

bill Medicare electronically, we estimate the impact to be less than \$100 million. Our estimates of the cost impact are based on the following analysis. (Note: The primary sources of data contained herein are the Medicare Program's "Contractor Reporting of Operational Workload Data" (CROWD), the "2002 CMS Statistics" Handbook, and the Year 2000 "Statistics of U.S. Business" issued by the U.S. Census Bureau.

The Administrative Simplification provisions under HIPAA establish the standards for electronic data transmission when transactions are conducted electronically, but they do not require physicians, practitioners, facilities, suppliers, and other health care providers to transmit claims and other transactions electronically. ASCA, however, does require Medicare physicians, practitioners, facilities, suppliers, and other health care providers (except those for which this rule provides for an exception) to submit claims electronically to Medicare. Consequently, Medicare claims must be submitted in the HIPAA-prescribed electronic format. Thus, this rule will only have an impact on that group of entities that now submit paper claims to the Medicare Program and who do not fall into one of the excepted groups.

Approximately 139 million paper claims were submitted to Medicare in FY 2002. This represents about 13.9 percent of all claims processed. Broken down between paper claims submitted to FIs and carriers, the number of paper claims in FY 2002 was 3.4 million and

136 million, respectively (source of data is CROWD).

Over the past 4 years, Medicare's electronic media claims rate (EMC) has slowly grown at an average of 0.3 percent per year for FIs and 0.9 percent per year for carriers (source of data is CROWD). We do not expect a change in this trend for the immediate future. Therefore, we assume that similar changes will continue for, at least, FY 2003 and FY 2004, the first year of implementation of mandatory Medicare EMC. Using workload growth projections from the CMS FY 2004 budget submission to the Congress, we estimate the FY 2004 volume of paper claims impacted by the ASCA, factoring out Medicare's continuing trend of higher EMC rates, will be 2.5 million for Medicare FIs and 133.7 million for carriers. Please note that these volumes could be even smaller in FY 2004 due to the simultaneous implementation of HIPAA. However, the impact of HIPAA, coupled with Medicare's EMC trends, cannot be quantified, though the impact would only further reduce the cost/savings impact of ASCA and further support that a RIA is not needed.

We do not know at this time how many providers will be excepted from the ASCA requirements, but projections have been made based upon the percentage of health care providers reported in the Census Bureau's "Year 2000 Statistics of U.S. Businesses," which includes data on the number of health care providers by type with fewer than 20 employees and the numbers of physician, practitioner, and supplier entities with fewer than 10 employees.

The Census figures do not differentiate between part-time and full-time employees, and would be expected to result in inflated numbers on the whole when applied to Medicare, but that is acceptable for impact assessment purposes. The Census did not have a category for fewer than 25 employees; fewer than 20 employees was their closest statistic. Overall, the Census data would still be reliable indicators of the anticipated worse case scenario of the maximum number of Medicare providers, physicians, practitioners, and suppliers likely to be impacted by this regulation. The percentages of small providers, physicians, practitioners, and suppliers based on employment numbers for the universe of all U.S. providers, physicians, practitioners, and suppliers should be comparable to the percentage of the subset of those providers that bill the Medicare program.

The Census figures did not include each of the same provider, physician, practitioner, and supplier breakouts as tracked by Medicare's statistics, but the Census figures did include the largest provider, physician, practitioner, and supplier types. The Census figures included 90 percent of all Medicare providers, physicians, practitioners, and suppliers by type. The provider types track differently by CMS and the Census Bureau include regional referral centers, Christian Science Sanatoria, rural health clinics, critical access facilities, and hospices. The "2002 CMS Statistics" directory and the 2000 Census data health care establishment totals reported the following:

Provider type	Number of providers	Percentage of providers with less than 20 employees	Likely number excepted
Hospitals	6,031	10.6	639
Home Health Agencies	7,099	69.2	4,913
ESRD Facilities	3,991	16.6	663
Skilled Nursing Facilities	14,841	25.7	3,814
Totals	31,962	31.4	10,029
Type of physician, practitioner or supplier	Number of providers	Percentage of providers with less than 10 employees	Likely number excepted
Clinical Labs	168,333	41.4	69,690
Ambulatory Surgical Centers	3,147	34.9	1,098
Physicians	567,412	70.6	400,593
All Other Practitioners	297,967	71.8	213,940
Totals	1,036,859	66.1	685,321

As there was a 10 percent difference between the Census provider, physician, practitioner, and supplier types and the

Medicare provider types, due to differences in type collection, the numbers impacted would need to be

increased by 10 percent to account for the difference. Increased by 10 percent, approximately 11,032 (31.4 percent) of