Testimony of

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Maintenance and Modifications for Standards and Operating Rules:
Overview of Current Process for Operating Rules

Testimony Provided To The

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Good morning. I am Gwendolyn Lohse, Deputy Director of CAQH. CAQH is a not-for-profit, multi-stakeholder alliance that is uniquely focused on simplifying administrative processes in healthcare. I appreciate the opportunity to provide this testimony today to the Subcommittee on Standards of the National Committee on Vital and Health Statistics (NCVHS).

I also serve as the Managing Director of the Committee on Operating Rules for Information Exchange (CORE). CORE was conceived and established by CAQH in 2005 to address the needs of health plans and providers to exchange more robust administrative transactions in real time. CORE is the only national effort solely engaged in the development of operating rules for the facilitation of non-pharmacy, administrative healthcare transactions. The CORE operating rules are developed through an open, transparent, quorum-based voting process with a wide range of healthcare stakeholders. Participants include health plans, providers, vendors, provider associations, state-based efforts, and standards development organizations (SDOs), including ASC X12, HL7, and the National Council for Prescription Drug Programs (NCPDP).

I am pleased today to provide the Subcommittee with detailed information regarding the maintenance and modification of the CORE Operating Rules. This is approached from both strategic and tactical perspectives, and includes steps that are guided by vision, governance and technical parameters. My detailed testimony highlights several key interrelated points regarding maintenance and modification:

- The rapidly changing world of health information technology (HIT) for administrative transactions cannot be myopic. We must work from a strategic viewpoint and create processes and structures that go beyond the technical – that are nimble, visionary and business-driven, so that the industry can successfully address changes required due to legislation, the imperative for technological innovation and cost reduction. The Health Insurance Portability and Accountability Act (HIPAA) of 1996 was amended by the Patient Protection and Affordable Care Act (ACA) to include operating rules with this big picture in mind.
- Strong governance is critical and must support the vision of how we transform healthcare. For operating rules today this means transitioning from governance of a voluntary initiative to an initiative that supports a mandated environment. Maintaining executive-level management in this governance is needed to maintain a focus on the goals of administrative simplification and their guiding principles such as industry alignment. Processes are not enough – leadership drives change and an on-going commitment to high-quality deliverables, including modified operating rules.
- Numerous process-oriented steps exist today in maintaining and modifying updates to operating rules. Each step in this process must support the strategic vision and thus be ready to embrace opportunities such as critical improvements in version cycle time, stakeholder involvement, industry alignment and placing into daily action the ACA-established definition that operating rules build upon standards.
- Consistent coordination will be needed between authoring entities for operating rules and SDOs going forward. An ideal collaboration will not occur overnight, as the industry is in a transition stage. Based on experience to date (which has resulted in greater adoption of the standards, return on investment (ROI) and growing industry coordination), suggestions for continued success are proposed.

Before I begin the detailed portion of my testimony, I would like to thank the Subcommittee, as well as the full Committee, for recommending CORE as the authoring entity for operating rules for non-retail pharmacy-related transactions for eligibility (ASC X12 v5010 270/271) and claim status (ASC X12 v5010 276/277). We also appreciate the recent NCVHS recommendation of CORE, in collaboration with NACHA – The Electronic Payments Association, as the potential operating rule authoring entity for electronic remittance advice (ERA) (ASC X12 v5010 835) transaction and healthcare electronic funds transfer (EFT). CORE is currently working with its stakeholders to meet the NCVHS requirement that fully vetted operating rules for these transactions be submitted for the Committee's consideration by August 1, 2011. In the interim we look forward to keeping the NCVHS apprised of our progress, and would be pleased to answer any questions that you may have. With regard to this work, over 115 organizations, both CORE and non-CORE participants, completed a survey that CORE issued two weeks ago regarding potential operating rules for EFT and ERA. Included in the survey were options that meet the definition of operating rules pursuant to the ACA, and highlight a range of efforts already occurring within the industry that could potentially be included in national operating rules. Coordination with, and leverage of, existing efforts is underway.

Part I: Setting Strategy and Vision to Drive Maintenance and Modifications

It is not news to any of us that the delivery of healthcare is evolving at a new rate of speed. Only a decade ago we were discussing processes for electronic claims submission, and over the past few years: the Office of the National Coordinator for Health Information Technology (ONC) created the Nationwide Health Information Network (NHIN); states and localities are getting wired to exchange health information; payers are identifying how to use data from e-prescribing systems to improve quality and reduce costs; patients are beginning to communicate with their providers via the Internet; payers and providers are considering how to set up "virtual" accountable care organizations (ACOs); and new requirements for meeting meaningful use of EHRs are being established. In order to assure simplified administrative processes support these changes, administrative data exchange needs to align with clinical data exchange – and operating rules must be maintained and modified to address the integration.

We agree with the leadership of the Markle Foundation[1] when they suggested that it is somewhat "magical thinking" to believe that standards and technology alone will fix our broken healthcare system, and that a lack of standards is the main barrier to adoption of HIT. Technology, operating rules and standards are tools, not goals in and of themselves – the goal with regard to operating rules for administrative data transactions is to achieve simplification while aligning with other industry HIT initiatives and reducing costs.
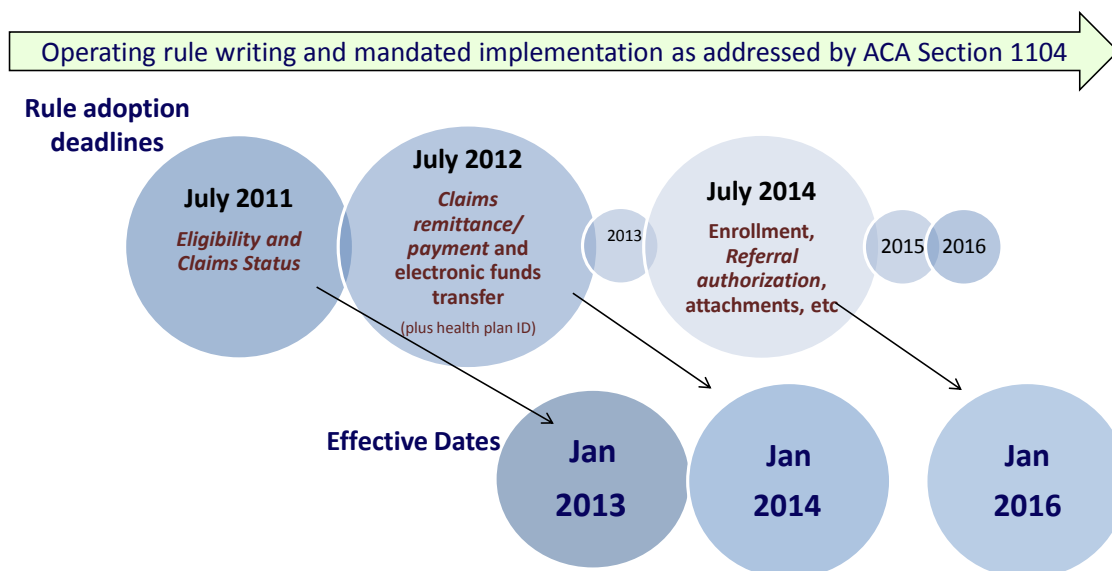
With regard to maintenance and modification of operating rules, the opportunity lies in strategic alignment that will address the quickly evolving needs of both private industry and government. Structures and processes supporting maintenance and modification must be able to adapt to and capitalize on the rapidly changing environment and unfolding opportunities, while also

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[1] Diamond, Carol C. and Shirky, Clay. (2008). Health Information Technology: A Few Years of Magical Thinking? Health Affairs 27(5): w383-w390.

implementing changes that meet the aggressive implementation deadlines created by the ACA. Visual 1 below shows the very tight timeframes for authoring and implementing ACA- mandated operating rules, and thus highlights why a coordinated strategy and vision is essential.

(Visual 1) ACA Section 1104: *Mandated* Operating Rules

Operating rule writing and mandated implementation as addressed by ACA Section 1104

Rule adoption deadlines

July 2011
Eligibility and Claims Status

July 2012
Claims remittance/ payment and **electronic funds transfer**
(plus health plan ID)

2013

July 2014
Enrollment, Referral authorization, attachments, etc

2015 2016

Effective Dates

Jan 2013

Jan 2014

Jan 2016

Note: *Per statute, documentation of compliance may include completion of end-to-end testing (i.e., certification and testing).*

Given the tight timelines, as well as the definitions of operating rules, the challenge will be to agree to build upon what exists where possible, and then to align on the additional work needed to move forward. For example, changes in high deductible health plans with health savings accounts (HSAs) must be supported by the current versions of the standards and operating rules, based on in-depth review of the business requirements. The current operating rules and/or standards will need to be modified, or new operating rules and standards developed, to meet the industry's business needs for new initiatives, particularly those that are legislated such as ACOs. Infrastructure and related operating rules will also be needed as we consider how to leverage investments within and across transactions, such as patients demanding to use their mobile devices to access their coverage and financial data. In order to meet this new world, there must be open, trust-based forums for stakeholders to share common business process concerns and to discuss – and debate – solutions that are obtainable now or in the very near term so that the industry can agree that their increased investment will have a return. By guiding with strategy and vision, maintenance and modifications of operating rules can address both current and emerging business cases while supporting a transparent and nationally aligned focus.

What Works Today

Integrated Model: Building Upon Interdependencies. The CORE strategy and vision is structured around an integrated model of: rule development, certification and testing, and education and outreach. Each aspect of the model encourages the CORE participants to consider, from various angles, what is needed for real-world administrative simplification and thus how the operating rules should be maintained and modified. Just this week, the American Medical Association (AMA) asked CAQH CORE and NACHA to conduct education sessions with both the AMA state Federation staff and its members regarding the EFT and ERA operating rule work underway so that they can consider what the EFT and ERA operating rules could achieve within the ACA deadlines. As another example, over the past few years CAQH CORE has held demonstrations on how the CORE Connectivity rules can align with the NHIN efforts so that the market can leverage both efforts.
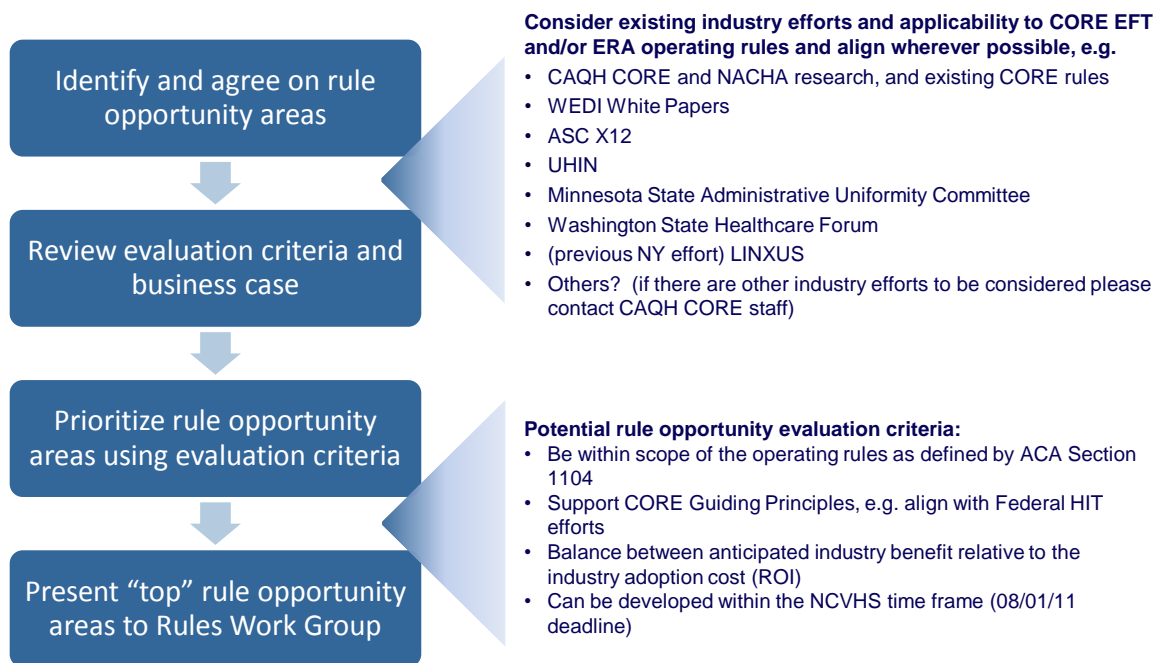
Nimbleness and Transparency: Pillars to Success. CORE Operating Rules are constructed to work in today's environment, as well as provide a transparent path to the future. For example, they have been developed in phases, so that the expectation bar moves higher with every predictable cycle. If a modification is not included in one cycle, it can be prioritized for the next cycle. Staff and consultants support minutes, research, surveys, and operating rule option development so that the industry can make well-informed decisions, including easily accessible reminders on why an operating rule was included, maintained or modified. All documents are available to participants via the CAQH Calendar, and/or on the public CAQH CORE website. All the CORE Operating Rules are free and can be accessed on the CAQH website, including final draft rules, as well as modifications that are made to existing rules due to changes in a standard that the rules build on, e.g., the move from v4010 to v5010 (see http://www.caqh.org/COREv5010.php). Almost all CORE rule writing activities, education and outreach is conducted by conference call or webinar, with scheduling sensitive to all time zones. Finally, participant involvement in CORE is transparent. All minutes report individuals present, and all CORE participating organizations are listed on the CAQH website by stakeholder category.

National, Milestone-driven Rules That Build on Standards: Strategic Steps to Larger Vision. Achieving a strategic vision for administrative simplification requires baseline operating rules that are national in scope, and implemented in a phased, yet aggressive, approach in which all operating rules align with the range of standards (data content, connectivity, security, etc.) needed to meet the business needs of today's healthcare market. Since inception the CORE rules have been national in scope, and support the adoption of a range of standards that help drive the adoption of the HIPAA administrative transactions. These national operating rules serve as a baseline that can be expanded upon, so that lessons learned through regional efforts, such as in Massachusetts or Minnesota, can be considered as the operating rules are modified.

Strategic Dialogs and Research: Driving to Collaboration and Alignment. Reaching out and speaking with stakeholders can help to identify solutions to address existing challenges, business opportunities and areas for improvement. CORE regularly conducts surveys and analyses with a wide range of organizations to learn about existing strategies, business needs, and what is

working or not working. To this end, CORE has formed a strategic partnership with NACHA – The Electronic Payments Association. Synergies between the two organizations will help ensure that healthcare operating rules for EFT will be aligned with the financial services industry EFT operating rules. An example of how strategic outreach can help drive collaboration and alignment is demonstrated through the research that CAQH CORE initiated with a number of stakeholders to identify rule opportunities for the EFT and ERA. Highlights regarding the scope of this research and associated discussion are shown in Visual 2 below:

(Visual 2) CORE Process for Evaluation of EFT and ERA Rule Opportunity Areas

Identify and agree on rule opportunity areas

Review evaluation criteria and business case

Consider existing industry efforts and applicability to CORE EFT and/or ERA operating rules and align wherever possible, e.g.
- CAQH CORE and NACHA research, and existing CORE rules
- WEDI White Papers
- ASC X12
- UHIN
- Minnesota State Administrative Uniformity Committee
- Washington State Healthcare Forum
- (previous NY effort) LINXUS
- Others? (if there are other industry efforts to be considered please contact CAQH CORE staff)

Prioritize rule opportunity areas using evaluation criteria

Present "top" rule opportunity areas to Rules Work Group

Potential rule opportunity evaluation criteria:
- Be within scope of the operating rules as defined by ACA Section 1104
- Support CORE Guiding Principles, e.g. align with Federal HIT efforts
- Balance between anticipated industry benefit relative to the industry adoption cost (ROI)
- Can be developed within the NCVHS time frame (08/01/11 deadline)

Business Cases: Agreeing on Vision and Scope. Before CORE Operating Rules are developed or modified, a draft business case is reviewed by the participants working on the given operating rules. This business case outlines the numerous rules that could be pursued and the participants then determine which operating rule priorities, including modifying existing CORE rules, are most important based on agreed-upon criteria. For example, in the draft CORE Phase III discussions, the Connectivity Subgroup determined that modifying the CORE Connectivity rule to include alignment across related domains such as pharmacy and medical would be the critical next step. Work to begin this process has already started. In turn, the Eligibility Phase II rules primarily modified the Phase I rules by adding more requirements to an existing base – this occurred as the CORE participants determined that additional patient financial information is what the business needs required.

Ongoing Stakeholder Input: Improving the Vision and Strategy. It is important to constantly monitor how stakeholders see the world changing, what the business opportunities might be based on this change, and discuss how to feed that back into the processes for rule maintenance and modification. Several recent examples support this focus on strategy and vision. CORE – in partnership with NACHA – conducted more than fifteen interviews with health plans, banks, vendors/clearinghouses, and state-based entities. The learnings from that process are summarized in a White Paper, and the detailed findings are being used to highlight how operating rules can positively impact workflow related to EFT and ERA. In another example, CORE has reached out to several states, including Washington and Minnesota, to discuss how it can work collaboratively to determine how existing state rules – which in the majority of cases are extremely similar to the CORE Operating Rules related to expanded data content – could be embraced in national operating rules. CORE is also holding periodic Town Hall calls to gain feedback from those in the industry who are not CORE participants.

Demonstrating Results: Tracking and Publishing ROI. A key driver behind the maintenance and modification of the CORE Operating Rules is the understanding that the rules will provide tangible results. When CORE was launched a commitment was made to study the impact of the operating rules. IBM was retained to conduct this work with a wide range of stakeholders who were willing to devote resources to track the cost and impact within their environments. Details on the CORE Phase I study can be found at http://www.caqh.org/COREIBMstudy.php. The cost of CORE Phase II adoption for health plans was shared at the 2010 CAQH Administrative Simplification Conference, and the remaining aspects of the Phase II tracking are underway.

Opportunities for Improvement

Wider Strategic Analyses on a More Established Cycle. Success depends on optimal positioning by anticipating and understanding environmental changes and related business opportunities. Setting strategy and vision to drive operating rule maintenance and modification is not different. Current CORE strategic analyses – both the initial long-term strategic plan for CORE as well as the ongoing supporting research and updates to the plan – have been essential, especially for annual budgeting purposes. However, given the changing status of operating rules, the new CORE governance (whose status is described in Part II) should oversee the process to update the CORE strategic plan every two years. This planning cycle will help formalize stakeholder priorities for modifications as well as determine how CORE uses its resources. The first updated strategic plan is expected to be issued at the end of 2011, along with the recommendations for the new CORE governance structure.

Beyond priority setting, this strategic planning will highlight that although the ACA deadlines for operating rules are significant, operating rules will be an iterative process that go beyond the deadlines. The long-term vision for operating rules to drive administrative simplification can only be met through several years of maintaining and modifying current and future rules. The ongoing strategic planning process will be managed and reviewed through the new governance structure, as described below, and input on the strategy and vision must be obtained from the public and private stakeholders affected by operating rules. As with current CAQH CORE efforts, future strategic analysis must consider the key market drivers. Examples of strategy impacting maintenance and modification of the rules include addressing:

- *Mandatory and Voluntary tracks of rule development and modification.* For example, the concept of "Base Rule" for Mandatory track and "Advanced Rule" for Voluntary track, with sunsetting of 'Base" when time is appropriate. This concept has been discussed by CAQH CORE leadership with CMS given the interest from many of the CORE participants to continue to move forward with national, voluntary operating rules that go beyond the ACA mandates.
- *Addressing Vested Interests*: For true administrative alignment, independent and sometimes competing domains or stakeholders may need to work for the common interest of the industry, and in the process may lose some control over their own work products. CORE has already seen this with regard to ONC including the CORE Operating Rules (with constraints) in efforts such as HITSP, state efforts tweaking the CORE Operating Rules that focus on data content, or NCPDP building upon the CORE Connectivity work to explore the creation of a pharmacy-driven Connectivity approach that aligns with CORE Connectivity rules and NHIN. In turn, others are also experiencing this – ASC X12 has seen the CORE Operating Rules require the non-required/mandated aspects of some of the ASC X12 standards. For all involved, the concept of cross-pollination of work products will need to be further explored so that all involved feel that their efforts are well recognized in the broader context.

More Extensive ROI Tracking. Operating rules adoption by private and government entities will occur much more quickly and easily once the value of the operating rules is documented. As importantly, tracking the ROI by each entity will help inform future modifications to the operating rules and associated standards. ROI studies help inform business cases, feed into strategic planning and serve as a reminder *that any modification must have a direct financial or non-financial value in order for it to be embraced by the market*. ROI tracking within and across industry segments is also needed for similar reasons – this is especially true as these segments continue down the path of complementary visions related to infrastructure needs such as the definition of real-time and the role of safe harbor connectivity options that are aligned with Federal efforts like the NHIN.

Part II: Governance that Supports Practical Maintenance and Modification

In today's rapidly changing healthcare environment, dynamic organizational structures with responsive governance and the ability to expand stakeholder participation is critical. Special emphasis must be placed on ensuring that the industry leadership at the table is willing to fully share ideas and personally lead by example. The principles of shared decision making, accountability, business applications and supporting internal infrastructure must be part of the governance process. Working together, these fundamentals form the basis to maintain and modify operating rules in a manner that promotes ongoing alignment with current and future environmental change.

What Works

Guiding Principles: Setting Parameters for Modifications, Maintenance and Development.
CORE rule-writing and other interdependent activities are based upon a clear set of Guiding
Principles, highlights of which are presented below. These Principles drive maintenance and
modification as well as development and have been applied throughout CORE Phase I, II, and
draft III efforts; the recent CORE work done in response to requests from the NCVHS; and the
updating of the CORE rules for v5010. Minor updates have been made by the CORE participants
as they approve each phase of the CORE rules. Beyond the overarching Guiding Principles,
some CORE Work Groups and Subgroups also have guiding principles specific to their rule-
writing efforts with the goal of supplementing the overarching Guiding Principles (e.g.,
Connectivity Phase II principles). Visual 3 highlights how such Guiding Principles are driving
the boundaries for operating rules maintenance, modification and development.

- CORE is not repeating the work of standard development organizations (SDOs), but building upon existing standards.
- CAQH will strive to include participation by all key stakeholders in the CORE rule making process. CORE has established Governing Procedures; under these Procedures, each CORE member that meets CORE voting criteria will have one vote on CORE issues and rules.
- CAQH serves as the facilitator, while CORE participants draft and vote on the rules.
- Use of and participation in CORE is non-exclusive.
- To promote interoperability, rules will be built upon HIPAA transactions and CORE will coordinate with other key industry bodies (for example, ASC X12 and the Blue Cross Blue Shield Association).
- Where appropriate, CORE will address the emerging interest in XML or other evolving standards.
- Whenever possible, CORE has used existing market research and proven rules. CORE rules reflect lessons learned from other organizations that have addressed similar issues.
- CORE rules will support the Guiding Principles of HHS's NHIN.
- CAQH research indicated that there will be benefit to the healthcare industry as a result of adopting operating rules. CORE will have Measures of Success (methodology to measure success and evaluate market impact) and CAQH will report aggregate findings by stakeholder type.
- CORE will provide guidance to stakeholders regarding staff implementation and training needs.
- All CORE recommendations and rules will be vendor neutral.
- All of the CORE rules are expected to evolve; Phase I was a starting point and each phase builds upon earlier phases.
- Rules will not be based on the least common denominator but rather will encourage feasible progress.

# (Visual 3) Highlights: CORE EFT and ERA Operating Rules Scope

ERA Focused	In Scope	Out of Scope
Operating rules that build on the ASC X12 v5010 835 TR3 by: • Clarifying ambiguity • Filling gaps • Building on data content specifications	X	
Operating rules that duplicate or conflict with the requirements of the ASC X12 v5010 835 TR3 (e.g., balancing, etc.)		X
EFT Focused: Thin Layer of Healthcare Operating Rules on EFT	**In Scope**	**Out of Scope**
Operating rules that build on the ACH CCD+ standard for EFT by: • Clarifying ambiguity • Filling gaps • Building on data content specifications	X	
Operating rules that duplicate or conflict with the requirements of the NACHA Operating Rules or the ACH CCD+ standard		X
Operating rules for the ACH CTX standard for EFT (given NCVHS recommendation for CCD+ and timeline)		X
Operating rules related to the ACH Network and/or connectivity from one depository institution account to another within the ACH Network		X
EFT & ERA Focused	**In Scope**	**Out of Scope**
Potential operating rules addressing infrastructure (e.g., acknowledgements)	X	

CORE Operating Rule Maintenance and Modification: Transparency and Balance. CORE participating organizations and the status of key activities such as operating rule reviews and updates are announced in numerous public settings including conferences, webinars, eNewsletters, and on the CAQH CORE website. Participation by each CORE organization in rule-writing, voting and document review – such as straw polls – is tracked using established templates. When comments are received on straw polls regarding draft rules, the comments are all categorized by CAQH CORE staff and then placed into a manageable structure for the CORE participants to determine how they want to handle the comments. This categorization highlights the stakeholder types that submitted comments and recommends what to do with the comment, e.g., modify operating rule, consider in next phase of the operating rules, identify as out of scope of operating rules. The name of the individual(s) representing the organization is also tracked; this said, only blinded and aggregated numbers are shared with others CORE participants. The results of such participation are shared with participants via a website calendar. Although 90% of all CORE participants have a representative(s) on all CORE Work Groups, many don't join all calls but follow the process via the web or requests for updates with CAQH CORE staff.

When CORE participants begin writing a new phase of rules, including the decision to modify or extend an existing rule, all previous CORE rules are taken into consideration to identify where updates are needed to leverage existing implementation investments. A Subgroup outlines the

detail while a Work Group reviews that detail, and agrees upon the list of priorities that will be addressed. As the rules follow the Guiding Principles, many rules directly expand upon or update previous rules, e.g., the draft Phase III Eligibility Data Content Rule expands the requirements already outlined in Phase I and II, raising the bar incrementally based on a combination of business needs, stakeholder support and priority, and the potential for real ROI.

The CORE rule-writing infrastructure is organized around an integrated model that recognizes interdependencies across the operating rules and their affiliated components, as well as the interdependencies of the stakeholders adopting the rules. This structure is depicted in the chart below.   As not every aspect of the CORE rules and policies need to be constantly updated, not all the groups meet on a "round-the-year" basis.
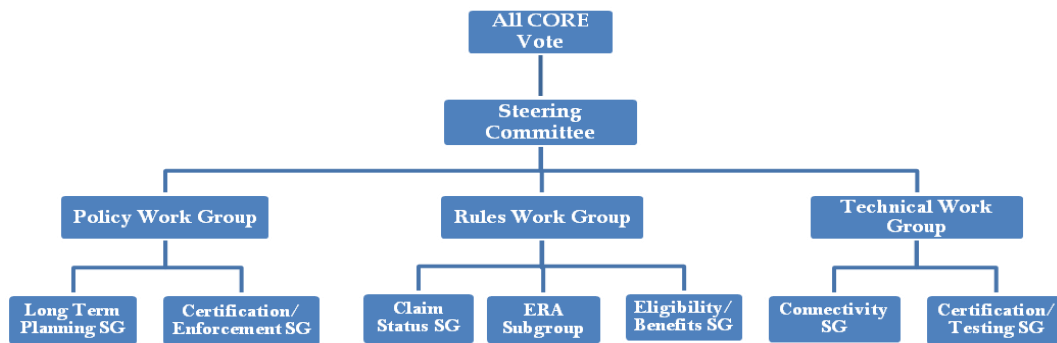
Note: Subgroups are adjusted as CORE rule-writing focus changes, e.g. request was issued for participants for new Subgroups for ERA and EFT rule writing.

Decision Makers are Multi-stakeholder Participant Volunteers. Per the current CORE Bylaws, volunteer participants control the content of the operating rules, including their scope and modification. The only exception to this is that any CORE rules must be updated to support HIPAA mandated changes to a standard: CORE has already experienced this with updating of the Phase I and II rules for v5010.   Every volunteer participant represents their affiliated organization and is asked to coordinate with others from their organization assigned to the rule processes. CORE strives to obtain manager or executive-level members as its volunteers – those who have the ability to speak for their organizations with authority from a top-level perspective as well as commit necessary resources. The Work Group and Subgroup Chairs represent participant organizations and facilitate discussions; they also work with CORE staff to finalize meeting agendas and materials.

Staff Are Held Accountable: Support CORE Participants and Deliver Value. The CORE rule-writing infrastructure is supported by ten full-time staff, in addition to a mix of retained expert consultants who are engaged depending on the focus of the rule writing, e.g., additional expertise was retained when the Phase I and II rules needed to be updated for v5010, when debate on moving from SSL to TLS (i.e., standards to ensure a secure communications channel during transmission of information) in the CORE Connectivity rule occurred, and for the EFT and ERA operating rules effort. The staff is supported by the CAQH infrastructure, which is managed by an executive team. The CAQH executive team is accountable to the CAQH Board, which includes senior executives from the CAQH member organizations. The CAQH Board holds

regular calls, and meets three times per year. Their agendas include discussion and decisions regarding CORE, such as forming the Transition Committee, approving additional funding given the broadening scope of the initiative or agreeing upon critical outreach actitivities.

The division of CAQH CORE staff responsibilities mirror that of the CORE integrated model, understanding constant exchange of information among the staff is expected. CORE staff use several tracking tools in order to assure that when rules are modified or enhanced, staff have documented ideas and findings for review by the CORE participants:

- Rule writing staff, e.g., ensure that the rules do not repeat what is already required in the standard or its Implementation Guide, identify options for participant review on how to have Connectivity alignment across related domains as operating rules are modified, meet with X12 leadership to review updates to the CORE Operating Rules based on v5010, and track outcomes.
- Education and outreach staff, e.g., determine how to translate the technical details of the operating rules into non-technical terms, hear from non-CORE participants where there is confusion regarding the rules and modification may be needed, identify places where the industry would like to enhance or modify the operating rules based on their current needs and future goals.
- Certification and tracking staff, e.g., manage the alpha and beta testing of the CORE-authorized operating rule compliance testing vendors, track results and experience of entities going through the process to identify non-substantive changes to the operating rules as well as potential substantive changes that certified entities would like to see included in future efforts.
- Leadership staff, e.g., identify new skills sets needed, oversee CAQH CORE budget against priorities, ensure integrity of the CORE process

Overall, the role of both the CORE staff and the expert consultants is one of support, including assisting the Work Groups with the various duties such as scheduling calls, taking minutes for review by the participants, researching detailed issues, drafting agendas for review, summarizing ballots, tracking submitted comments (which can range into the hundreds for just one straw poll), and maintaining a website where rules are available at no charge. None of the staff or the expert consultants vote on the CORE rules.

Both Volunteers and Paid Staff are Needed. In many partnership-driven organizations with a strategic vision such as that of CORE, staff provides the support needed to achieve the intended vision. This involves scheduling meetings, communicating with participants, conducting surveys and research. Staff can analyze research and surveys to present an unbiased set of options for the participants to debate and reach consensus. Staff and consultants are required to be stakeholder neutral, without conflicts of interest and maintain integrity at all times. This allows CORE participants to spend their time where it is most valued – debating and discussing the options, developing value propositions for new approaches to modifying operating rules, and making decisions such as determining what additional information might be needed and where it might be obtained. Because of the interdependencies involved in operating rules, the CORE sponsors – including the participating organizations and the CAQH Board – understand that they only receive value for their investment if the bar is raised for everyone; then all stakeholders benefit.

Staff resources also speed-up the process to reach the value of having national operating rules, as activities can be accomplished more quickly.

CORE Voting Is Layered and Tracked. Voting is managed through defined levels of participation outlined in the chart below. It is important to note that all CORE operating rules must go through this process, except for when they are modified to ensure alignment with new versions of Federally mandated standards such as v5010. Even in this process, CORE started over 20 months before the v5010 deadline to update the CORE rules, share a summary with CORE participants and the public, place edits on the CAQH website, meet with ASC X12 leadership to review and adjust the updates to ensure the rules did not repeat or conflict with the standard, and issued changes to the CORE voting participants. *On average, it takes approximately one and a half years to complete the entire process when writing new rules or significantly modifying existing rules as was done in CORE Phase III; this said, from mid-2009 through 2010 the significant changes being driven by both the HITECH legislation and ACA have impacted the established focus on this cyclical process.*

CORE Body	Current Governing Procedures for CORE Voting
Level 1: SUBGROUPS	<u>Not addressed</u> in governing procedures, but must occur to ensure *consensus building* and to *gain feedback on detailed rules. Business cases are built at this level.*
Level 2: WORK GROUPS	Work Groups require a quorum that 60% of all organizational members of the Work Group be present at the meeting. Majority (50%) vote by this quorum is needed to approve a rule.
Level 3: STEERING COMMITTEE	Steering Committee requires for a quorum that 60% of the committee's voting members be present at the meeting. Majority vote (50%) by this quorum is needed to approve a rule.
Level 4: CORE MEMBERSHIP	CORE membership requires for a quorum that 60% of all CORE voting organizations (defined as those members that create, transmit or use the transactions or are a member in good standing of CAQH) be present at the meeting. With a quorum, 66.67% vote is needed to approve a rule.

Notes:
(1) Rules cannot move to next level until they pass the previous level.
(2) The CAQH Board neither votes during the CORE rules development processes nor has veto power of the CORE rules approval process.
(3) CORE is changing its governance, which will most likely mean a change its voting structure.

Opportunities for Improvement

Transitioning CORE Governance. As operating rules evolve from voluntary to mandatory, CORE will transition its governance structure to support the new environment. The new structure will enhance the CORE multi-stakeholder perspective, and expand the current emphasis on obtaining executive-level volunteers – those with the ability to speak for their organizations, as well as commit necessary resources. The new structure will go far beyond the current governance structure, which primarily has the multi-stakeholder Steering Committee review rules prior to the all-CORE vote and the CAQH leadership reviews items like budgets and

staffing. The CORE Transition Committee is charged with creating a model for CORE governance and its associated components by the end of 2011. During this time the current CORE structure will maintain a solid focus on its ongoing deadlines, and CAQH will continue to fund CORE. *During this period, CAQH CORE will need to rely more on the Steering Committee than it has over the past, as the EFT and ERA operating rules have a very tight timeframe.*

The Transition Committee members and the associated timeline are outlined in Appendix A; this information is also on the CAQH website. A formal announcement of the Committee and its charge was issued by CAQH this week. The Committee is holding monthly calls. To date, it has held two meetings via phone, identified critical assumptions regarding both governance and findings, discussed key evaluation criteria, and is scheduled to meet in person this summer. To support the Committee deliberations, CAQH CORE has identified both governance and funding experts that will work with the Committee on its analysis, and seeks external input regarding potential models. The Committee's recommendations will range from making recommendations on legal structure, e.g., revised by-laws, to outlining the composition and oversight responsibilities of the new CORE "Board" members, e.g. review of financial audits.

Retaining New Skill Sets. As CORE moves from a voluntary to a mandated environment and expands its charge, the CAQH Board has approved additional funds to retain broader expertise. One of the key new positions is a Director of Rule Writing, who will be responsible for a wide range of activities, but a key responsibility will be oversight of rule modifications and working closely with the SDOs. Given the critical importance of the role, a recruiting firm is leading the effort to identify appropriate candidates.

Multi-stakeholder Funding. ROI analyses, strategic analyses, surveys and other tools are expensive. Funding opportunities need to be explored with stakeholders, the federal government, and states to ensure that the necessary data is available to guide the development of operating rules and their adoption. The CORE Transition Committee has reviewed a study of potential funding options that CAQH engaged a consulting firm to develop as the Committee considers its recommendations.

Increasing Stakeholder Involvement. Additional stakeholder collaboration and participation in the CORE process is being solicited to ensure that broader perspectives and business needs are reflected in CORE rules going forward. To that end, CORE is reaching out to increase involvement by a range of stakeholders, such as SDOs, states, state Medicaid agencies, providers and financial institutions. An example is a recent survey of participants to identify the top opportunities for rules related to the EFT/ERA transactions (see Visual 2 above). More than 115 participant organizations have responded. In other examples, CORE is applying a range of *direct outreach* and *broad communication tools,* and has significantly increased its budget resources that are committed to communications and outreach in order to pursue these goals. CORE is also scheduled to hold open Town Hall calls for CORE and non-CORE participants throughout 2011.

Single Entity for Authoring, Modifying and Maintaining Mandated Operating Rules. Section 1104 of the ACA calls for an entity to author consensus-based operating rules for the healthcare sector. CAQH leadership believes that a single, multi-stakeholder entity, which both authors and modifies non-pharmacy healthcare operating rules, needs to be selected. Taking another

approach would create chaos and confusion in the industry and undermine the timeliness and effectiveness of the operating rule process, including the maintenance and modification of the rules now and moving forward.

Part III: Tactical Processes to Support Strategically Driven Maintenance and Modification

The tactical processes for maintaining and modifying the CORE operating rules have several drivers including:
- The ACA, e.g., definition of operating rules.
- The CORE process, e.g., substantive versus non-substantive edits, alignment with ONC efforts, guiding principles to not repeat the standards or its Implementation Guide, certification and testing, and priority setting.
- The regulations that will be issued by CMS related to operating rules.
- Additional strategic efforts that the industry decides to pursue to align efforts and promote ease of implementation.

What Works

Public Access to Current Rules and Modifications. Since the inception of CORE, all the rules and substantive modifications have been available at no charge to any interested party, whether or not they are a CORE participant. It is critical moving forward that such public access continues – there are many stakeholders who are essential to the operating rule process, but may not have the resources to become participating organizations, e.g., providers, groups that support Medicaid transformation.

High-level Analyses and Project Plans that Guide Detailed Modifications. Whenever a modification is considered for the CORE rules, the detailed technical modification is driven by a high-level analysis that sets the parameters of that modification. For example, beginning last April, CAQH CORE staff issued a summary of the modifications that would be made to the CORE Phase I and II rules due to v5010 update. See http://www.caqh.org/pdf/5010AdjustmentSummary.pdf for a copy of this document. This summary outlined the project approach (e.g., sharing findings with the SDOs), the project scope (what is in scope, what is out of scope), the timelines and the key findings to date. It was shared with the CORE participants for over eight months, and then the substantive edits to the rules were also shared. See http://www.caqh.org/pdf/EDITED5010/260-v5010.pdf for an example of the edits to the CORE rules that were made available to the public based on the v5010 update. Another example is the review of a non-Federally mandated standard for healthcare that is a very commonly used industry-neutral standard. Specifically, the CORE participants developed a high-level analysis when recently considering whether to modify the CORE Connectivity rule to require Transport Layer Security (TLS) rather than Secure Sockets Layer (SSL); TLS and SSL are cryptographic protocols/standards that provide communications security over the Internet and are developed, written and maintained by the IETF, which is the recognized SDO for most Internet specifications. Following a review and debate of this analysis – including evaluation criteria such as market maturity and alignment with Federal vision – the decision was made to

recognize that the CORE rule requires SSL; however, as with all CORE rules, SSL is a base and not a ceiling. Therefore, if CORE-certified entities want to go beyond the rules they are able to do so. The CORE Phase II Connectivity rule was modified to include a footnote regarding this that was approved by the Technical Work Group. This said, it is expected the CORE participants will revisit this decision during the EFT and ERA rule writing discussions.

The Key Reasons Why Operating Rules are Modified. The CORE Operating Rules are modified for several reasons:

- Any time that a CORE or non-CORE participant identifies a non-substantive update to the rules (defined as not changing requirements, e.g., a typo), the CORE rule version is modified by CAQH CORE staff per CORE rule versioning policy.
- Substantive changes (defined as changing the requirements, e.g., adding more data requirements, removing requirements) that are driven by the CORE participants due to changes in CORE strategy, vision or prioritization, e.g., SSL to TLS, expanded eligibility, or ERA requirements, must be voted on by the participants following the CORE consensus-based rule-authoring process, e.g., Work Group quorums, voting majorities, etc. As a result, CORE reviews and modifications must take the time required to complete and then fully document these steps using agreed-upon templates and processes.
- Substantive changes to meet version updates in the HIPAA mandated standards, which also go through a detailed review process using the CORE structure. An example of this is the *mandated v5010 version of the ASC X12 standards.* Per the CORE Guiding Principles, all CORE Operating rules addressing standards and implementation guides that have been adopted under a Federal mandate are modified when new versions of the standards issued by the authoring SDO are subsequently adopted under a Federal mandate. Those updates to the rules are reviewed by the CORE participants, with special emphasis placed on seeking input from the SDO leadership assigned to CORE to review the edits.[2] On the compliance date for the mandated new version of the standard, those portions of the operating rules that have been included in the new version are removed from the operating rules. For example: The CORE Phase I and II rule modifications to accommodate v5010 were initially summarized for review by the responsible CORE Work Group and reviewed by the Work Group over a seven month period. All identified substantive or non-substantive edits were tracked. Starting in April 2010 a high-level analysis was provided to the CORE participants regarding technical review – and it highlighted that:

> *Since CORE rules do not repeat the HIPAA-mandated "minimum" requirements in the HIPAA v5010 TR3s, the majority of potential revisions to the Phase I/II CORE rules are to remove several sections of the Phase I/II CORE Eligibility & Benefits Data Content Rules. Other revisions are to remove some sentences in the CORE rules that are included in the HIPAA v5010 TR3s and thus are no longer needed in the CORE rules. The overall implications and impact for CORE-certified entities and entities currently going through CORE certification or considering CORE certification is minimal since these entities will already be*

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[2] ACS X12 leadership had conference calls with CAQH CORE staff in November 2010 to review non-substantive edits requested by X12 leadership on the v5010 CORE rules updated and held a second meeting in January 2011 to review additional feedback from X12 leadership regarding its view that operating rules cannot require the non-mandated aspects of standards, e.g., YTD financials. An in-person meeting was also held at CMS in February 2011 and a subsequent call was held in March 2011.

> *HIPAA v5010 compliant and are required to attest to this as part of becoming CORE certified.*
>
> *CORE review has not identified substantive changes in the other Phase I/II CORE rules addressing infrastructure, e.g., system availability, real-time/batch response time, connectivity. Rather, changes to these rules will be non-substantive in nature as these rules are not based upon HIPAA adopted standards. The only exception is the replacement of the 997 Functional Acknowledgement with the v5010 999 Implementation Acknowledgement, supporting industry direction for the use of the 999 for the ASC X12 administrative transaction for both HIPAA-mandated and non-mandated transactions.*

Certification Testing Results That Feed into Rule Maintenance and Modification. Both non-substantive and future substantive modifications are gleaned from Certification Testing of the CORE Operating Rules, especially as more entities become certified. Today, many ideas for future rules regarding Connectivity, data content, acknowledgements, etc., have been identified by CAQH CORE staff and the entities (health plans, vendors and providers) as they complete certification testing with a CORE-authorized testing entity. This process requires entities to connect and test how they currently conduct their data exchange using their newly modified system that comply with the CORE Operating Rules. The CORE integrated approach feeds these findings back into the rule writing process, including new ideas for test scripts for each rule, and also the Test Suite that accompanies each CORE phase of rules. As part of this process, FAQs are developed to provide clarification in response to questions identified during testing and these FAQs are posted to the CAQH website. In all instances, these FAQs are referred to when the CORE participating are considering a modification to an operating rules or its test scripts.

How Modifications are Supported Administratively. CORE has always embraced an open and transparent process with regard to its rule reviews and modifications. Because of the broad CORE participation, the majority of the CORE rule update activity is managed through conference calls, with support from email and web access to documents, to allow for involvement. Prior to a call, participants are notified via automated e-mail when relevant documents are posted to the CAQH calendar; they also receive an email with all call materials. Entities can view the materials for those groups in which they participate before, during or after the call; the decision to participate in a group can be changed at any time. Meeting summaries that include attendance rosters for every CORE participant call since inception are available on the online CORE calendar. All voting records, surveys, and straw polls are blinded, but include a breakdown of participating stakeholders by category (e.g., provider, health plan, etc.) and the status of quorums. Additionally, all comments and feedback received as a result of voting, surveys and straw polls are addressed and resolved by the appropriate group. Based on experience, CORE believes that this level of documentation makes a significant difference in the ability to identify and address industry requirements and goals. NCVHS is welcome to review any of these materials. CAQH CORE experience has shown that in many instances these documents are forwarded by the CORE participants onto website and list-serves with the goal of generating additional ideas and further review. ASC X12 has been very proactive in taking this approach and, as a result, technical feedback on CORE support for the ASC X12 standards has grown.
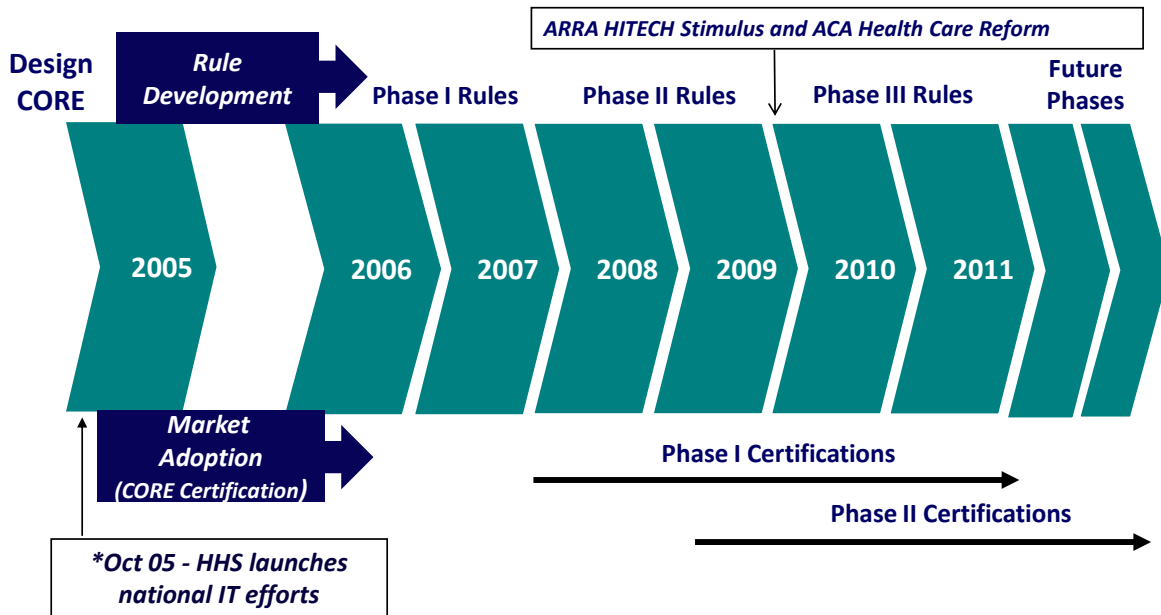
It is also important to note that modified versions of CORE operating rules are assigned a unique, three-digit number. This numbering system is similar to the versioning schema used by many SDOs, e.g., Phase I rule that supported ASC v5010 was 1.0.0, while the v5010 is 1.1.0. This creates a transparent process that allows instant identification of a modified rule and permits users to know whether the rule is the latest version or has been superseded.

Operating Rules Can Come Before, or After, a Modification to a Related Standard If Cost-Benefit Is Achieved. Operating rules build upon standards. *Operating Rules can be modified as industry needs are identified without waiting for a new version of the standard, e.g., current CORE data content-focused rules (which the state efforts also undertook) are all incremental steps to the same underlying version of the standard.* Should the operating rules require items in the standard that are not mandated, then the next version of the standard can mandate the requirement, and the requirement can be removed from the operating rule. In turn, if the new version of the standard does not mandate the requirements outlined in the operating rule, the requirements can stay within the operating rules. CORE Operating Rule requirements for reporting in/out of network, which began in 2006 for ASC X12 v4010, is an example of this second approach because v5010 does not require entities to report this information so the requirements have been retained in the CORE Operating Rule updates for v5010. As the iterative process between standards and operating rules evolves, it is clear that all entities are learning about what may work best to achieve the vision of interoperable administrative systems.

Meeting Aggressive Timelines: Two to Three Year Cycles with Practical Certification Policies and Outreach Activities to Support Adoption. To date, CORE has followed an aggressive maintenance and modification schedule as indicated in the timeline shown in Visual 4 below. This timeline relies on the participants to make decisions and the CORE staff to support the activities needed to execute those decisions. The ability to react quickly to requests for reviews and updates was recently demonstrated when CORE was provided 44 business days to consider a request from NCVHS on how the Phase I and II rules could be enhanced. As there are many options for modifications, strategy, vision, and governance – all of which drive priorities and focus – are (and will continue to be) critical tools to manage modifications and maintenance.

Achieving adoption under such an aggressive timeline is possible; however, the certification and testing approach to support such a cycle must be easily accessible and recognize practical business realities such as mergers and acquisitions, internal organizational strategies to sunset existing IT platforms and the evolution of contractual relationships. The existing CORE certification and testing policies take these realities into account, and Edifecs – the authorized testing vendor used by the majority of entities – offers testing at no charge based on a leadership decision to support the CORE vision. There is no exchange of dollars between CORE, as the certifier, and the authorized testing entities. CORE lessons learned show that the certification testing tool must be on-line, if at all possible available at no or at a very low cost, and that support must be available from the operating rule and testing entities to help guide organizations through the process, e.g., CORE and WEDI webinars on CORE testing, CORE and Edifecs webinars on testing, and CORE gap analysis tools.
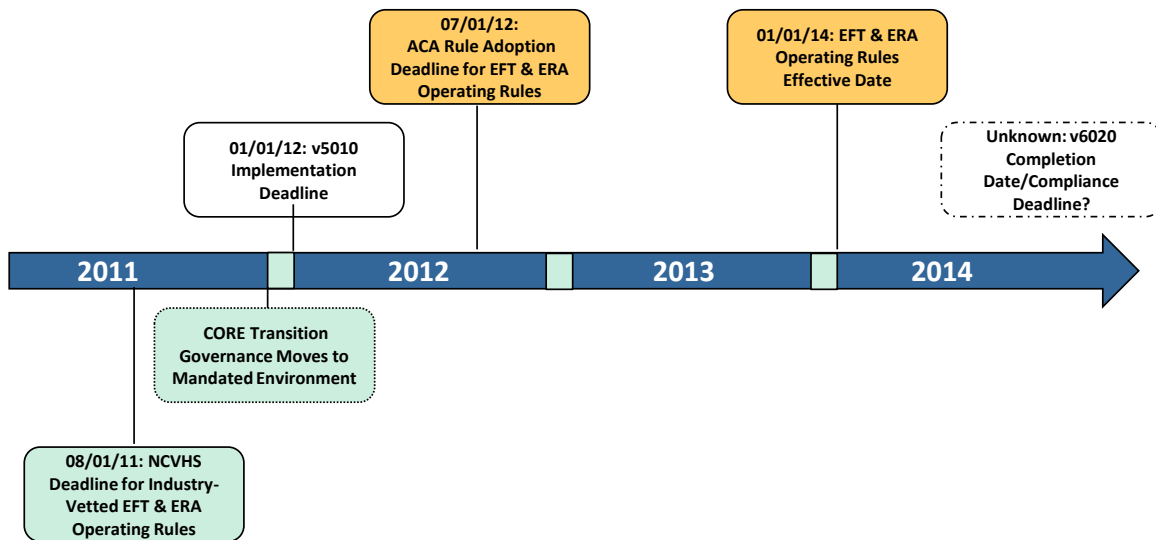
(Visual 4) CORE Scope: Rules Development/Adoption Timeline

Design CORE · **Rule Development** → **Phase I Rules** · **Phase II Rules** · **Phase III Rules** · **Future Phases**

ARRA HITECH Stimulus and ACA Health Care Reform

2005 · 2006 · 2007 · 2008 · 2009 · 2010 · 2011

Market Adoption (CORE Certification) →

*Oct 05 - HHS launches national IT efforts

Phase I Certifications

Phase II Certifications

REMINDER: CORE Operating Rules are a baseline; entities are encouraged to go beyond the minimum CORE requirements.

That said, there are many deadlines ahead. The timelines for EFT and ERA operating rules, as shown in Visual 5 below, are only one example. As operating rules are developed and modified, the environment must be considered, given the overlap of resource requirements within the same time horizon, including implementation for ICD-10, meaningful use, and various state mandates. If the CORE maintenance and modification process remains diligent regarding alignment with other industry efforts, the operating rules can help form a roadmap for healthcare to capitalize on synergies, and thus meet the aggressive timelines as efficiently as possible.

(Visual 5) EFT and ERA Operating Rule[*] Development Timeline

07/01/12:
ACA Rule Adoption
Deadline for EFT & ERA
Operating Rules

01/01/14: EFT & ERA
Operating Rules
Effective Date

01/01/12: v5010
Implementation
Deadline

Unknown: v6020
Completion
Date/Compliance
Deadline?

| 2011 | 2012 | 2013 | 2014 |

CORE Transition
Governance Moves to
Mandated Environment

08/01/11: NCVHS
Deadline for Industry-
Vetted EFT & ERA
Operating Rules

* EFT and ERA Operating Rules apply to v5010 and the NACHA CCD+ Standard.

Opportunities for Improvement

Modifications that Speak to the Strategic Vision. As noted above, strategy must drive operating rules maintenance and modification. Moving forward, operating rules for administrative transactions will need to be modified at the levels of alignment that the CORE strategic plan outlines as essential to administrative simplification, e.g., alignment can be pursued at a number of levels as indicated below – if the business case exists to do so:

- Network (e.g., Internet, Private Networks).
- Transport (e.g., HTTP, SMTP).
- Security (e.g., SSL, TLS, WS-Security).
- Envelope (e.g., SOAP,).
- Metadata (e.g., CORE, NCPDP).
- Payload (e.g., ASC X12, CCD+).
- Semantics (e.g., Vocabularies ICD-10, 5010, SNOMED, LOINC).
- Alignment can be pursued within a domain (e.g., convergence to single envelope and authentication standard within CORE Connectivity) and across domains (e.g., CORE, NHIN, NCPDP, NACHA).

Based on the CORE experience, coordination between the operating rules authors and the standard development organizations for those standards supported by the operating rules must continue to be open, transparent and frequent. The relationship must support the agreed-upon scope of what the standards include, and what the operating rules include, as further outlined in the upcoming regulations related to operating rules. The strategic vision established in the ACA includes significant opportunities for positive change that can be achieved through this approach. For example, over the last year, CAQH CORE staff has been frequently meeting via conference call with staff members within ONC and CMS who are working to address the administrative data exchange priorities of the NHIN. Through this open sharing of ideas, research, and processes, both efforts have prioritized how to align and thus leverage efforts for the ease of provider adoption. *As Operating Rules consider the range of areas for modifications driven by alignment, the CORE Guiding Principles (that administrative needs should align with clinical needs) should be kept in mind.*

Increased Transparency, Access and Use of Such Information.   The economic environment today has severely constrained travel budgets and the ability of participants to be away from the office for periods of time. Therefore, CORE will continue to use teleconferencing, and its website to post meeting materials and documents for review. For example, the edits to the operating rules for v5010 were posted on the website and available for viewing for members and nonmembers. Work is underway to enhance the CAQH CORE website to support straw polls, voting on modifications, improving access to rule modification and maintenance, etc. To this end, CAQH has placed a high priority on completing the website redesign during Q1 and Q2 of 2011. The resources required to make this upgrade are significant, and thus the CORE Transition Committee will need to recommend how to prioritize such work moving forward.

Over the past several years, the CORE rule writing process, and state-based efforts such as those in Minnesota and Utah, have highlighted specific places where the HIPAA standards need modifications. The findings from CORE and the state-based efforts are readily available and can be integrated into the strategic plans of the SDOs. NACHA research on EFT and ERA rule opportunity areas also highlight areas for standards development. Moving forward, CAQH CORE maintains a commitment to share its research, rules and findings with the SDOs, so that they are able to use these resources as they deem most appropriate.

Having More Established Participant Review and Feedback Periods. CORE participants are notified of every rules feedback period through CORE outreach efforts and policies regarding the steps in rule writing, e.g., a straw poll comes before a vote. Additionally, the new, mandated regulatory timeframes will increase awareness of the quick turnaround that will be needed going forward. This said, the process must respect the limited time and resources of all of the participating organizations. Therefore, CORE is striving to extend the review and feedback process while acknowledging that the ACA requires aggressive timelines for all involved, and that multiple steps are needed to create or modify operating rules that will drive value for the end users.

Addressing the Current Standards Modification Process. As operating rules build on standards, it is important to address the issues related to the technical processes for modifying HIPAA-adopted standards. For example, the current process for standards modification and

implementation can be lengthy. We urge NCVHS and the federal government to revisit the versioning, modification and maintenance processes of HIPAA-adopted standards and assess what could be changed to shorten timeframes, introduce predictability into the process, and promote better alignment of these standards with other industry efforts. We also encourage NCVHS and the federal government to revisit the processes by which standards modifications are initiated and vetted at the SDO level and finalized through the Designated Standards Maintenance Organization (DSMO). It appears as though much of the standards modifications begin and end at the SDO level, which may or may not be appropriate. According to the DSMO February 2010 report to the NCVHS, change requests handled by the DSMO dropped from 143 in the period covering July 2001-April 2002, to only 12 change requests submitted in 2008-2009. Given the rapid changes occurring in the healthcare industry during the later period – including state-based efforts focused on data content enhancements – we are encouraged that NCVHS is holding these hearings to consider how and if the DMSO process meets the needs of the evolving marketplace.

The DSMO 2010 report postulated that the recent decrease in DSMO change requests may be explained by the standards becoming "stabilized" or because most of the change requests are submitted to each SDO directly without an accounting to the DSMO. If the latter is the case, perhaps the process for standards modifications could be modified to provide additional transparency. For example, perhaps reports from the SDO workgroups could be made available to the public if resulting changes are placed in the Implementation Guides – which have different review processes than the standard – and perhaps a laymen's report of such could be highlighted on an SDO-sponsored webinar. These webinars could highlight for interested parties the explanations and/or rationale for what was proposed or why modifications were made or were not made.

Discussing What Should be Considered Public Tools. Beyond both standards and operating rules openly sharing straw poll comments and detailed rationale for decision making, the concept of what should or should not be available at no charge should be revisited. We urge the industry to encourage enhanced use of the Web, and to offer free or very low cost access to all work products needed to achieve the ACA administrative simplification goals. In today's environment the business cases, work flows, survey results, and ROI metrics need to be understood by managers and other staff at all provider organizations, health plans, and financial services organizations.

Evolving Coordination with the Standards Development Organizations (SDOs). A major question facing NCVHS and the healthcare industry is how to better coordinate the development and updating of standards and operating rules. One suggestion has been to make CORE, as an authoring entity for operating rules, a member of the DSMO, which would review version modifications and changes to operating rules. In our December 2010 testimony to NCVHS, CORE expressed concern about the appropriateness, workability and legality of that suggestion. Moreover, the DSMO shares the CORE view that an authoring entity for operating rules should be separate from the DSMO. In its November 23, 2010 letter to NCVHS, the DSMO stated, "…the DSMO members strongly recommend that [the] operating rule entity not be designated a DSMO member."

We believe that the appropriate opportunity for SDO involvement in the Operating Rule process is early on in rule development, in order to communicate concerns regarding the candidate operating rules and their potential conflicts with existing standards (mandated or non-mandated; healthcare-specific or industry neutral). Once the operating rule is fully vetted and balloted, the relevant SDO should determine if there is an opportunity to include some or all of the operating rule changes into the next version of the standard. For those portions of the operating rules that are included in the next or any future version of each relevant standard, the operating rules authoring entity would delete those components from the existing operating rules, effective on the same date of compliance for both changes by Federal regulations. In the case of a non-mandated standard that is addressed by the operating rules (examples: industry-neutral standards not mandated under HIPAA that enable operation of a HIPAA adopted standard; or HIPAA healthcare standards that are necessary to business functions), the operating rules entity would recommend an operating rules compliance effective date via Federal regulation based on recommendation/experience from the CORE participants and the public, taking into account the timing of the next scheduled version change for the specific operating rule(s). We welcome the opportunity to develop this process more fully and present it to NCVHS for consideration.

Conclusion

In conclusion, I want to again thank the Subcommittee for this opportunity to provide an update on how CORE operating rules are modified, and opportunities for improving the modification process. CORE continues to be committed to the ACA goal of administrative simplification and is moving forward with a wide range of stakeholders to make it a reality.

I look forward to your questions. Thank you.

Appendix A: CORE Transition Committee

COMMITTEE MEMBERS		
Organization or Stakeholder Type	**Voting or Advisory**	**Organization: Individual**
Hospital Association	Voting	AHA: Linda Fishman SVP Health Policy and Analysis
Hospital	Voting	Montefiore: Joel Perlman, Executive Vice President
Provider Association	Voting	MGMA, Robert Tennant, Senior Policy Adviser Health Informatics
Practicing Provider (with Association leadership)	Voting	AMA: Barbara L. McAneny, MD, AMA Board of Trustees
Health Plan (National)	Voting	WellPoint: AJ Lang, SVP/CIO
Health Plan (National)	Voting	United HC: Tim Kaja, SVP Physician & Hospital Service Operations
Health Plan (Regional)	Voting	BCBSNC: King Prather, Deputy General Counsel
Health Plan Association(s)	Voting	AHIP: Carmella Bocchino, Executive VP of Clinical Affairs & Strategic Planning
Practice Management System/Vendor (large office)	Voting	GE: George Langdon, VP eCommerce, Mailing & Clinical Data Services
Practice Management System/Vendor (small office)	Voting	Allscripts: Mitchell Icenhower, VP of Solutions Management
Bank	Voting	JP Morgan: Martha Beard, Managing Director, Treasury & Securities Services
State Entity	Voting	Minnesota Department of Health: David Haugen, Director of the Center for Health Care Purchasing Improvement
State Coalition/Association	Voting	NGA: Ree Sailors, Program Director, Health Division Center for Best Practices
CORE Chair	Advisory; will serve as Facilitator	IBM and CORE: Harry Reynolds, IBM Payer Transformation

(1) CAQH leadership will serve as Secretariat and CAQH staff will conduct research or identify expertise as needed.

(2) Materials will be shared with CMS eHealth Office for its awareness and input.

(3) Committee will invite Advisors/Subject Matter Experts/CORE partners as needed, e.g, SDOs.

High-Level Timeline and Milestones

- ✓ Q4 2010 CAQH leadership:
  - Gain CAQH Board input on Transition Committee charge, timeline and composition
  - Update CMS on status of Transition Committee
  - Begin inviting Committee members
- ✓ Q1 2011 Transition Committee
  - Review and discuss charge, general timeline, and process; announce Committee
- Q2 2011 Committee
  - Gain agreement on assumptions and evaluation approach
  - Review and outline potential revenue and governance models
  - Update CAQH Board, CORE participants and others as appropriate
  - Agree upon recommended budget (cost and revenue) and governance model(s) and critical steps to evolution
- Q3 2011 Committee
  - Solicit external feedback; make adjustments on proposed models based on feedback and seek commitments from critical players
- Q4 2011 Committee
  - If viable, initiate CORE transition
  - Launch new CORE governing structure

simplifying healthcare administration

CAQH