The Development and Evolution of Operating Rules for Eligibility and Claims Status: A Key Component of Administrative Simplification

Testimony to
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Context and History

- CAQH, is a non-profit alliance focused on administrative simplification in healthcare.
- HIPAA provided the initial platform for administrative simplification, however, neither providers nor health plans experienced the intended result.
- CORE was established as a multi-stakeholder collaborative, based on a shared recognition that operating rules could build upon standards.
- Section 1104 of the ACA offers the opportunity to amplify the combined benefits of standards and operating rules.
- CORE stands ready to work with NCVHS and the industry to achieve the intent and timelines of Section 1104.
Today’s Data Exchange Environment

• There is significant pressure on organizations to achieve internal business strategies, as well as meet industry-wide and legislative requirements.
  – While improving infrastructure and lowering costs.
  – Within the limitations of resource constraints.

• Meaningful change must acknowledge these imperatives while aligning with the broader healthcare environment, e.g., HITECH, state initiatives, and clinical/administrative data integration.

• Replication of effort should be avoided in all stages of the process, from development to implementation. Resources must be aligned to take greatest advantage of industry expertise and vision.
Operating Rules and Standards

- Standards establish expectations and outline the detailed technical framework for a transaction.
- Focusing on business imperatives, operating rules build on the standards and more precisely describe the roles and responsibilities of each stakeholder. They also address gaps to deliver transactional value.
- Operating rules and standards are both essential:
  - Need to co-exist and work together; operating rules should always support standards.
  - Support different missions and objectives.
  - Require different resources and skills set.
The CORE Integrated Model

- **Mission:** To build consensus among all essential healthcare stakeholders on a set of operating rules that facilitate administrative interoperability – starting with eligibility, and then moving sequentially to the other transactions in the claims process.

- **Vision:** Provider access to administrative information before or at the time of service, *using the electronic system of their choice*, for any patient or health plan.

- **Main components:**
  - A rule development and writing process, including the approval/voting process.
  - Education and outreach.
  - A certification and endorsement process.

- Has resulted in tangible outcomes in a compressed timeframe.
CORE: The Past Five Years

• **Structure, timeline, and phases.**
  – Multi-stakeholder effort with transparent voting process.
  – Clear guiding principles.
  – Milestone-based road-map focused on value proposition.
  – Three phases of operating rules to date.

• **Participating entities.**
  – 115+ participating organizations, including all segments of the industry
  – Includes SDOs, government, health plans, providers, vendors, etc. Health plans represent almost 75% of the commercially insured.
  – Annual fee is low: No charge for SDOs/public entities; capped at $6,000.

• **Rule writing process based on best practices, industry alignment, and transparency.**
  – Supported by CAQH staff and technical experts.
  – Includes testing requirements by stakeholder type.
  – CORE participants determine rules through transparent voting process.
  – Recognizes interdependencies within individual organizations and across all stakeholders.
CORE: The Past Five Years (cont’d)

• Tracking of ROI (based on CORE Phase I rules).
  – 10-12% reduction in provider claim denials.
  – Average savings of nearly $3.00 per patient eligibility verification phone call.
  – Accelerated use of electronic transactions by all stakeholders.
  – Estimated cost savings of $3 billion over three years.

• Education and Outreach.
  – Awareness building: webinars, newsletters, provider association distribution channels with WEDI and HIMSS.
  – Demonstration projects e.g. ongoing VeriSign pilot in Massachusetts.
  – Trading partner tools.
  – Coordination and recognition through alignment with state and Federal efforts:
    • Federal: HITSP, MITA, and NHIN.
    • States: Colorado, Ohio, Texas, Virginia; Minnesota*, Washington.

• Budget and Resources.
  – Expertise and time provided by representatives of participating organizations.
  – Full-time staff supplemented by contracted experts.
  – Commitment/involvement at senior executive level at multiple participant organizations.
  – CAQH covers approximately 85% of CORE costs.

* Minnesota and Washington included aspects of the CORE rules
The CORE Rules: Phases I, II and III (draft)

• CORE operating rules for eligibility and claims status.
  – Infrastructure.
    • Real-time response time/Batch response time.
    • System availability.
    • Acknowledgements for real-time/Acknowledgements for batch/Acknowledgements for where claim is in
      the adjudication process.
    • Connectivity, security and authentication.
    • ID Card.
    • Patient Matching.
    • Companion guide (flow and format).
  – Eligibility content.
    • Patient financials (co-pay, deductible, YTD deductibles, in/out of network variances, out of pocket
      maximums) for over 50+ services (benefits).
    • Patient coverage reporting that is service type (e.g., benefit) specific*.
  – Claim status content.
    • Using common business scenarios to communicate the most common claims status codes.
    • Consistent delivery of an agreed-upon set of claims status codes.
  – Consistent certification and testing requirements, by stakeholder, by rule.

*This rule includes requirements mandated by v5010, but not v4010.
The ◄ symbol indicates an operating rule requiring data content that is not mandated by Federal regulation.
Certification

- Established to validate rules implementation by plans, providers and vendors/clearinghouses.
- Testing conducted by independent entities.
- Certifications:
  - Over 50 organizations are Phase I and/or Phase II certified.
    - Certified plans represent almost 50% of the commercially insured.
  - Endorsement by over 30 non-certifiable entities, e.g. AMA, MGMA, AAFP, AHIMA.
  - Cost of certification: capped at $6,000.
- True value of operating rules cannot be achieved unless all stakeholders exchanging data adopt the rules.
CORE Adaptation to a Mandated Environment

• To support a mandated environment, aspects of CORE will need to be adapted, and additional resources secured to advance the effort.
  – Leadership and infrastructure.
    • Governance and organization structure.
    • Expand number/type of participants.
    • Financial structure that ensures stability.
  – Reassess voting process.
  – Future scope, content and development of rules.
  – Education and outreach.
The Importance of Partnerships

- The strength of CORE is the collaboration of its participating organizations and the expertise they bring to the deliberations.
- CAQH-HIMSS-NACHA will partner to provide expanded skills sets, tools, processes and distribution channels to facilitate the process.
  - Commitment to public-private collaboration.
  - Complementary missions and staff competencies.
  - Broader range of industry participants.
  - Educational and outreach skills that speak to magnitude of effort.
  - Expertise in operating rule writing and adoption.
  - Depth of knowledge regarding future focus of Section 1104.
Recommended Themes for Implementing Section 1104

• Maintain clarity of purpose and progress.
  – Focus on policy goals.
  – Assume an ongoing iterative process; there is no silver bullet.
  – Recognize and respect the different roles of standards and operating rules, and assure that they work well together.
  – Align with the broader HIT environment.

• Commit to a strong infrastructure.
  – Ensure a multi-stakeholder effort and maintain transparency, especially voting.
  – Prioritize education and outreach; pursue research and development.
  – Recognize one entity responsible for developing operating rules.

• Respond to realities.
  – Build upon what exists – do not reinvent the wheel.
  – Support adaptability.
  – Recognize the compressed timeframes and demands for competing resources.
  – Recognize that all entities in the chain of data exchange contribute to success; all entities in the transaction process must make changes.

• Support and understand lessons learned.
  – Structure: Maintain senior executive involvement and awareness.
  – Financial sustainability through long-term commitment.
  – Voting rights can not be based on size or scale of financial support.
In Conclusion

- We have a unique opportunity to address healthcare administrative simplification; commitment to clear and experience-based themes are critical to long-term success.
- Uniform standards and operating rules must co-exist and work together to achieve the full potential of administrative simplification.
- A highly integrated model will expedite the transformation of administrative data exchange.
- Partnership and coordination will be key to sustaining and expanding the impact of operating rules.