructure)
- Only 5 organizations have plans to re-survey

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Suggested Actions

In order to reduce the risk of Year 2000-related failures of the Medicare provider community and ensure that the public has adequate information about what is being done to reduce the risk of such failures, we suggest that the Health Care Financing Administration (HCFA):

- continue to solicit suggestions from healthcare provider trade associations on how to increase participation in outreach activities
- consider using additional outreach methods, such as public service announcements
- consider conducting end-to-end tests with providers and contractors on a sample basis, if time permits
- set milestones for contractors to test with providers
- continue to publicize the results of all contractor/provider testing on HCFA's website

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Suggested Actions

In order to reduce the risk of Year 2000-related failures of the Medicare provider community and ensure that the public has adequate information about what is being done to reduce the risk of such failures, we suggest that the Health Care Sector working group of the President's Council:

- develop a template to ensure that future surveys include critical questions on testing and contingency planning and to ensure that assessments are categorized into areas such as billing/medical record systems, biomedical devices, and infrastructure
- consider working with associations to publicize those providers who respond to future surveys in order to increase survey response rates

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