

March 4, 2015



The Honorable Joseph Pitts  
Chairman, Subcommittee on Health

311 Arsenal Street  
Watertown, MA 02472

The Honorable Frank Pallone, Jr.  
Ranking Member

House Energy and Commerce Committee  
2125 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Pitts and Ranking Member Pallone,

I was honored to testify last month on behalf of athenahealth, Inc. at the Subcommittee on Health's hearing, "Examining ICD-10 Implementation." I thought the questions posed by the Subcommittee were insightful, and the discussion illuminating. I appreciate the further opportunity to respond to Mister Pallone's excellent follow-up questions.

As noted in my submitted testimony, athenahealth provides electronic health record ("EHR"), practice management, care coordination, patient communication, data analytics, and related services to physician practices, working with a network of more than 60,000 healthcare professionals who serve over 60 million patients in all 50 states. All of our providers access our services on the same instance of continuously-updated, cloud-based software. Our clients' successes, exemplified by a Meaningful Use attestation rate more than double the national average, underscore the very real potential of health IT to improve care delivery and patient outcomes while increasing efficiency and reducing systemic costs.

Those successes, and the services platform that enables them, are directly relevant to the responses below.

The Honorable Frank Pallone, Jr:

- 1. Ms. Matus, you mentioned in your testimony that all 60,000 of athenahealth's providers were ready for last year's deadline and will be ready for the October 1 deadline.**
  - a. Can you explain why your providers are universally ready as compared to other providers—what can they do to get ready for the transition?**

Our providers were and are universally ready for ICD-10 because we have financially guaranteed their readiness and completed the work necessary to make them ready on their behalf. A brief explanation of the fundamental nature of a cloud-based service will illuminate how we have made our clients ready and why we are able to stand behind that readiness with a financial guarantee.

As you may know, most of health information technology in this country is still dominated by the static enterprise software model. What this means in the simplest terms is that the information technology systems in prevalent use in our healthcare system are pieces of software installed and customized individually at the point of use. Post-installation they are not connected in any ongoing sense with each other or with the vendor responsible for the software. Because the systems are installed and customized locally, upgrades—such as an upgrade necessary to implement ICD-10—must be made locally, on an individual basis.

The implications of this situation extend much further than ICD-10, but ICD-10 serves as a useful illustration of its inherent deficiencies in our increasingly connected information economy. Imagine if every time an iPhone user wished to update an app on her phone, she was required to arrange for a custom, in-person upgrade for her individual handset. That is essentially the paradigm faced by most consumers of health IT today. It is no wonder, then, that many vendors repeatedly inform their clients that they will be unable to implement an upgrade (and the individualized training that is often necessary in this disconnected paradigm) in time to meet the next deadline...whenever that next deadline may be. The fact that the government continues to reward—or at least excuse—that lack of readiness by repeatedly postponing the supposedly-firm ICD-10 implementation deadline only exacerbates the situation, providing comfort to vendors of anachronistic technology platforms that they may never ultimately have to answer to their clients for their failure to adequately prepare for a relatively rudimentary code set upgrade.

Because athenahealth's services are provided to our clients via a cloud platform, we are literally *connected to our clients at all times*. Our software is updated continuously, often on a nightly basis. Each upgrade is provided to each of our clients simultaneously, ordinarily with no affirmative action necessary on the clients' part. The ICD-10 upgrade will be more significant than our regular upgrades, but the same basic paradigm will attach: we have done the coding work necessary to implement the ICD-10 switch. When the deadline is reached, every one of our clients will be upgraded simultaneously, via the cloud, in functionally the same way that millions of Americans upgrade the apps on their smartphones.

Of course that is just the practical, mechanical component to our clients' ICD-10 preparedness. We have also prepared them emotionally, taking away the anxiety associated with a pending major change by financially guaranteeing a successful switch. This guarantee has two main components: (1) In the unlikely event that a client is unable to switch at the deadline, that client will not be charged for our services until the switch is successfully achieved; and (2) any client who experiences a significant delay in claims processing due to a fault in our implementation of the transition will qualify for a cash advance from athenahealth to ensure continued cash flow.

To be clear: we have budgeted to make good on that guarantee, but we do not expect it to apply to any of our clients because we are confident in the preparation we have done and the power of our cloud platform to deliver its benefits to our clients with minimal disruption.

During the recent hearing you heard from a witness, Dr. Burke, whose practice has already made the transition as part of a pilot program, with no additional incremental cost and no disruption to his practice. We fully expect our clients to experience the same seamless transition. Dr. Burke's experience also illustrates by example that athenahealth is not the only

vendor able to prepare its clients for the ICD-10 transition. Indeed, in a September 2013 survey by the Workgroup for Electronic Data Interchange (WEDI) two thirds of 87 responding vendors indicated that they have ICD-10 ready products available, roughly twice as many as in 2013.

In light of available health IT systems that are capable of meeting the pending ICD-10 deadline, the best thing that the nation's care providers can do to prepare is to exercise their market strength by demanding that their vendors meet the deadline. The government can add heft and credibility to that demand by making it unambiguously clear that this time the deadline is real and will be enforced. The only other responsible alternative, as I explained in my hearing testimony, is to abandon the transition entirely. Another delay will serve no one beyond those vendors that have relied on repeated delays to shield them from the consequences of their technological failures.

The Honorable Frank Pallone, Jr:

- b. Can you talk a little bit more about the effect that last year's unexpected delay had on athenahealth and on your providers?**

The fact that athenahealth's clients are ready for the ICD-10 transition should not be read to in any way minimize the significance of the change. Like any significant change, preparation requires significant expenditure of resources—both human and financial. To-date athenahealth has invested more than 200,000 person hours into all aspects of our preparation for the ICD-10 transition, at a cost of many millions of dollars. The lost opportunity costs of such a significant expenditure of resources that would otherwise have been dedicated to other productive activities on behalf of our clients, of course, cannot be quantified.

Likewise, the costs to our clients of repeated cycles of preparation and delay cannot be estimated with any precision, but they are undoubtedly significant. A certain degree of anxiety and uncertainty will always accompany the prospect of significant change. The fact that athenahealth guarantees ICD-10 compliance alleviates our clients' anxiety, but nothing we do can eliminate it entirely. Only you can do that, by resolving once and for all to go forward with the ICD-10 transition as scheduled, or by deciding once and for all to scrap the program and move on with the many other significant reforms that our healthcare system urgently needs.

Thank you once more for the opportunity to participate in this important discussion.

Sincerely,

  
KRISTI A. MATUS  
Chief Financial and Administrative Officer  
athenahealth, Inc.

- cc. The Honorable Fred Upton, Chairman, House Energy and Commerce Committee  
The Honorable Gene Greene, Ranking Member, Subcommittee on Health