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.

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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.

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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.

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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.

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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.

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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

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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 a 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.

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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.

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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.

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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.

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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.

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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.

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