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Preparing Your Organization to Adopt Mandated Healthcare Operating Rules

Insights from a Blue and non-Blue Health Plan

Wednesday, March 14, 2012
2:00 pm to 3:30 pm ET

Blue Cross and Blue Shield of North Carolina

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Session Topics

- Introduction
- Administrative Simplification: Affordable Care Act (ACA) Section 1104
  - Operating Rules: Purpose, Approach and Timeline
- Overview of CAQH CORE Operating Rules
  - What are Operating Rules?
  - Mandated Eligibility and Claim Status Operating Rules
  - Future ACA Operating Rule Mandates
- Health Plan Perspectives on CAQH CORE Operating Rules Implementation
- Getting Started with Your Operating Rules Implementation Project
- Question & Answer

Today's Learning Objectives

Attendees will:

- Be able to describe the adoption timeline for federally mandated operating rules and identify how CAQH CORE Operating Rules apply to HIPAA covered entities
- Learn about each of the CAQH CORE mandated operating rules for *Eligibility for a Health Plan and Healthcare Claim Status*; including *Draft* CAQH CORE operating rules for Electronic Funds Transfer and Remittance Advice transactions
- Explore implementation approaches and challenges from the perspective of both a non-Blue health plan and a Blue health plan
- Hear about a structured method to determine scope of your organization's first mandated operating rules implementation project

Overview of Mandated Healthcare Operating Rules

CAQH CORE Mission and Participants

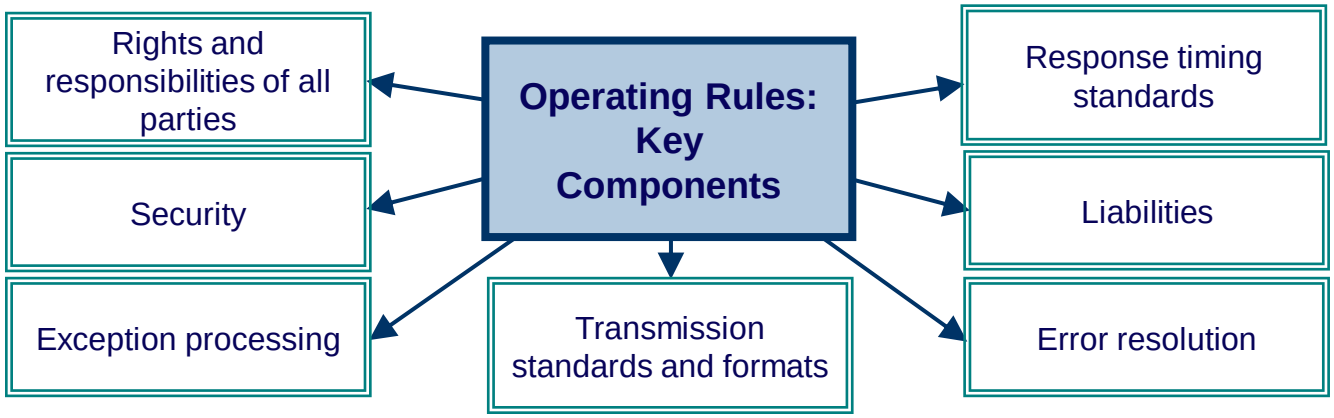
- Mission: To build consensus among healthcare industry stakeholders on a set of operating rules that facilitate administrative interoperability between providers and health plans
  - Enable providers to submit transactions from the system of their choice *(vendor agnostic*) and quickly receive a standardized response
  - Enable stakeholders to implement in phases that encourage feasible progress in resolving industry business needs while minimizing barriers to adoption
  - Facilitate administrative and clinical data integration

- Participants: Over 130 participating organizations representing all aspects of the industry, including health plans that cover 75% of the commercially insured, plus Medicare and several state Medicaid agencies

Operating Rules: Purpose, Approach, ACA Section 1104 Timeline and Compliance

Purpose of Operating Rules

- The Patient Protection and Affordable Care Act (ACA) defines operating rules as "the necessary business rules and guidelines for the electronic exchange of information that are not defined by a standard or its implementation specifications"
- They address gaps in standards, help refine the infrastructure that supports electronic data exchange and recognize interdependencies among transactions; they do not duplicate standards



What are Healthcare Operating Rules?

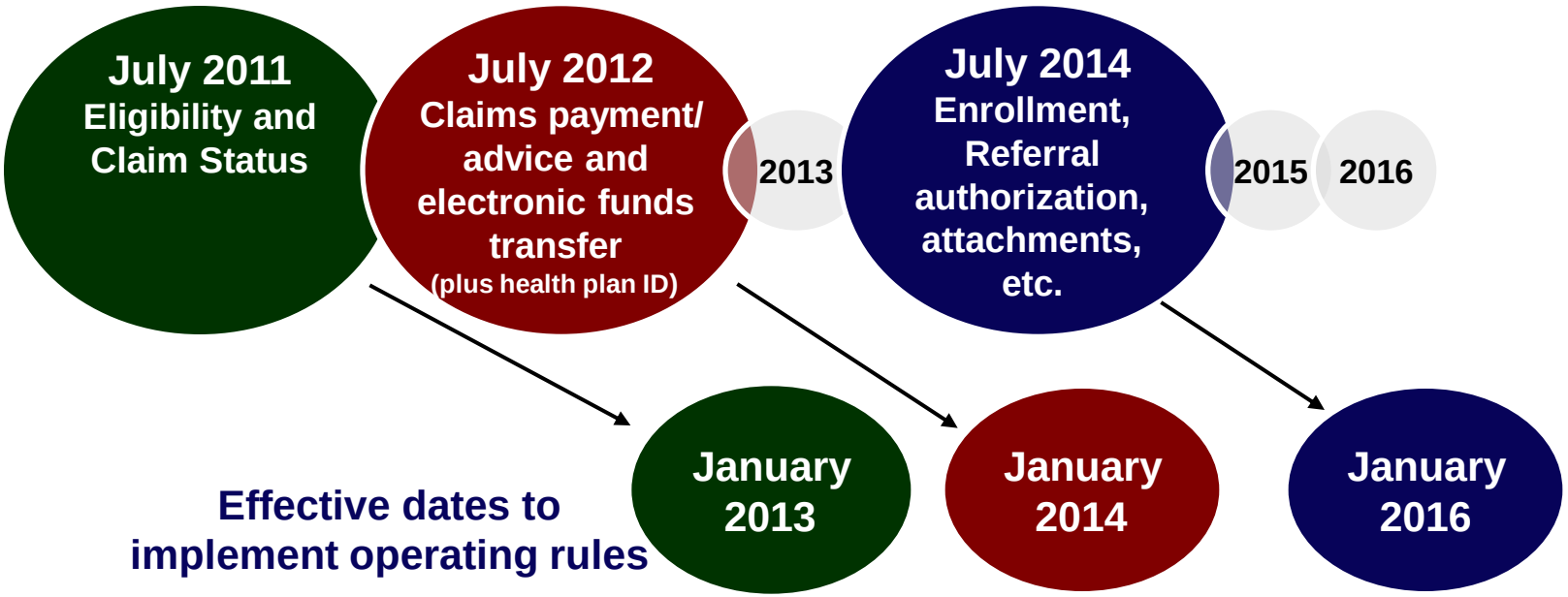
- Current healthcare operating rules build upon a range of standards - healthcare specific (e.g. ASC X12) and industry neutral (e.g., OASIS, W3C) - and support alignment with the national HIT agenda
- Operating rules and standards work in unison
- Healthcare operating rules pair content and infrastructure rules to help data flow consistently in *varied settings and with various vendors*

Examples of Topics that Healthcare Operating Rules Address:			
Data Content *Enhances what your organization already supports*	Addresses Need to Drive Further Industry Value in Transaction Processing	More Robust Eligibility Verification Plus Financials	Enhanced Error Reporting and Patient Identification
Infrastructure	Addresses Industry Needs for Common/ Accessible Documentation	Companion Guides	System Availability
	Addresses Industry-wide Goals for Architecture/ Performance/ Connectivity	Response Times	Connectivity and Security

CAQH CORE: ACA Mandated Operating Rule Approach

Operating rule writing and mandated implementation timeframe per ACA legislation

Adoption deadlines to finalize operating rules



Notes:

(1) The National Committee on Vital and Health Statistics (NCVHS) is the body designated by the Department of Health and Human Services (HHS) to make recommendations regarding the operating rule authors and the operating rules.

(2) The statute defines the relationship between operating rules and standards.

(3) Operating rules apply to Health Insurance Portability and Accountability Act of 1996 (HIPAA) covered entities; beyond HIPAA compliance penalties, certification penalties for health plans apply.

(4) Per statute, documentation of compliance for health plans may include certification and testing.

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ACA Federal Compliance Requirements: *Highlights*

- *All HIPAA covered entities* (health plans, providers, clearinghouses, etc.) must be in compliance with operating rules by their effective dates
  - Due to HITECH in November 2010, OESS (CMS Office of E-Health Standards and Services) penalties for non-compliance have increased, now up to $1.5 million per entity per year; the CMS website details this enforcement process
- The Administrative Simplification provisions in ACA require *health plans* "to file a statement with HHS certifying that their data and information systems are in compliance with the standards and operating rules"*
  - According to CMS, regulation detailing the health plan certification process is under development; details surrounding a potential process will be released later this year
  - Penalties for failure to certify will be $1 to $20 per covered life per day (and up to $40 per covered life per day if the plan knowingly provides inaccurate or incomplete info)
  - Certification schedule follows effective dates for standards and operating rules

*Refer to CMS Source

NOTE: CAQH CORE will continue to offer its *voluntary* CORE Certification program and will share lessons learned with CMS as the Federal process is developed.

Mandated Eligibility and Claim Status Operating Rules

Mandated Eligibility & Claim Status Operating Rules

- Status and Next Steps: The first set of operating rules have been adopted into Federal regulation
  - July 2011, CMS published CMS-0032-IFC with the following key features:
    - Adopted Phase I and II CAQH CORE Operating Rules, except for Acknowledgements*
    - Highlights CORE Certification is *voluntary*; further defines relationship between standards and operating rules and analysis of ROI from operating rules implementation
  - December 2011, CMS adopted above as a Final Rule; industry implementation efforts underway for the ***January 1, 2013 compliance date***
    - CAQH CORE is committed to assisting with roll-out of the Final Rule and continuing to support maintenance of the rules, e.g., coordinating with CMS on FAQs, hosting education sessions
    - CAQH CORE is working with users to identify future optimal packaging of CAQH CORE rules for ease of use that supports both mandated and voluntary efforts; packaging will not change the rule requirements

*On September 22, 2011, NCVHS issued a letter recommending Acknowledgements be adopted as formally recognized standards and the CAQH CORE Operating Rules for these standards also be recognized.

Mandated Eligibility & Claim Status Operating Rules: January 2013 Requirements Scope

Rules		High-Level Phase I & II CAQH CORE Requirements
Data Content	***Eligibility & Benefits***	Respond to generic and explicit inquiries for a defined set of 50+ high volume services with: • Health plan name and coverage dates • Static financials (co-pay, co-insurance, base deductibles) • Benefit-specific and base deductible for individual and family • In/Out of network variances • Remaining deductible amounts
Infrastructure	***Eligibility & Benefits***	• Connectivity via Internet and aligned with NHIN direction, e.g., supports plug and play method (SOAP and digital certificates and clinical/administrative alignment) • Companion Guide – common flow/format • Real-time and batch turnaround times (e.g., 20 seconds or less for real time and next day for batch • System Availability service levels – minimum 86% availability per calendar week • Enhanced Patient Identification and Error Reporting requirements • Acknowledgements (transactional)*
	Claim Status	• Connectivity via Internet • Real-time and batch turnaround times • System Availability • Companion Guide flow/format • Acknowledgements (transactional)*

***NOTE**: In the Final Rule for *Administrative Simplification: Adoption of Operating Rules for Eligibility for a Health Plan and Health Care Claim Status Transaction*, requirements pertaining to use of Acknowledgements are NOT included for adoption. Although HHS is not requiring compliance with any operating rule requirements related to Acknowledgements, the Final Rule does note "we are addressing the important role acknowledgements play in EDI by strongly encouraging the industry to implement the acknowledgement requirements in the CAQH CORE rules we are adopting herein."

A PowerPoint overview of the Phase I & II CAQH CORE Rules is available HERE; the complete rule sets are available HERE.

Future ACA Operating Rule Mandates

Mandated EFT and ERA Operating Rules

- Progress to Date
  - In Spring 2011, NCVHS recommended:
    - NACHA as healthcare EFT SDO and ACH CCD+ as standard EFT format
    - CAQH CORE, in collaboration with NACHA, as author for EFT and ERA operating rules (pharmacy to be addressed as appropriate)
  - September 2011: *Draft* CAQH CORE EFT & ERA Operating Rules approved by CAQH CORE Rules Work Group and NCVHS updated on rules' status
  - November 2011: CAQH CORE Technical Work Group approved *voluntary* CORE Certification Test Suite
  - December 2011: NCVHS issued a letter recommending HHS adopt the five *Draft* CAQH CORE EFT & ERA Operating Rules
  - *Related step*: January 2012, CMS released Interim Final Rule for the EFT standard
    - *EFT Standard:* CAQH CORE submitted comments on the IFC; CAQH also made available a Model letter that entities could use to submit their comments to CMS by March 12, 2012
- Next Steps
  - *Healthcare*: Finalize CAQH CORE Operating Rules; CMS will determine appropriateness for mandate
  - *Financial Services:* CAQH CORE coordinates with NACHA on edits to *NACHA Operating Rules* due to future use by healthcare

Draft CAQH CORE EFT & ERA Operating Rules: Overview

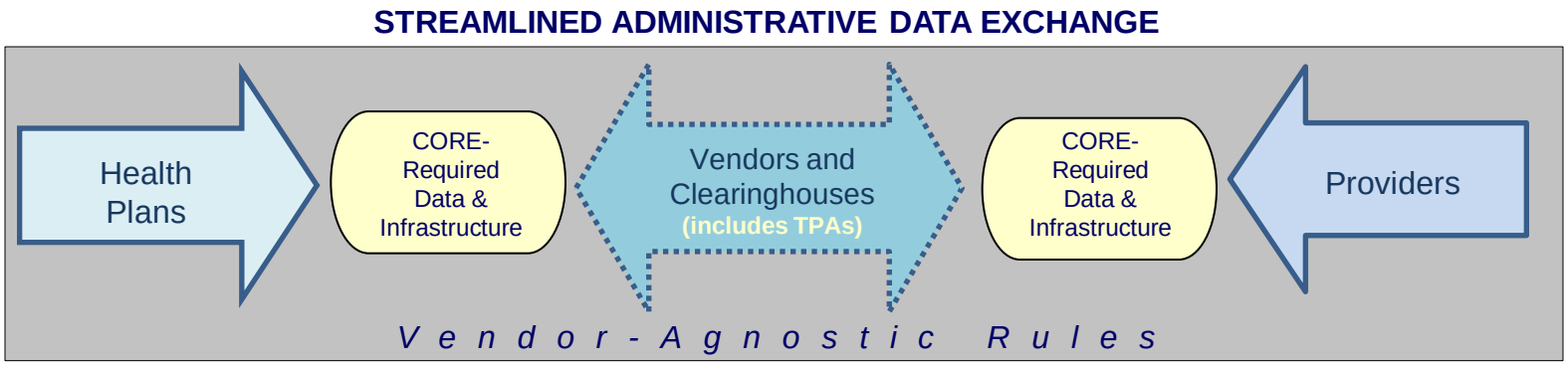
Draft Rule		High-Level Requirements
Data Content	***Uniform Use of CARCs and RARCs (835) Rule***	▪ Identifies a *minimum* set of four CAQH CORE-defined Business Scenarios with a *maximum* set of CAQH CORE-required code combinations that can be applied to convey details of the claim denial or payment to the provider
Infrastructure	***EFT Enrollment Data Rule***	▪ Identifies a maximum set of standard data elements for EFT enrollment ▪ Outlines a straw man template for paper and electronic collection of the data elements ▪ Requires health plan to offer electronic EFT enrollment
	ERA Enrollment Data Rule	▪ Similar to EFT Enrollment Data Rule
	EFT & ERA Reassociation (CCD+/835) Rule	▪ Addresses provider receipt of the CAQH CORE-required Minimum ACH CCD+ Data Elements required for reassociation ▪ Addresses elapsed time between the sending of the v5010 835 and the CCD+ transactions ▪ Requirements for resolving late/missing EFT and ERA transactions ▪ Recognition of the role of *NACHA Operating Rules* for financial institutions
	Claim Payment/ Advice (835) Infrastructure Rule	▪ Specifies use of the CAQH CORE Master Companion Guide Template for the flow and format of such guides ▪ Requires entities to support the Phase II CAQH CORE Connectivity Rule ▪ Includes Batch Acknowledgement Requirements ▪ Defines a dual-delivery (paper/electronic) to facilitate provider transition to electronic remits

Mandated Operating Rules: *Claim Attachments, Enrollment, Prior Authorization and Referrals*

- Status
  - November 2011: NCVHS began holding hearings
    - CAQH CORE provided testimony on all three topics and stated interest in serving as operating rule author, key points included:
      - Claim Attachments: Communicated current industry landscape implies clinical and administrative coordination is critical, provided examples of potential areas for operating rules; highlighted standards and operating rules will need to work together more than ever if the industry is to meet deadline
      - Provider Enrollment: Outlined lessons learned from the CAQH Universal Provider Datasource (UPD) as well as CORE EFT/ERA work
      - Maintenance of Standards & Operating Rules: Discussed how these processes can be improved moving forward
  - March 1-2, 2012: NCVHS held hearing
    - Reviewed draft HHS update letters; approved revisions & submission of revised letters
      - Claim Attachments Letter
      - Administrative Simplification Provisions in ACA Section 10109 Letter
      - Update and Maintenance Process of Standards and Operating Rules Letter
- Next steps
  - Spring 2012: NCVHS to make a recommendation on timing and process for identifying author

Implementing CAQH CORE Operating Rules

The Importance of Collaboration



- Engage internal departments in operating rule implementation planning discussions
- Identify impacted trading partners and systems vendors
- Vendors play a crucial role in accelerating provider adoption and ROI
  - Small providers rely on their vendors/PMS to achieve their administrative cost-saving goals

Trading Partner Relationships: Health Plan Examples

- Health plans and clearinghouses work together in numerous ways; how they interact impacts the scope of a health plan's implementation effort, e.g.,
  - Health Plan A
    - Health plan supports Phase I and/or Phase II CAQH CORE Operating Rules in their entirety
    - Health plan's implementation is independent of any clearinghouse relationship
  - Health Plan B
    - Infrastructure and connectivity functions outsourced to a clearinghouse
    - Both health plan and clearinghouse pursue implementation activities
    - Health plan-facing clearinghouse acts as a proxy for agreed upon functions
  - Health Plan C
    - Eligibility and benefit verification (and/or claim status) functions outsourced to a clearinghouse, including data hosting
    - Clearinghouse supports Phase I and/or Phase II CAQH CORE Operating Rules in their entirety
    - Clearinghouse's implementation is independent of its relationship to health plan
    - Health plan-facing clearinghouse acts as a proxy for agreed-upon functions

Health Plan Perspective

BlueCross and BlueShield of North Carolina

Barry Hillman
Manager, Electronic Solutions

BlueCross BlueShield of North Carolina

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About Blue Cross and Blue Shield of North Carolina

- Blue Cross and Blue Shield of North Carolina (BCBSNC) is a leader in delivering innovative health care products, services and information to more than 3.7 million members, including approximately 900,000 served on behalf of other Blue Plans
- BCBSNC provides health benefits through a network of 13,000 providers; 90% of which use electronic services
- For 77 years, BCBSNC has served the people of North Carolina through support of community organizations, programs and events that promote good health
- BCBSNC is an independent licensee of the Blue Cross Blue Shield Association
- BCBSNC is a CAQH CORE Participating organization; a Phase I CORE-certified Health Plan and has tracked the impact of operating rule adoption

BCBSNC: Transaction Services Profile

- Health Plan Operations
  - Customer servicing center handled more than 3.9 million calls in 2010
  - Over 48 million claims were processed in 2011
- Eligibility and Benefits / Claim Status
  - Our HIPAA transaction processing system is currently supporting the electronic exchange of eligibility transactions both in real-time and 270/271 transaction
  - Electronic eligibility inquiries volumes are approximately 51 million annually; 60% of these transactions are handled in real-time
  - Current batch claim status inquiry volumes average between 130,000 and 150,000 per day
- Health Plan Systems - Our transaction processing systems are a blend of in-house developed
  - ***Blue e^{sm},*** BCBSNC's secure provider web portal
  - Java JCAPS for ASC X12 processing
  - 3rd party applications, i.e. Edifecs for validation and trading partner management

BCBSNC: Electronic Exchange Current Capabilities

- BCBSNC electronic channels support the following HIPAA ASC X12 transactions for providers
  - Real-time 270/271
  - Batch 270/271, 276/277, 278, 835, and 837
- Secure provider web portal – *Blue e*
  - Providers use *Blue e* to manage their business processes for BCBSNC members
  - Functionality includes:
    - Eligibility and benefit information
    - Claim Status inquiry
    - Claim Submission
    - Claim Payment – PDF of Explanation of Payment
    - Utilization Management – admissions and diagnostic imaging
    - Fee Schedules
    - EFT management
    - Provider education/communication

BCBSNC Trading Partner Relationships: Eligibility

- BCBSNC takes a trading partner agnostic approach to providing these transaction capabilities
  - We exchange ASC X12 transactions with both clearinghouses and provider direct submitters, with the following business relationship scenarios:
    - Provider direct-to-health plan connection
    - Single/dual clearinghouse-to-health plan connection
    - Provider-to-clearinghouse/vendor connection
  - The bulk of our transactions are received from clearinghouses; we have several direct connects with large providers that represent significant volume
- During our initial implementation planning effort we conducted research and gathered input by convening a provider user group to gather input about their needs
- Greater than 90% of providers in the BCBSNC network use our electronic services (*Blue e* or X12)

BCBSNC Trading Partner Relationships: Claim Status

- We expect clearinghouses and vendors to take a very similar role for claims status
  - We are noticing a high degree of automated transactions with claims status, which we currently attribute to our current batch-only offering and expect that real-time processing will represent a higher degree of user generated transactions
  - ***A key question we've asked our trading partners is "Will you convert your existing batch volume over to real-time?"***
  - We expect the following types of scenarios to be represented by claims status trading partners:
    - Provider direct-to-health plan connection
    - Single/dual clearinghouse-to-health plan connection
    - Provider-to-clearinghouse/vendor connection

Aligning Initiatives: Strategic Approach

- We took an enterprise view in building out eligibility and claims status services
  - Used SOA approach to maximize our ROI and potential re-use
- BCBSNC senior management were staunch supporters of our CORE Certification efforts and provided both the leadership and funding necessary to meet our objectives
- We took a value based approach to the order in which we built our services by achieving Phase I CORE Certification and then building for Phase II
  - Enabled us to apply Phase I lessons learned to our later efforts
- We combined our initial CAQH CORE Phase I and Phase II Eligibility* implementation with a BCBS Association mandate
  - Maximized development synergies and achieved cost savings with combined efforts
  - $250,000 in documented savings primarily by combining testing efforts
- Leveraged v5010 mandate to create a Claims Status Inquiry service in anticipation of future claims status mandates/initiatives

* Addressed some of the CAQH CORE Phase II Eligibility Operating Rules in our initial implementation

BCBSNC: Phase I CORE Certification Plan

- To ensure CAQH CORE Phase I Operating Rules for **Data Content** and **Infrastructure** including **Connectivity** requirements could be met:
  - BCBSNC combined resources for BCBSA mandated eligibility requirements project and CAQH CORE Phase I
  - Designed and developed a Data Mart ("Oneview") to support 86% system availability of eligibility data
  - Developed solutions to extract full eligibility data load and nightly data loads from back end source systems
  - Internal web services were developed to query Oneview
  - Developed a real-time SOAP* (Simple Object Access Protocol) connectivity which allows higher degree of interoperability and the ability to leverage across multiple business functions
- Production changes implemented April 2007
- Certification received June 2007

* SOAP is an open standard developed by World Wide Web Consortium

BCBSNC: Key Implementation Challenges

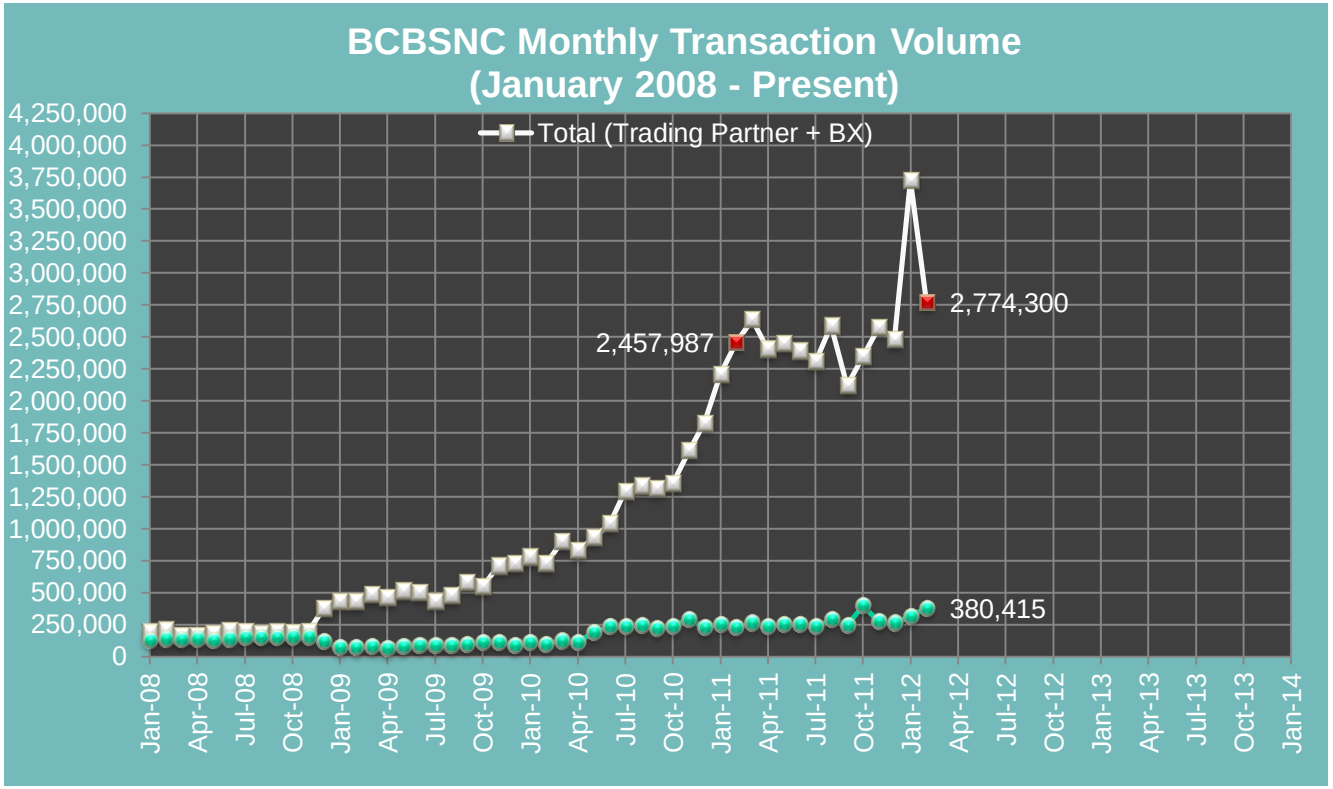
- BCBSNC implemented all of the CAQH CORE Phase I Operating Rules within their in-house systems
- There were challenges in moving from a batch only environment to a real-time enabled environment; the “ilities” were impacted
  - Scalability – due to the high demand for real-time eligibility, our base service was quickly overrun with volume
    - Identified bottlenecks in our processing environment and scaled out where possible
    - Purchased an internet facing appliance for the purpose of governing inbound traffic so that downstream systems were not overrun
  - Availability – we had more than anticipated unscheduled downtime in the beginning
    - Collaborated with our Information Systems partners on enforcing our service level agreements (SLA), and developed trading partner communication standards for those times when we had an outage
    - Upgraded our internal system monitoring and alerting capabilities

BCBSNC: Implementation Benefits Realized

- Reuse of System Components
  - We created an enterprise service for membership and benefits verification that has been integrated into nearly all internal and external applications, now everyone gets the same answer in real-time
    - Benefits of service enhancements initiated by disparate business stakeholders are able to be realized by all (provider facing, member facing, internal applications)
- Business Measures of Success
  - Trading partner/provider feedback – the real-time 270/271 eligibility service is well received, with generally positive feedback on data content and response times
  - All projects are measured on stated ROI vs. delivered ROI
    - *Key Question: Did we deliver what we said we would*?
  - **VOLUME!!!**

Measure of Success: CAQH CORE Operating Rules BCBSNC 270/271 Implementation Results

- Increase in transaction activity (Local and Blue Exchange / Interplan)
- Majority swing to real-time data transactions
- Provider recognition of CORE Certification process and practice management integration



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BCBSNC: Future Plans

- To meet January 2013 federal mandated deadline:
  - Our status: we are currently in the middle of the development cycle for implementation of the *Phase II CAQH CORE Eligibility and Claim Status Operating Rules*
    - Project inception – July 2011
    - Business requirements – September 2011
    - Development – December 2011
    - Production Deployment – September 2012 for Eligibility and October 2012 for Claim Status
  - We took a "take smaller bites more often approach" to our implementation and broke sections of the project into independent work-streams to allow a more flexible approach to project delivery
  - Allowing enough time for post-production fixes to be implemented prior to the 1/1/2013 compliance date
  - Considering voluntary CORE Certification as a parallel work-stream with deliverables, timelines, resources

BCBSNC: Future Plans

- Next set of mandates: EFT/ERA
  - We have started project initiation activities and initial discovery activities and expect to commence initial work in the next 1-2 months
  - Our EDI area is partnering with our Finance area to ensure that we tackle the EFT/ERA mandate together; our Finance team was involved in our analysis of the operating rules and will be a valued stakeholder in the upcoming project
- Future Operating Rules:
  - We are taking a proactive stance and plan to be a participant in the formulation and discussion of future operating rules - *we're in this for the long term !*

Health Plan Perspective

Health Net, Inc.

Sahlem Kharaka

Director, Applications Development

Rasika Patankar

IT Solutions Architect

About Health Net, Inc.

- Health Net, Inc. delivers managed health care services through health plans and government-sponsored managed care plans throughout the United States
- Health Net provides managed care services to approximately 6 million individuals; however, administrative processing responsibilities vary depending upon product*
- Health Net extends key local services through its strategic partnership with over 75,000 providers which allows a growing number of tailored networks
- Health Net administers health benefits to approximately 30,000 employers through a broad variety of programs
- Health Net is a CAQH member and CAQH CORE participant
- Jay M. Gellert, President and CEO Health Net, Inc. serves on the CAQH Executive Committee and its Board of Directors
- Health Net was an early adopter of CAQH CORE Operating Rules and is a Phase I and Phase II CORE-certified health plan

* For example, Federal programs covering 3 million individuals are responsible for administrative services

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Health Net, Inc: Electronic Channels Available

- Health Net Mobile
  - With the recent boom in mobile technology, Health Net has been at the frontier of this channel giving our members access to the tools they need via their mobile devices including iPhone, iPad and Android.
  - Key Features available:
    - **My Plan:** Provides plan details, including subscriber and plan IDs, effective dates, co-pay and deductible information and schedule of benefits
    - **My Provider:** Provides users with instant access to provider specific information for any member on the plan; members can also save additional providers as *Favorites* for later reference
    - **My ID Card:** Provides users with a mobile ID card, and ability to view a list of members to select a family member's card; **Health Net is starting investigations into making the ID Card compliant with Phase III rules**
    - **ProviderSearch:** Search for providers and urgent care facilities within the Health Net Network by current location, address or zip code; access maps and directions for a selected provider and save a provider as a *Favorite* for later reference
    - **Contact:** Instant access to Health Net with a handy directory of contact numbers

Health Net, Inc: Electronic Channels Available

- Health Net electronic channels support the following HIPAA ASC X12 transactions
  - Real-time 270/271, 276/277
  - Batch 278, 820, 834, 835, 837
- Secure provider web portal – *Healthnet.com*
  - Webby Official Nominees at 14th and 15th annual awards
  - Functionality includes:
    - Eligibility and benefit information
    - Claim Status inquiry and Submission
    - Authorization inquiry and Submission
    - Utilization Management - Reports
    - Fee Schedules
    - ERA/EFT management
    - Provider education/communication
- Secure provider "point of service" pilot – *Provider Office Automation*
  - Tools and features include:
    - Magnetic Card reader
    - Windows Client Software to process member visits
    - Check eligibility/benefits

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Health Net, Inc.: Transaction Servicing Profile

- A significant number of Health Net's health plan products are capitated; this payment model impacts eligibility and claim status inquiry servicing volumes
- Capitation is a method of paying health care service providers, e.g., physicians or nurse practitioners are paid a set amount for each enrolled person assigned to that physician or group of physicians, whether or not that person seeks care, per period of time
- Electronic Eligibility and Benefits / Claim Status
  - 60% of all eligibility requests are transmitted electronically; 100% of them are handled in real-time
  - Approximately 400,000 real-time eligibility verification request inquiries are supported each month
  - Nearly 100,000 claim status responses are generated monthly

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Importance of Involving your Trading Partners

- Health Net supports the CAQH CORE Operating Rules and we use partners to integrate with the Providers and their Practice Management systems in order to maximize the value chain
  - This approach is considered a “pass through” because the clearinghouse does not need to modify the transaction to and from Health Net and the Provider
- Health Net worked closely with our Clearinghouse partners in implementing the CAQH CORE Operating Rules including setting up numerous calls to discuss User Acceptance Testing
- The following slide shows the integration in greater detail

Health Net, Inc.: Clearinghouse Relationships

- Health Net primarily utilizes the services of three clearinghouse partners to conduct 270/271 eligibility transactions
  - Emdeon is our primary Clearinghouse; they provide our *Safe Harbor* for CAQH CORE Connectivity and related Infrastructure requirements; we receive 45% of our EDI real time transactions from them
- Health Net meets CAQH CORE Operating Rules requirements not supported by the clearinghouse; i.e., data content & companion guide rules
- Our clearinghouse partner meets conformance with CAQH CORE Connectivity and Infrastructure Operating Rules requirements

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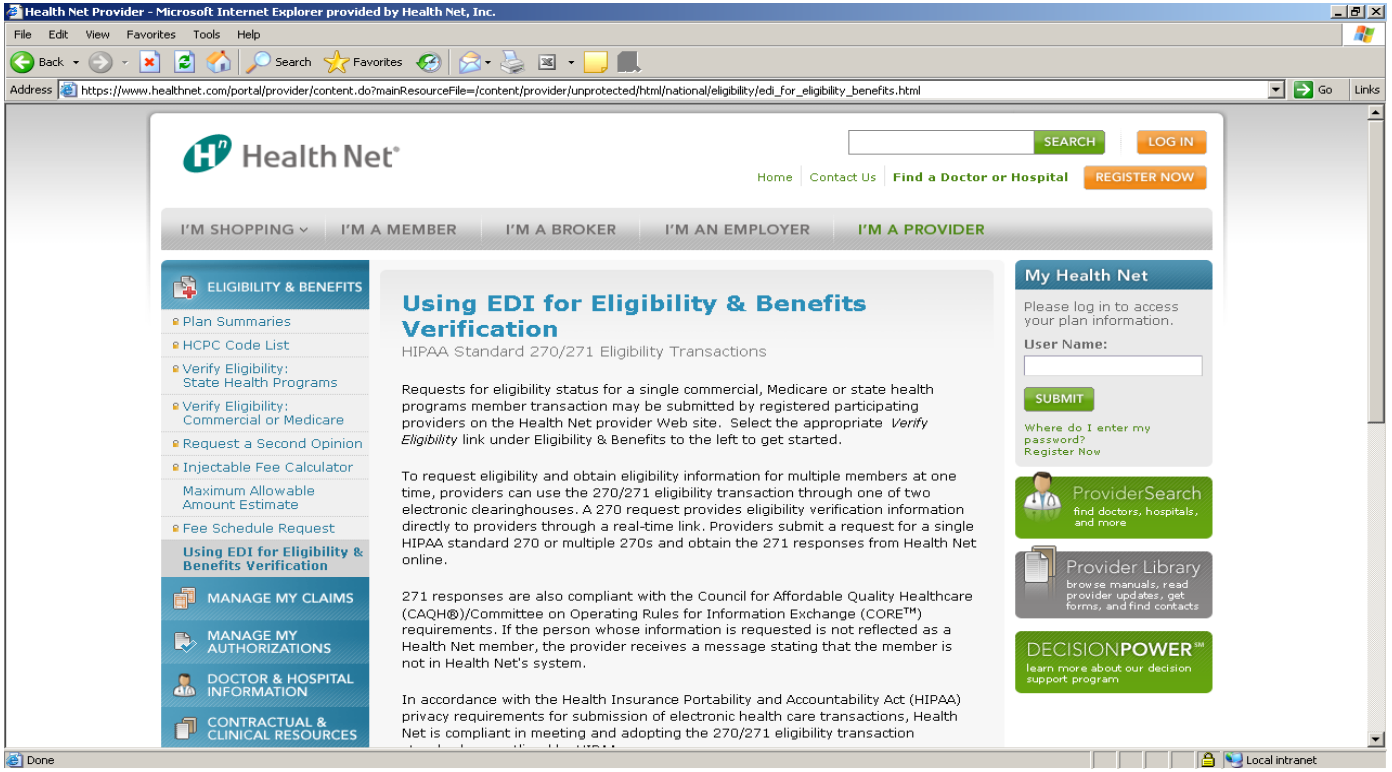
Health Net, Inc.: Provider Relationships

- Through our provider network management and provider communication teams, providers are notified frequently of the EDI options available to them via printed Kits, newsletters, faxes, webinars, on site training as well as electronically Read More



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Health Net, Inc.: Execution Strategy

- Architectural Guiding Principles
  - Shared Solutions - Our constant goal is to ensure that when we reply to any customer or partner that we give them a consistent answer regardless of the channel
  - Robust Technical Architecture
  - Reusability and Scalability
    - Support projected increasing volumes enabled by CAQH CORE Infrastructure
- Technical Systems Architecture
  - Health Net has numerous technologies for Web Services, Data Mapping and ETL; *Informatica* is used primarily for Trading Partner integrations
  - Internally Health Net has an Operational Data Store where all Source Systems data is loaded and presented via multiple channels

Our Strong Pillars of Execution

- Actively involved in CAQH CORE Operating Rule Development
- Top Down Commitment – Health Net CEO was one of the first to sign the pledge for CORE Certification
- CAQH CORE Phase I and II implementation projects were handled as separate business cases and projects
- Project Charter is Key to Success
  - Provide clear direction for the project
  - Define expectations of the Project Manager and project team
  - Outline the project's constraints and risks
  - Outline the project's resource and budgetary requirements
  - Outline the project's target dates
- Project Team:
  - Project Manager, Subject Matter Experts, Business Analyst and System Architects, Developers and Testers and Implementation Team
  - Health Net uses a Staff Augmented resourcing strategy to maximize development

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Health Net, Inc.: Key Implementation Challenges

- Data Mapping – Eligibility and Benefits
  - Early business engagement was important to making data mapping decisions
    - Struggled with mapping more generic Service Type Code to many internal benefit service types
    - Business and IT collaborated to create hierarchy on which level of benefit to choose; e.g., mapping urgent care vs. emergency room
      - '86' for emergency services vs. '51' Hospital - Emergency Accident
      - In 5010 we decided to include both for a '30' request
  - Accommodating multi-tier plans: we have plans with two different “In Network” benefits and one level of “Out of Network” benefits
    - Added “In HMO Network” and “In PPO Network” to accommodate reporting requirements
  - Most vital piece of implementation: *Test, Test, Test!*

Measures of Success and Benefits - ROI

- Process to show ROI
  - Gathering the necessary data to show current costs associated with call volumes and resubmitted claims was key to getting approval to move forward
  - Projections for savings were based on anticipated adoption of the EDI channel as result of implementing the CAQH CORE Operating Rules
- Measures of Success
  - As part of the Health Net business case process, projects are routinely audited to ensure benefits are being realized quarterly
  - Phase I & II eligibility inquiry targets are on track with projections showing 10% growth yearly
  - Phase II claim status targets are being realized via our web channel and will be realized when turned on at our clearinghouse

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Health Net, Inc.: Future Plans

- To meet January 2013
  - We are in process of working with our clearinghouse partners to flow CORE-enabled Claim Status transactions to us
    - Clearinghouse partners will provide CORE Connectivity Safe Harbor for providers that want to connect to Health Net for Claims Status processing
  - We are also working on future endeavors to enhance our other service offerings, i.e. call centers
- Next set of mandates EFT/ERA and beyond
  - Health Net has EFT and ERA capabilities in production today and will follow a similar approach which we outlined today to adopt future CAQH CORE Operating Rules when finalized
  - Health Net will continue to work closely with CAQH to ensure we are at the forefront of the Operating Rules

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Getting Started with Your Operating Rules Implementation Project

The Business Case: All Stakeholders

- More robust and accessible eligibility methods have enhanced the flow of information between providers and health plans
- CAQH CORE Operating Rules help stakeholders leverage investments
  - Common infrastructure supports multiple methods and future transaction types
  - Solutions reusable with new partners
- Streamlined implementation with CAQH CORE partners
  - Better technical skill and resources
  - Less customization, reduced testing
  - Lower cost connectivity using the public internet
- Costs to implement CAQH CORE Operating Rules vary widely, depending on how much technology change is required

The Business Case: Providers

The CAQH CORE Operating Rules for the Eligibility transaction result in an optimization of provider financial workflows

- Providers that adopt Phase I CAQH CORE Operating Rules reported significant improvements in access *at or before the time of service* to:
  - Health plan eligibility
  - Benefit coverage
  - Patient financials
- Results achieved by early-adopter providers/hospitals working with vendors and health plans that have implemented the CAQH CORE Operating Rules* include:
  - *Primary benefits*
    - Decrease in claim denials (related to eligibility) 10-12%
    - Percent increase in electronic eligibility verifications 24%
    - Save 7 minutes per electronic verification $2.60 per verification
  - *Secondary benefits*
    - Time saved in registration and billing
    - Reduced transaction fees and connectivity costs

* IBM assessed results achieved by Phase I CAQH CORE Operating Rules early adopters (represents 33 million covered lives and 1.2 million providers)

The Business Case: Health Plans

The CAQH CORE Operating Rules for the Eligibility transaction result in improved servicing capabilities & reduction in health plan administrative cost

- Health plans that adopt the Phase I CAQH CORE Operating Rules have reported:
  - Increased total electronic eligibility up 33% in one year
    - Due to shift towards electronic methods, health plans can handle increased verification volumes with the same staff
  - Pairing implementation with organizational-specific eligibility/benefits initiatives yields strong results
    - Providers rapidly take advantage of new capabilities, e.g., real-time transactions
    - Extensive communication to providers, targeted outreach as needed, and collaboration with vendor partners improve adoption
- Results achieved by early-adopter Phase I implementing health plans include:
  - Payback was less than one year (considers only shift from telephone to electronic verification)
    - One-time costs of implementation/Phase I CORE Certification **$ 542,800**
    - Annual ongoing costs **$ 49,200**
    - Annual savings due to shift from telephone to electronic **$ 2,666,800**
    - Ratio of verifications to claims **Up from .63 to .73**

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Phase I & II CAQH CORE Rules Implementation: *Ten Months to the Mandate – Key Activities*

A solid understanding of the CAQH CORE Operating Rules combined with an effective planning effort is the basis for a successful implementation project for the mandate

Activities	Key Points
a) Discover and master	Understand and thoroughly review CAQH CORE operating rules. They are publicly available for free at v5010 CAQH CORE Operating Rules on the CAQH website; will drive v5010 ROI
b) Plan and analyze	• Make key project decisions • Determine which CAQH CORE Operating Rules apply to your organization; understand the role of your intermediaries • Refer to the CORE Systems Readiness Worksheet • Identify where current capabilities require system enhancement • Determine your high-level project requirements on the CORE Gap Analysis Worksheet
c) Create a project plan	Implement formal project management practices in alignment with systems development life cycle
d) Execute Implementation Project	Eligibility and Claim Status Operating Rule mandate effective as of January 1, 2013

Phase I & II CAQH CORE Rules Implementation: *Tools*

Understand the Scope: *Systems Readiness Worksheet*

- Identifies systems/software gaps to determine organization's ability to adopt and implement the Phase I & II CAQH CORE Rules; key is identifying applicability of rules to your organization
- After completing, entities should conduct a gap analysis to identify specific technical gaps between the applicable Phase I & II rule requirements and current systems capabilities

Conduct a Detailed Review: *Gap Analysis Worksheet*

- Includes checklists that outline the system and business requirements necessary to implement each Phase I & II CAQH CORE Rule that apply to your organization
- Checklists specify each individual rule requirement within a given rule for entities implementing the Federally mandated Phase I & II Rules
- While completing the Gap Analysis Worksheet, entities should:
  - Consider requesting a call with CAQH CORE staff for assistance with analysis
  - Review Phase I & II CAQH CORE implementation resources (e.g., FAQs)

All CAQH CORE Operating Rules are available free at www.caqh.org

CAQH CORE Operating Rules Implementation: *Additional Resources*

FAQs	Education Sessions	General/Interpretation Questions Email CORE@caqh.org
• CAQH CORE has a list of FAQs to address typical questions regarding the operating rules, and is in the process of reviewing these FAQs and updating as appropriate given mandates	• There are frequent, often free sessions with partners such as WEDI, CHIME and Medicaids, and many include speakers from organizations that have already implemented the rules • 2011 sessions are available for download on the CAQH CORE website	• Email CAQH CORE staff regarding request for interpretations or general questions; calls can be arranged • Request process in place to provide prompt responses

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CAQH CORE Operating Rules Implementation: Key Benefits of *Voluntary* CORE Certification

- **What:** CORE Certification is awarded to organizations that *voluntarily* complete CORE Certification Testing; CORE Certification Testing is stake-holder specific and demonstrates that an applicant's system(s) conform with CAQH CORE Operating Rules
- **Why:** CORE Certification Testing offers a mechanism to test your ability to exchange eligibility and claim status transaction data with your trading partners
  - Process offers useful, accessible and relevant guidance in meeting obligations under the CAQH CORE Operating Rules
  - Encourages trading partners to work together on data flow and content needs
  - Promotes maximum ROI when all entities in data exchange are known to conform with the operating rules
  - Testing done on-line by CORE-authorized testing entity

Question & Answer

Appendix:
Phase I & II CAQH CORE Operating Rules for Eligibility/Benefits & Claim Status

Phase I CAQH CORE Operating Rules

Phase I Rule Set	URL Reference
CORE Rule 152: Companion Guide Rule	CORE Rule 152
CORE Rule 153: Connectivity Rule	CORE Rule 153
CORE Rule 154: 270/271 Data Content Rule	CORE Rule 154
CORE Rule 155: Batch Response Time Rule	CORE Rule 155
CORE Rule 156: Real Time Response Rule	CORE Rule 156
CORE Rule 157: Systems Availability Rule	CORE Rule 157
CORE Rule 150: Batch Acknowledgement Rule*	CORE Rule:150
CORE Rule 151: Real Time Acknowledgement Rule*	CORE Rule: 151

***NOTE**: In the Final Rule for *Administrative Simplification: Adoption of Operating Rules for Eligibility for a Health Plan and Health Care Claim Status Transaction*, rules pertaining to Acknowledgements are not included for adoption. Although HHS is not requiring compliance with any operating rules related to acknowledgement, the Final Rule does note "we are addressing the important role acknowledgements play in EDI by strongly encouraging the industry to implement the acknowledgement requirements in the CAQH CORE rules we are adopting herein".

Phase II CAQH CORE Operating Rules

Phase II Rule Set	URL Reference
CORE Rule 250: Claim Status Rule*	CORE Rule: 250
CORE Rule 258: 270/271 Normalizing Patient Last Name Rule	CORE Rule: 258
CORE Rule 259: 270/271 AAA Error Reporting Rule	CORE Rule: 259
CORE Rule 260: 270/271 Data Content Rule	CORE Rule: 260
CORE Rule 270: Connectivity Rule	CORE Rule: 270

***NOTE**: In the Final Rule for *Administrative Simplification: Adoption of Operating Rules for Eligibility for a Health Plan and Health Care Claim Status Transaction*, rules pertaining to Acknowledgements are not included for adoption. Although HHS is not requiring compliance with any operating rules related to acknowledgement, the Final Rule does note "we are addressing the important role acknowledgements play in EDI by strongly encouraging the industry to implement the acknowledgement requirements in the CAQH CORE rules we are adopting herein".