

August 4, 2010

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(Lead Staff – NCVHS Subcommittee on Standards)
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Dear Ms. Doo,

Thank you for providing CAQH CORE the opportunity to testify to the NCVHS Subcommittee on Standards on July 20th and 21st regarding the legislative mandate for Operating Rules for Eligibility and Claims Status as defined by the Administrative Simplification under the Patient Protection and Affordable Care Act (ACA).

As outlined in our verbal and written testimony, CAQH CORE is firmly committed to working with all segments of the industry to meet the intent of Section 1104. Based upon the questions posed by the Subcommittee, the purpose of this letter is to clarify several points:

- Voting and Governance
- Accreditation of the CORE Process
- Driving Collaboration in the Healthcare Industry
- CORE Rules Version Updates
- CORE Use Case Example

Following is an explanation regarding these points. In each case we have noted the *current* CORE approach where applicable, and indicated how an *adjusted* CORE approach might be implemented. While we recognize the need to adjust CORE to support the legislative mandate, we believe that building on the foundation established will enable the healthcare industry to more quickly meet its goal, including extending the significant cost savings that have been demonstrated by those organizations with CORE certification.

CORE Voting and Governance Changes

With regard to the *current* CORE governance:

- CAQH is a stand-alone, non-profit entity that facilitates CORE. Neither the CAQH Board nor the CAQH staff has, now or in the past, the right to vote on the CORE rules at any step in the development process. In April of this year the CAQH Board removed its right to veto any all-CORE vote, thereby establishing the all-CORE vote as the final approval of the CORE rules.

- CORE is a multi-stakeholder effort. It is the wide range of CORE participants – through an established open, transparent, quorum-based voting process – that create and approve the CORE operating rules. These participants have volunteered their time and resources to create and implement the rules in order to drive change. The standards setting bodies, including ASC X12 and NCPDP, have actively participated since the launch of CORE and have been voting in this process.
- CORE has benefited from CAQH funding support, with over 85% of the CORE budget funded by CAQH. This funding has ensured that CORE and its participants have the resources to support a thorough, integrated model, including research-based rule writing, outreach and education, and certification.

An *adjusted* CORE will implement changes that enable:

- A review of the CORE voting process to address several issues discussed by the industry, including the appropriate role of vendors in the final CORE vote.
- Adjustments to the CORE governance structure that ensure executive-level, multi-stakeholder leadership to support policy and decision making; including an assessment of the historical and future role of the CORE Steering Committee.
- The development of an equitable, sustainable business model that provides the resources necessary to effectively support the multi-stakeholder CORE processes.
- An analysis of methods to increase provider involvement. A number of provider associations and hospitals are interested in how they can expand their current CORE involvement. Additionally, these organizations can help determine how to engage a greater number of market-based providers in both the rules development and certification processes. Beyond the actual provider associations other avenues will be essential, for example, HIMSS and other organizations with strong provider involvement have committed to assisting in the provider outreach effort.
- Collaboration with the CMS Office of E-Health Standards and Services and the Office of the National Coordinator regarding transition plans to address short and long term requirements.

Accreditation of the CORE Process

CAQH is researching whether accreditation program(s) offered by the American National Standards Institute (ANSI) would be applicable to CORE. We recognize the value of accreditation is to conduct an open, inclusive rules development process. CAQH has current processes that are open, inclusive and consistent, based on lessons learned in other industries. This said, we commit to continuing to enhance our processes to ensure that all parties are engaged in the rules development. As mentioned in our testimony, the experiences of CORE and NACHA – The Electronic Payments Association indicate that the industry must immediately commit resources to the later transactions outlined in the legislation to assure the development of well-integrated, value-driven operating rules within the timeframes established. To this end, CAQH will partner with NACHA as the healthcare industry outlines electronic fund transfer (EFT) operating rules. NACHA’s EFT operating rules are used by over 14,000 financial institutions and healthcare can benefit from the expertise in rule making already occurring in the financial services industry, especially in the cases where healthcare transactions are already being supported.

Driving Collaboration in the Healthcare Industry

To achieve fully effective administrative simplification, providers and payors need robust and seamless data exchange. As outlined in our testimony, achieving this goal will require considerable collaboration across all sectors of the industry.

For example, to assure the coordination of medical and pharmacy transactions CORE has worked closely with NCPDP for the past several years. These joint efforts have focused on areas in which cross-industry solutions will have greater impact than segment-specific solutions. These have included operating rules addressing connectivity and ID cards. In both cases the collaboration resulted in rules that drove simplified and complementary solutions.

Under an *adjusted* CORE, this collaborative approach will be enhanced to potentially include more formal agreements on the process.

CORE Rules and Version Updates

With regard to the *current* CORE Phase I, II and draft Phase III rules:

- Each phase of rules builds upon the earlier phase, and includes a set of rules that are interdependent. As CORE today is a voluntary process, some entities have become certified on two phases, while other entities were not prepared to complete both phases.
- The CORE rules are updated by a version control process that is communicated based upon number sequencing that indicate the version, e.g. Phase I was initially version 1.0.0 and now is Phase I version 1.0.1 as a non-substantive change was made to clarify a word in one of the test scripts. Non-substantive changes do not materially change the operating rule requirements and thus do not require a CORE participant vote, while substantive changes (such as removal of requirements due to adoption of the requirements by v5010) are reviewed and voted on by the CORE participants. This versioning process does not change the business value initially intended by the rules, rather it embraces the concept that certain requirements may now be mandated by the specific standard, e.g., v 5010, rather than the operating rule. This has been, and will be, an iterative process. A previous version is deprecated when a new version is released. See Appendix E of our written testimony for an outline of how Phase I and II rules will be updated to support v5010.
- All CORE rules – per the CORE governing principles – support existing standards, including any version changes to standards that are supported by Federal or state regulations. NACHA operating rules that address EFT also take this approach, and address standards such as the 835 ASC X12 transactions.
- All CORE rules are available on the CAQH website at no charge.

Under an *adjusted* CORE process, all of the above processes should continue as established. Additionally, consideration will be given to:

- How best to ensure the existing CORE rules meet the needs of Section 1104 with regard to version control, especially the versions of standards that are supported by the operating rules. As noted by NACHA, the financial industry has had success in this arena and thus healthcare may be able to learn some valuable lessons.
- How to continue to improve upon the iterative process between standards and operating rules. For example, CORE has always supported SOAP 1.2. The NHIN recently moved

from SOAP 1.1 to SOAP 1.2 (SOAP is a standard created by OASIS). In the future, should the NHIN decide to move to a newer version of SOAP when that version becomes available, a review of the CORE rules will take place.

CORE Use Case Example

During the review of operating rule examples, the Subcommittee mentioned its potential interest in reviewing Use Case examples. If the Subcommittee would like to pursue this matter, CORE would be pleased to contribute an example.

Please contact me at 202.778.1142 or glohse@caqh.org with any questions and/or further clarifications that would be helpful. We appreciate the opportunity to provide comments and look forward to working with you to achieve the objectives of Section 1104.

Respectfully,

A handwritten signature in cursive script that reads "Gwendolyn Lohse".

Gwendolyn Lohse
CORE Managing Director

cc: Members and Staff of NCVHS Subcommittee on Standards
Robin Thomashauer, CAQH