Sunshine Act Preparedness: A Three-Step Plan

The Sunshine Act has been looming over the healthcare industry like an ominous cloud on the horizon, and as of February 2013, after years of waiting, it is finally upon us. So what should you do to prepare your business for the effects? Do you have everything ready for August 1, 2013 – the day data collection must begin? Are all processes in place for reporting on March 31, 2014 for the period of August 1 to December 31, 2013?

Now that the hurry-up-and-wait game is over, it’s time for all manufacturers of drugs, devices, biologicals and medical supplies covered by Medicare, Medicaid or the Children’s Health Insurance Program (CHIP) to report payments or other transfers of value they make to physicians and teaching hospitals to Centers for Medicare & Medicaid Services (CMS) on March 31, 2014. CMS will post that data to a public website by September 30, 2014. The final rule also requires manufacturers and group purchasing organizations (GPOs) to disclose to CMS physician ownership or investment interests. Are you in any of those groups? If this is you, read on!

About This Report
The Sunshine Act, a subsection of the Affordable Care Act, is a new law requiring a change to how payments to Physicians and learning institutions from healthcare suppliers, manufacturers, services and pharmaceutical companies are reported. In this informative whitepaper, we outline important steps to take in preparing for, dealing with and learning from this new reporting structure.

Summary:
- It’s important to understand the significance of reporting and the penalties for not doing so.
- Data hygiene is key to assuring your reports are accurate.
- There are a number of important elements that go into each payment report. Equally important is the accuracy of each element.
- Continuous testing and improvement of your reporting system is key for success with compliance.
We’ve done some homework on the 30,000-word act (click here if you really want to read it all), and in the pages that follow, we outline – in our humble opinion – what you can do before data collection begins on August 1st, what to do during data collection and what to do after, so you have an idea of what to expect in navigating the changes this act will bring to your business.

BEFORE SUNSHINE ACT REPORTING BEGINS, YOU SHOULD . . .

Going into implementation, there are two things that you should know. Outlined in the act, there are several requirements that could mean certain doom for companies if they don’t plan ahead to deal with each in a thoughtful and efficient manner. They are:

1. Understand the importance of reporting –
When it comes to any federal regulation intended to shed light on a portion of a business or industry, the name of the game is reporting compliance. And in the case of the Sunshine Act, intended to shed light on payments or transfers of value from healthcare industry manufacturers, suppliers, service companies, or pharmaceutical companies or their agents to Physicians and teaching institutions, the same stringent reporting requirements apply — and the penalties for non-compliance are steep.

For companies who unintentionally fail to report payments according to the act, fines range from $1,000 to $10,000, with a cap of $150,000 per year. For those companies who intentionally fail to report those payments, the penalties are steeper, ranging from $10,000-$100,000 with a cap of $1 million per year. That said, it’s clear why you should get your reporting procedure hammered out prior to August 1st.

2. Understand the importance of complete and accurate data — In addition to assuring that you’re reporting on all payments made to Physicians and teaching institutions, it’s your responsibility to assure that all the identifying information you use to report on each receiving party is complete and accurate.

Identifying information required in each reporting entry includes the recipient’s name (including middle initial!), business address of the primary location, National Provider Identifier (NPI), Taxonomy AND Taxonomy number. CMS also considered and finally decided to include the state license number for each entity as a unique identifier, which helps ID Physicians with no NPI.

In addition to requiring each of these pieces of identifying information, the act states that you must make a “good faith effort” to find a physician’s NPI, including searching the NPPES (National Plan & Provider Enumeration System) website or calling the NPPES help desk. Yes, really.
If you can’t find the NPI, that’s Ok – you made a good faith effort so you can leave it blank. However, if CMS finds that the doctor does have an NPI, they’ll require you to resubmit the data. Sounds like fun.

Given each of these requirements, it’s important that each entry in your contact database is both complete and verified as accurate, which, given the usual size of each of these data sets, is no easy task, and one that NPPES’s help desk may not be equipped to handle.

We’ve found the accuracy of the NPPES database to be questionable, at best. A recent survey we conducted with Physicians asked, “How often do you update your contact information with the NPPES?” In the results, we found that almost 30 percent of Physicians hadn’t updated their NPPES listing since they first applied for their NPI and less than half of respondents remember to update their listing when they move or change addresses, making the NPPES a less-than-accurate accounting of provider identifiers for a huge number of Physicians nationwide.

What’s more, the NPPES database only keeps a single address on file for each provider, meaning that if you meet Dr. John Smith at his clinic in California, good luck finding him if the address in the database has him listed in Texas.

The solution that many companies are turning to, and one that we recommend, is contracting with a third-party data provider. There are companies like Healthcare Data Solutions that specialize in accurate compliance data, allowing you a trusted partner who can assure the integrity of your data in a safe and reliable way. Contact HDS to learn more about the provider data verification and data hygiene services available, such as real-time access to crosswalk between NPI, DEA and State License databases with HDSverify.

3. Inform the healthcare providers and organizations you work with about the Sunshine Act requirements — Imagine how physicians will feel on September 30, 2014 when they see that their name is up on a public website with information attached about a payment given to them by you. If they are informed about the Sunshine Act regulations and are expecting this to happen, your relationship with them won’t be harmed. If they are caught by surprise, you may never be able to repair that damage.

Consider a full campaign, including direct mail, fax and email, to let them know.
DURING SUNSHINE ACT DATA COLLECTION, YOU SHOULD . . .

Once data collection begins on August 1st the real fun begins, as you will be required to keep up-to-date, complete and accurate records of each payment to providers and institutions with which you do business.

There are slightly different requirements depending on whether the payment is to a covered recipient or is related to physician ownership and investment interests. But generally, you will be required to report the following pieces of information:

- Name of the covered recipient (with applicable middle initial and suffix included)
- Primary business address
- Specialty/Taxonomy (including Taxonomy code to “ensure consistency”)
- NPI number
- State professional license number and State in which its held
- Amount, date, form and nature of payment or other transfer of value
- Related covered drug, device or medical supply

While you might be curious as to what constitutes a payment that you'll be required to report upon, the Sunshine Act outlines the kinds of transfers of value that apply and your legal team will help you determine what is relevant to your business. If you are compensating a physician for speaking at a Continuing Education program, for instance, you may be off the hook, provided you fit within certain guidelines, but again, check with legal.

Proper attribution of these payments to each Physician can be a daunting task, as different expenditures often are recorded in any number of disparate systems, however, there are now a number of cloud-based platforms that enable firms to attribute travel and expense records with credit card charges for easy reporting. It is only one piece of the puzzle, but for an excellent expense integration system, we recommend Concur Connect. Its system is seamlessly integrated with our own HDSverify to solve the problem of appending multiple state licenses and addresses to a single provider in a simple, fast dropdown that also eliminates user-entered errors.

For more info email HDSInfo@hdsdata.com
AFTER SUNSHINE ACT IMPLEMENTATION, YOU SHOULD...

Once you have a reporting system in place, have real-time access to complete and accurate data, and have implemented the process for a few months, the final step is to institute a system of continuous testing and refinement. Set up a regular meetings with your team to analyze how the system is working, identify some of the pain points and discuss opportunities for improvement.

This process of continuous testing and refinement in reporting will not only assure compliance with the Sunshine Act, but any mistakes or incompletes you find during this process can be noted and fixed in your CRM database as well. Eliminating incorrect information from your CRM system allows you to make sure that all of your marketing materials are getting to the right addresses, your emails are going to who they’re supposed to and that any other marketing outreach is getting to its intended recipient, in addition to assuring your Sunshine Act reporting is accurate.

SO WHAT DO WE DO RIGHT NOW?

First – consult your legal department. Make sure your company understands the implications of the Sunshine Act that are specific to your business. And make sure you have a reliable data partner like Healthcare Data Solutions and a process in place for collecting and reporting data.

Then keep up with the latest CMS updates to find the answers to some lingering questions, like “What will the data reporting templates look like?” “Who will conduct audits and how will we be notified?” “How will CMS define the start of the 45-day review and correction period?” Stay tuned...

ABOUT HEALTHCARE DATA SOLUTIONS

Healthcare Data Solutions is a leading healthcare information services company focused on building the most accurate, compliance-grade data on Physicians, Dentists, Nurse Practitioners and other Healthcare Providers, as well as Pharmacies and Hospitals. Healthcare Data Solutions provides healthcare data, physician validation programs, data processing, compliance services, web services and new customer acquisition programs for leading healthcare firms. Compliance clients can access over 5 million healthcare provider profiles to crosswalk between government databases for accurate reporting. Healthcare Data Solutions is the fastest growing healthcare data services company in the United States on both the Inc. 5000 and Deloitte Fast 500 list in 2012.

For more information, visit HealthcareDataSolutions.com or call 1-877-238-4949.

For more info email HDSInfo@hdsdata.com