



**ACTION REQUESTED:** Comments on New Federal Interim Final Rule Adopting CAQH CORE Phase I and II Operating Rules for Eligibility and Claim Status, *Response Needed by August 8<sup>th</sup>, 2011.*

August 1, 2011

Dear CORE Participant:

As previously shared, CAQH CORE is pleased to announce that the federal government is adopting the use of all CORE Phase I and Phase II Operating Rules related to Eligibility and Claim Status transactions, with the exception of those pertaining to Acknowledgements and Certification.

Under the provisions of the Interim Final Rule (IFR) with comment by the Centers for Medicare and Medicaid Services (CMS) - "CMS Administrative Simplification: Adoption of Operating Rules for Eligibility for a Health Plan and Health Care Claim Status Transactions, CMS-0032-IFC" - the Secretary of the Department of Health and Human Services (HHS) will adopt the CAQH CORE Operating Rules with a scheduled compliance date of January 1, 2013. The IFR was published in the Federal Register on July 8, 2011.<sup>1</sup> On June 30<sup>th</sup> [HHS issued a press release](#) that highlighted the cost savings derived from the adoption of operating rules, and identified operating rules as "common sense measures". We applaud HHS for the significant steps forward for administrative simplification that the IFR will achieve.

*Your voice is CRITICAL regarding the content of the IFR.* CAQH CORE supports the IFR, and thanks you and all of the CORE participants for your hard work in developing and voluntarily implementing the Operating Rules. Your efforts have made this significant step towards administrative simplification possible. There are, however, some significant gaps that need to be addressed through the public comment process. *This is where your input is critical – especially statements of support for adoption of CORE Phase I and Phase II.*

The following pages outline the key substantive areas for comment identified by CAQH CORE, and suggested next steps for submitting comments by CAQH CORE and CAQH CORE participants. We would like to have your input ***by August 8, 2011*** in order to provide a model comment letter to you on August 12<sup>th</sup>. Organizations that intend to submit comments directly to CMS can use this model letter as a template.

Additionally, a summary of the comments CAQH CORE receives will be reviewed on the August 9<sup>th</sup>, 3pm ET CORE Town Hall call.

Sincerely,

Gwendolyn Lohse  
Deputy Director, CAQH and Managing Director, CORE

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<sup>1</sup> You can view the IFR on the Federal Register website at :  
<http://www.gpo.gov/fdsys/search/pagedetails.action?granuleId=2011-16834&packageId=FR-2011-07-08&acCode=FR>

## Key Substantive Comments

- **Thank HHS for recognizing the valuable role of operating rules in achieving administrative simplification, and for adopting nearly in full the CORE Phase I and II Operating Rules for Eligibility and Healthcare Claim Status non-retail-pharmacy transactions.** Express enthusiastic support for the IFR’s adoption of the CAQH CORE Phase I and II Operating Rules for these two transactions, and for HHS’s recognition that these Operating Rules “further enhance the HIPAA transactions by better facilitating communication between trading partners, including providers, filling gaps in the associated standards, and fulfilling the requirements, purposes, and principles set out in the statute [Social Security Act § 1173, as amended by the Affordable Care Act].” 76 Fed. Reg. 40464 (July 8, 2011). The IFR appropriately defines the scope and role of operating rules and their distinct, yet very complementary, role in relation to the adopted HIPAA standards. As HHS states in the IFR, operating rules, while not without limitations, are crucial to the goals of administrative simplification in that they “augment the standards” in several key ways, including that they:
  - Contain additional requirements that help implement the standard for a transaction in a more consistent manner across health plans;
  - Address ambiguities or conditional requirements in the standard and clarify when to use or not use certain data elements or code values; and
  - Specify how trading partners, including providers, should communicate with each other and exchange patient information, with the goal of eliminating connectivity inconsistencies.
- **Adopt CAQH CORE Phase I and II Operating Rules for Acknowledgements to gain return on investment (ROI) and improve workflow.** A major omission is that the IFR does not require the adoption of CAQH CORE Phase I Operating Rules for batch and real-time Acknowledgements, or the adoption of similar requirements contained in the Phase II Operating Rule for Claim Status. In 2010 the National Committee on Vital and Health Statistics (NCVHS) recommended to HHS that all of the CORE Phase I and II rules be adopted, and Section 1104 of The Affordable Care Act (ACA) provides HHS the avenue to adopt Acknowledgements now via formal rule making. The ROI for the use of operating rules drops considerably unless Acknowledgements are used and integrated into daily administrative data exchange. In April of this year the NCVHS held a hearing on Acknowledgements. CAQH CORE was among many industry stakeholders that testified, and a summary of the common messages to the Committee were:

*The use of Acknowledgements minimizes the “black hole” that can occur with each transaction in the claims adjudication process, and thus promotes faster payments to providers and the ability to redirect resources to patient care rather than duplicative administrative inquiries. Healthcare should embrace the significant opportunity to adopt Acknowledgements as part of each operating rule set, and that adoption can begin with the Eligibility and Claim Status Operating Rules.*

Since 2005 a critical aspect of the CAQH CORE Operating Rules has been Acknowledgements. The industry - including both providers and health plans - view Acknowledgements as essential to improve the end-to-end processing of transactions. Treating Acknowledgements as a separate transaction and delaying its inclusion in operating rules leaves ambiguity in the exchange process and severely undermines the value of the operating rules while diminishing the ROI for all stakeholders.

*Operating rules regarding Acknowledgements are built upon existing standards and fill the gaps currently in the marketplace.* Entities are urged to request that HHS include in the Final Rule the adoption of CAQH CORE Phase I 150: Eligibility and Benefit Batch Acknowledgement Rule version 1.1.0; CAQH CORE Phase I 151: Eligibility and Benefit Real Time Acknowledgement Rule version 1.1.0; and the real-time and batch Acknowledgements requirements contained in the CAQH CORE Phase II 250: Claim Status Rule, version 2.1.0. For every operating rule set, inclusion of Acknowledgements should be an expected component, just as response time is an expected component. Like other operating rules adopted by HHS, Acknowledgements facilitate communication between trading partners.

- **State the strong support of your organization for all of the included CAQH CORE Phase I and II Operating Rules.** CAQH CORE Operating Rules should be adopted as a complete set in order to achieve the maximum ROI for all transactions. HHS should adopt all CAQH CORE Phase I and II Operating Rules without exception; actual certification of those rules is a separate issue. These sets of well-thought-out and multi-stakeholder-approved Operating Rules are needed to provide the healthcare community with infrastructure, communication and interoperability within and across its sectors. The suite of CAQH CORE Phase I and II integrated Operating Rules build upon the interdependencies within workflows. A study reviewing the experiences and ROI of early adopters of the CAQH CORE Operating Rules is available [online](#)<sup>2</sup>.
- **Encourage prompt issuance of a slightly modified Final Rule.** The IFR notes that if CMS receives comments that lead to the revision of the IFR, such changes will be finalized by January 1, 2012 based on the compliance date of January 1, 2013. The industry must urge CMS to finalize the regulations prior to January 1, 2012 so that health plans, vendors/clearinghouses and providers can coordinate implementation of the rules with some of their v5010 updates in order to reduce costs, and so that best practices can be shared through activities such as educational sessions. In preparation for the Final Rule, the industry should encourage CMS to consider modifications to the IFR such as the inclusion of Acknowledgements and clarification on the role of CAQH CORE as an operating rule authoring entity.
- **Support the concept of national operating rules and best practice sharing.** The ACA has established that there will be national operating rules and that such rules will address specific goals of administrative simplification (e.g., providing detailed financial information needed at or before the time of service). To reach this goal there must be focused industry effort on the requirements and how to best drive adoption for all stakeholders in the chain of data exchange. Success with operating rules requires change by all stakeholders, not only now, but also well beyond the ACA mandates. CMS should be clear that if national or regional efforts go above and beyond the mandates to improve upon the operating rule goals (e.g., more data, faster response time), it is assumed that adoption of the national mandates has occurred, and that such adoption would be recognized by those efforts.
- **Formally name CAQH CORE as an operating rule authoring entity.** Clarification is needed in the IFR to ensure that CAQH CORE is formally named as an operating rule authoring entity for Eligibility and Claim Status, particularly in light of the content of the IFR.

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<sup>2</sup> See CAQH CORE website for a summary of the ROI studies completed on early adopters of the CORE Operating Rules: <http://www.caqh.org/COREIBMstudy.php>

- **Recommend that CMS consider naming CAQH CORE as the single operating rule authoring entity for medical transactions.** CMS should give further consideration to explicitly name CAQH CORE as the single authoring entity for medical transactions to prevent market confusion; eliminate burden to providers, health plans and other stakeholders in negotiating among multiple entities and their unique processes; and prevent duplication of efforts and associated costs. Operating rules offer the greatest value when they build upon each other and the industry has direction on where to expend its efforts towards that goal. As per the ACA, the industry needs a single focal point for developing iterative improvements to ensure that ROI is fully achieved. A single operating rule authoring entity enables a phased approach to rule development that consistently focuses and builds on foundational operating rules such as response time.
- **Voice support for the *voluntary* CAQH CORE Certification process.** CAQH CORE supports the government position on maintaining voluntary certification for health plans, vendors/clearinghouses and large providers, as exemplified by the CAQH CORE program. CORE certification has demonstrated proven benefits for a wide variety of stakeholders. Details of the program can be found on the CAQH CORE web site. Based on the ACA requirements it is expected that HHS will consider future rule making on this topic. CAQH CORE is prepared to share its experience and well-developed processes when appropriate, including the point that testing should occur through authorized testing entities and be independent from certification. To date, tracking of CORE certification has identified that the fullest ROI is achieved when all entities in the chain of data exchange follow the rules and have online, easily assessable testing to verify this fact.

### **Next Steps**

CAQH CORE is soliciting input from participants on these and any other issues in the IFR that should be addressed in comments to CMS, which are due by September 6, 2011. Your input will be kept anonymous, and will be considered for incorporation by CAQH CORE into a model letter to CMS. The model letter will be shared with organizations as a template for submitting comments directly to CMS.

Please email your input to CAQH CORE ([CORE@caqh.org](mailto:CORE@caqh.org)) **by August 8, 2011**, using the approach outlined below. *The model comment letter will be sent to you on August 12th.* CAQH CORE also will be developing its own comment letter that will integrate stakeholder input.

Your comments and support are very important and can make a difference in the CMS requirements going forward. Please directly contact Gwendolyn Lohse ([glohse@caqh.org](mailto:glohse@caqh.org)) with any questions.

**See next page.**

## Comment Summary

Below are substantive comment areas identified by CAQH CORE that CMS should consider when finalizing the IFR. Please add any detail that you would like for each topic and identify any other comment areas that could be included in the model comment letter.

1. **Thank HHS for recognizing the valuable role of operating rules in achieving administrative simplification and for adopting the CAQH CORE Phase I and II Operating Rules.**
2. **Adopt CAQH CORE Phase I and II Operating Rules for Acknowledgements to improve workflow and fully achieve ROI.**
3. **State the strong support of your organization for all of the included CAQH CORE Phase I and II Operating Rules (as the operating rules only achieve full ROI when used together).**
4. **Encourage prompt issuance of a slightly modified Final Rule.**
5. **Support the concept of national operating rules and best practice sharing.**
6. **Formally name CAQH CORE as an operating rule authoring entity.**
7. **Recommend that CMS consider naming CAQH CORE as the single operating rule authoring entity for medical transactions.**
8. **Voice support for the *voluntary* CAQH CORE Certification process.**
9. **Other:** Submit major or minor comments, or note places in the IFR that need clarification.