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*CORE Operating Rule Updates and
Responses to NCVHS Recommendations
Regarding the
Operating Rule Provisions of the
Patient Protection and Affordable Care Act*

Testimony to
U.S. Department of Health & Human Services
National Committee on Vital and Health Statistics

December 3, 2010

Testimony Overview

- General CORE Update
- Response to NCVHS Recommendations
 - Increased Involvement with States and State Medicaid Programs
 - Provider Outreach
 - Potential Enhancements to CORE Phase I and II Rules
- Response to NCVHS Implementation Concerns
 - Companion Guides
 - Standards and Operating Rules
 - Transparency
 - Governance
 - Certification
 - DSMO Participation
- Next Steps

General CORE Update

- HIPAA v5010.
 - The CORE rules are helping position organizations to exchange electronic administrative information per the v5010 requirements.
 - During 2005-2008 the CORE Phase I and Phase II rules were written in anticipation of v5010 requirements that will go into effect in January 2012.
 - Since April, a revision summary of the v5010 updates has been available and shared with Work Groups; detailed edits and the actual updated rules are on CAQH CORE website.
 - Adjustments are being made to the CORE testing process to support v5010.
- CORE supports HIPAA and other standards.
 - Since inception, a guiding principle of CORE has been to avoid duplication with what is mandated by a federally-recognized standard.
 - CORE supports industry-neutral, as well as non-HIPAA, mandated healthcare standards.

General CORE Update (cont'd)

- CORE Phase I and II rule adoption and awareness is accelerating.
 - Over 85 million Americans are being impacted by CORE certifications.
 - Provider associations are highlighting the impact of the CORE rules when conducting membership outreach, e.g.
 - Robust financial and coverage data: In/out of network variations, co-pay, base deductible, accumulated/YTD deductible, co-insurance and coverage for over 50 high-volume services
 - System availability
 - Real-time response
 - Common flow and format to Companion Guides
 - New or soon-to-be certified entities include United Healthcare, GE Healthcare, and HealthTrio.
 - Stakeholders continue to join as participating organizations.
 - AHA, Kaiser Permanente, Bank of America, and Fifth Third Bank all recently became participants.

General CORE Update (cont'd)

- The discussion on the draft CORE Phase III rules is proving valuable to the industry, particularly among those entities that are prepared to go beyond Phase I and Phase II certifications.
 - Draft rules include:
 - Claims status data requirements.*
 - Infrastructure support for Remittance and Prior Authorization/Referral.
 - Expanded Financial Reporting for Eligibility.*
 - Support for a standard set of human-readable data elements for Health Plan Insurance ID Cards (per aspects of WEDI guide).
 - More prescriptive connectivity requirements.*
 - All but one of the draft Phase III Rules have been recommended by their respective Work Groups and Subgroups for a final CORE vote.

* Each of these items were prioritized by the CORE participants for potential enhancements to the CORE Phase I and II Rules based on previous Phase III discussions. Several individual states have voiced strong support for these rules.

Response to NCVHS Recommendations: States and State Medicaid Agency Participation

- Expanding an already existing priority – CORE has pro-actively solicited feedback and participation from states and state Medicaid agencies in the development of the operating rules.
- Emphasis was placed on those states that provided input during the July NCVHS hearings, or had issued CORE mandates, e.g., Colorado.
 - Several states participated in the enhancements discussions .
 - Two state representative positions are proposed for the CORE Transition Committee, which will be discussed later.
 - CORE rules represent a base, not a ceiling, with the goal of encouraging innovative pilots that may be state-based and suggest options for national approaches.
- CORE continues to partner with CMS and MITA to ensure that state Medicaid information systems are aligned with industry needs and objectives regarding administrative simplification.
 - Several certified entities cover or conduct transactions for Medicaid lives.

Response to NCVHS Recommendations: Provider Outreach

- CORE fully supports involving a wider range of stakeholders in the process, and has retained dedicated resources to expand outreach.
- Emphasis has been placed on providers: *Innovation is needed.*
 - AMA and MGMA have included CORE certification as a suggested requirement for providers to consider when selecting a practice management system (PMS).
 - CAQH, AMA and MGMA are collaborating on outreach to the top PMS vendors that are not yet CORE-certified.
 - AHA is determining how it can deploy its regional model to solicit input.
 - Provider associations, such as the AMA and AAFP, participated in CORE Phase I and II enhancements discussions and shared outcomes with their members.
 - CAQH staff held a webinar with AMA State Federation Staff on CORE. Attendees included almost 20 state-based provider associations and several specialty associations .
- CAQH recommends that NCVHS advocate that Stage 2 of HITECH Meaningful Use include an incentive requirement for the ACA operating rules.

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Response to NCVHS Recommendations: CORE

Phase I and II Enhancements *(See written testimony, Appendix B)*

- CORE made substantial efforts in a very short period of time – *44 business days* – to identify and vote on potential CORE enhancements.
- Highly publicized opportunities for CORE participants and non-participants to provide input.
- Identification of enhancements: 14 major candidate suggestions were placed on open survey and reviewed during CORE “Tiger” Calls.
 - Criteria used by Chairs and staff to select options: *Previously prioritized by CORE or other organizations and well defined given timeframe.* Open survey allowed for write-in candidates.
 - Approximately half of the potential enhancements were part of the draft CORE Phase III rules. *See written testimony, Appendix B.*
- Balloted enhancements: Rules Work Group agreed to six items; five passed.
 - Four of the six items related to Claims Status; the Eligibility items related to delivery of more financial information – using non-mandated aspects of standard.
 - Excluded items were those for which no operating rule existed or more work was needed on the enhancement.
- Balloted enhancements: Technical Work Group agreed to one item, which passed.
 - Minor changes to CORE Phase II Connectivity Rule.
 - TLS reference is key item of discussion.

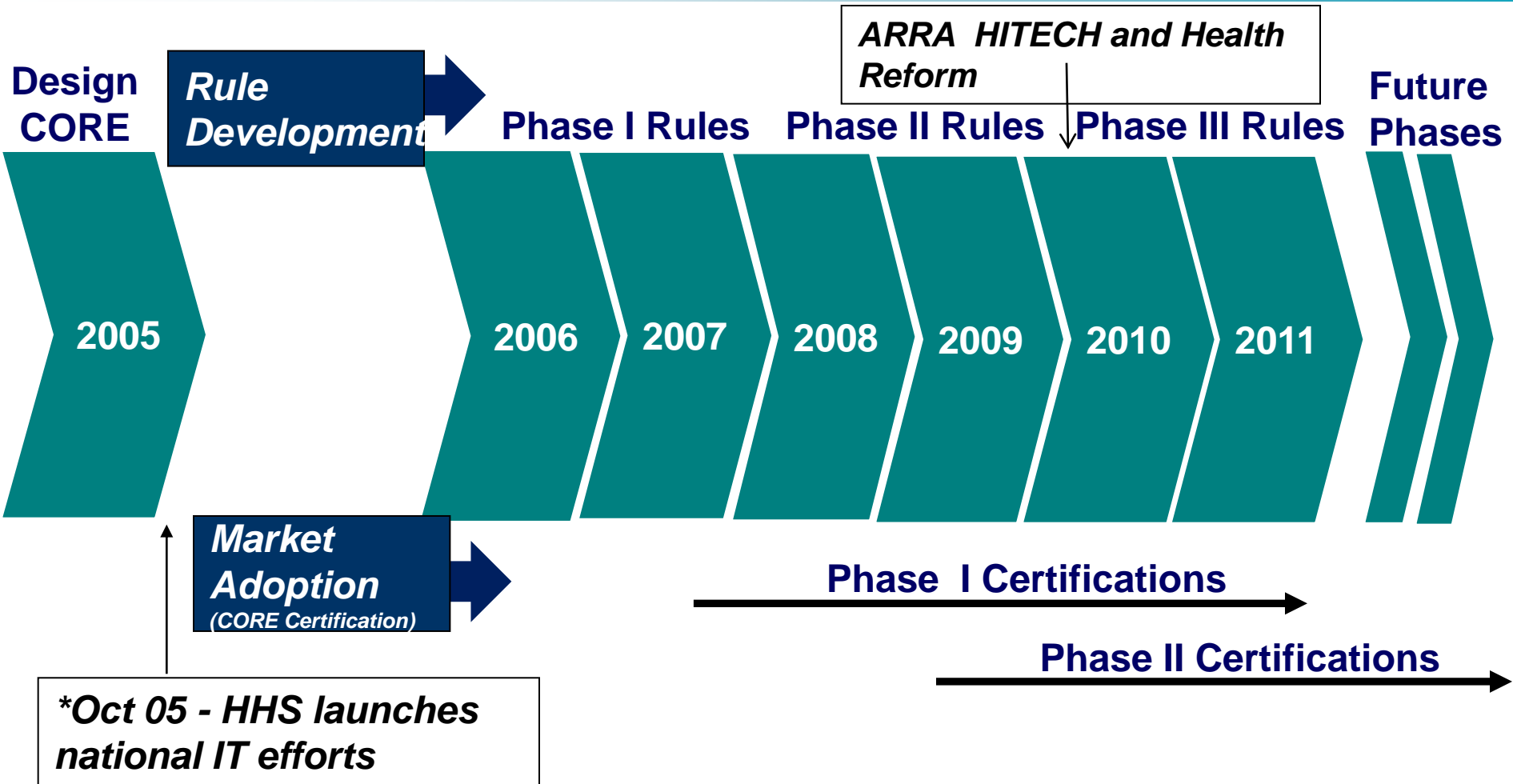
CORE Voting on Potential Enhancements: 44 Days is an Extremely Compressed Timeframe

*CORE Body	Governing Procedures for Voting
Level 1: SUBGROUPS	<u>Not addressed</u> in governing procedures, but must occur to ensure <i>consensus building</i> and to <i>gain feedback on detailed rules</i> . <i>Business cases are built at this level</i> .
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.

NOTE: CAQH Board/CAQH does not have veto or voting power over the CORE rules

- Many entities felt timeframe was much too fast.
 - Phase I and II Rules each took approximately 18 months to develop, and even then, not all entities agreed.
- CORE's five year experience indicates frequent updates are possible; however, this is a major industry shift.

CORE Phased Approach: Timeline Has Been Aggressive



Response to NCVHS Recommendations: Implementation Opportunities

- Companion Guides.
 - Goal is to reduce variation by providing an industry set of operating rules to which companion guides can point.
- Standards and Operating Rules.
 - CORE does not re-define or constrain requirements in the implementation guides for the standards; or add, modify or delete any requirements.
 - Operating rules bolster adoption of the standards.
 - CORE is eager to work with all stakeholders to assist the NCVHS and HHS in carrying out the statutory mandate, e.g., NCPDP and CAQH CORE will create an MOU.
 - Future goals for the timing of operating rules and standards must be considered so that the industry can move to a truly collaborative and more regular cycle. v5010 CORE Phase I and II is an ideal example of potential approaches.
- Transparency.
 - CORE fully embraces the concept of transparency and inclusion, as advocated by the NCVHS. Minutes, discussion documentation, etc., have always been posted on the website for the CORE participants, and quickly issued following meetings.
 - In 2011, significant resources will be applied by CAQH CORE to further and improve the transparency.

Response to NCVHS Recommendations: CORE Governance Transition *(See written testimony, Appendix A)*

- The CAQH Board of Directors approved a modification to the CORE Governing Procedures to remove the right of the CAQH Board to veto the operating rules approved by the CORE process (April, 2010) – this veto was NEVER used.
- At its November 2010 meeting the CAQH Board agreed to transition CORE to a formal multi-stakeholder governance structure, including state representation.
 - A CORE Transition Committee is being designed to guide this process, with a composition and charge that speak to the goal of developing a new long-term industry model.
 - This Transition Committee is *not* the new CORE Governing Board; it is a Committee focused on developing models for how to govern and fund CORE going forward.
 - While this governance transition is being accomplished, CAQH is fully committed to supporting CORE efforts with appropriate resources to meet the timelines and deliverables of Section 1104.

Response to NCVHS Recommendation: Certification and DSMO

- Certification: Part of CORE integrated model.
 - Inclusion of certification into the CORE operating model is essential for the operating rules to be robust and embrace multiple interdependencies.
 - Testing requirements for each rule should be outlined when rule writing occurs, so that those who voted and created the rule can ensure that the objectives of the rule has been met.
- Designated Standards Maintenance Organization (DSMO) Participation.
 - While CAQH appreciates the intent of the NCVHS recommendation that CORE be designated as a DSMO, it may be impractical to do so.
 - Standards and operating rules are separate but complementary.
 - CORE operating rules support standards and policies that are not in the realm of current SDOs.
 - The DSMO Committee consists of a subset of SDOs, the membership for which does not include other SDOs, states, Medicaid agencies, health information exchanges and the National Health Information Network (NHIN).
 - Statute provides NCVHS with the role to review operating rules.

Next Steps

- While much has been accomplished, much remains to be done.
 - NCVHS must make recommendations for operating rule authoring entity(ies) for remaining transactions.
 - The industry must commit resources to the latter transactions outlined in the legislation to assure the development of well-integrated, value-driven operating rules within short timeframes.
 - The industry expects continued development of operating rules on both a voluntary and mandatory basis, given the pressures of Medical Loss Ratio and the need to embrace future opportunities.
- The Subcommittee will hear testimony on the options for naming authoring entities for operating rules for Electronic Funds Transfers (EFT) and Electronic Healthcare Payment and Remittance Advice (ERA).
 - CAQH has committed to partner with NACHA – The Electronic Payments Association, as the healthcare and banking industries outline ERA/EFT operating rules.
 - One authoring entity should develop non-retail pharmacy healthcare operating rules.