simplifying healthcare administration

CAQH®

# Maintenance and Change Request Process for Standards and Operating Rules

## Testimony Provided to the Subcommittee on Standards

## National Committee on Vital and Health Statistics

Gwendolyn Lohse
CAQH Deputy Director/CORE Managing Director
glohse@caqh.org

November 18, 2011

# Agenda Items

- Context and History.
- Today's Electronic Data Exchange Environment.
- Mandated Standards and Operating Rules.
  - Roles.
  - Towards Administrative Simplification.
- Enhancing the System: Operating Rules and Standards.
  - Process.
  - Timing.
- Existing Processes.
  - Standards.
  - Operating Rules.
- Enhancing CAQH CORE Process.
- Recommendations.

Appendix.

simplifying healthcare administration
CAQH®

# Context and History

- The Council for Affordable Quality Healthcare (CAQH), is a non-profit alliance focused on administrative simplification in healthcare.
- The Health Insurance Portability and Accountability Act (HIPAA) provided the initial platform for administrative simplification; however, neither providers nor health plans experienced the intended result.
- The CAQH Committee on Operating Rules for Information Exchange (CORE) was established as a multi-stakeholder collaborative, based on a shared recognition that operating rules could build upon standards to achieve the intended result.
- The Patient Protection and Affordable Care Act (ACA) offers the opportunity to amplify the combined benefits of standards and operating rules.
- CAQH CORE continues to stand ready to work with the National Committee for Vital and Health Statistics (NCVHS) and the industry to achieve the intent and timelines set forth in the ACA.
- Our testimony today focuses on how the standards and operating rules are currently maintained and how these processes can and should be improved and enhanced, moving forward, within the framework of mandatory operating rules.

simplifying healthcare administration
CAQH®

# Today's Electronic Data Exchange Environment

- There is significant pressure on healthcare organizations to achieve internal business strategies, as well as meet industry-wide and legislative requirements.
  - While improving infrastructure and lowering costs.
- Meaningful change must acknowledge these imperatives while aligning with the broader healthcare environment, e.g., HITECH, state initiatives and clinical/administrative data integration.
  - Duplication of effort should be avoided in all stages of the process, from development through implementation.
- Standards and operating rules exist within this broader picture.
  - Several considerations concerning maintenance and change requests for standards and operating rules relate to each other, and to the larger context of today's data exchange environment, including:
    - Evolving players.
    - Achieving process improvement.
    - Tracking impact and return on investment (ROI).
    - Gaining adoption and increasing participation via goals such as improved user friendliness and innovative education.

simplifying healthcare administration

CAQH®

# Today’s Electronic Data Exchange Environment (cont’d)

- Data exchange standardization involves both *strategic and technical issues* and both are directly impacted by:
  - Resources.
  - Shared understanding of roles and responsibilities.
  - Environmental goals.
- Maintenance and change requests relate to both the *strategic and technical issues,* and both are essential to ongoing improvements.
  - Strategic issues include market-driven, consensus-based processes within the established legal and regulatory framework, as well as public/private identification of the need to generate value while balancing market maturity.
  - Technical issues include targeted requests regarding already adopted standards and operating rules, as well as ensuring that there is no conflict between established definitions, such as those of operating rules and standards.

# Mandated Standards and Operating Rules: Towards Administrative Simplification (See Appendix for detail.)

The definition and scope of healthcare operating rules have been fully vetted by lawmakers, policymakers and industry. The concept of when a conflict could exist is very well defined.

| | Activities |
|---|---|
| **2005 – 2009** | Entities voluntarily began using the CAQH CORE operating rules; new requirements for response time, rights and responsibilities, more robust data such as YTD financials, connectivity expectations, etc. |
| **2010** | • March 2010: ACA enacted after a lengthy legislative process.<br>• July 2010: NCVHS hearings began regarding the ACA amendments to the HIPAA administrative simplification provisions.<br>• Summer 2010: Policymakers and industry stakeholders engaged in several months of meetings, follow-up hearings, debate, and discussion.<br>• September 2010: NCVHS issued its recommendations to the HHS Secretary, including considerations on the scope of operating rules.<br>• Fall 2010: Additional discussion and debate took place, including testimony to NCVHS. |
| **2011** | • Winter/Spring: Meetings with CMS staff, SDOs and operating rule authors regarding scope and definitions; many specific examples reviewed by all involved.<br>• June 2011: IFC issued and printed in the Federal Register on July 8, 2011.<br>• September 2011: Public comments on the IFC were submitted by approximately 50 organizations; comments submitted on scope and definitions. |

# Standards and Operating Rules: Working Together to Gain Administrative Simplification

- As noted, the IFC provides clear examples of how standards and operating rules work together to further enhance the HIPAA transactions and facilitate better communication between trading partners.
  - There is value in operating rules supporting further aspects of the data content requirements of a standard, as well as infrastructure.
- Industry stakeholders who have implemented the CAQH CORE operating rules have found that the operating rules work well to advance the important goals of healthcare administrative simplification.
  - Reduced administrative burdens.
  - Provided greater efficiencies.
  - Increased use of the HIPAA electronic transaction standards.
  - Provided significant cost savings and strong ROI.
- Communication and coordination are occurring across the different entities, given their shared goal of achieving administrative simplification.
  - The EFT and ERA operating rules are a prime example.

# CORE EFT and ERA Operating Rules Scope

(See Appendix for requests that were identified as out of scope.)

| ERA Focused | In Scope | Out of Scope |
|---|---|---|
| Operating rules that build on the ASC X12 v5010 835 TR3 by:<br>• Clarifying ambiguity.<br>• Filling gaps.<br>• Building on data content specifications. | X | |
| Operating rules that duplicate or conflict with the requirements of the ASC X12 v5010 835 TR3 (e.g., balancing, etc.). | | X |
| **EFT Focused: Thin Layer of Healthcare Operating Rules on EFT** | **In Scope** | **Out of Scope** |
| Operating rules that build on the ACH CCD+ standard for EFT by:<br>• Clarifying ambiguity.<br>• Filling gaps.<br>• Building on data content specifications. | X | |
| Operating rules that duplicate or conflict with the requirements of the NACHA Operating Rules or the ACH CCD+ standard. | | X |
| Operating rules for the ACH CTX standard for EFT (given NCVHS recommendation for CCD+ and timeline). | | X |
| Operating rules related to the ACH Network and/or connectivity from one depository institution account to another within the ACH Network. | | X |
| **EFT & ERA Focused** | **In Scope** | **Out of Scope** |
| Potential operating rules addressing infrastructure (e.g., turnaround time). | X | |

# Enhancing the System: Processes for Standards and Operating Rules

- The ACA importantly provides for separate processes by which standards and operating rules are to be developed and maintained.
  - Both must meet essential criteria such as transparency.
  - Through coordinated but distinct processes, standards and operating rules work together – as the statute expressly contemplates – to achieve substantial healthcare efficiencies and cost savings.
  - Requiring operating rules authoring entities to participate in Designated Standards Maintenance Organization (DSMO) would be inconsistent with the statute. It is essential that the DSMO (or whatever process replaces it for development and maintenance) not be permitted to change operating rules or place limitations on their development that are inconsistent with the statute.
    - Where appropriate, the updated version of a standard can, and should, incorporate requirements from the operating rules related to the earlier version of the standard, e.g., ASC X12 v5010 incorporated some of the data content lessons learned from the CAQH CORE implementations over the last seven years.
- As outlined later, a new structure – and evolved internal processes by the SDOs and operating rule entities – are needed, taking into consideration the new environment.



simplifying healthcare administration
CAQH®

# Enhancing the System: Timing for Standards and Operating Rules

- Operating rules augment and build upon standards, as noted in the IFC.
- Operating rules maintenance should not be tied to being issued simultaneously with a new version of a HIPAA standard.
  - Doing so would defeat the intent and value of operating rules.
  - Standards usually take longer to develop given their nature. Operating rule development must be a flexible, nimble process that is able to drive greater value from implementation of the standards.
  - As seen today, several versions of operating rules can address experience and learning from the same version of a standard and its Implementation Guide such as the TR3 or address new Security standards like Transport Layer Security (TLS).
  - Sometimes, the industry calls for development of voluntary operating rules that support non-mandated standards on a matter for which a HIPAA standard may later be developed.
- Adopted operating rules should affect the next version of the relevant standards, and standards should affect the next version of the operating rules.
  - The feedback loop and cross pollination is critical. Updates to standards should incorporate appropriate elements of existing operating rules, and, when that happens, the rules are then updated to remove any duplicative elements.
  - All CAQH CORE operating rules research, work products, and draft and final operating rules are shared with the SDOs for this purpose, e.g., NACHA has issued a request for updating the CCD+ due to draft CAQH CORE EFT and ERA operating rules.

simplifying healthcare administration
CAQH®

# Existing Process for Updates: Standards

- Non-technical decisions are primarily made within SDO structure, e.g., priorities, timelines, etc.
- The regulated process for updates applies expressly to the recognized SDOs and the development and maintenance of the HIPAA-mandated standards.
  - DSMO process is for a specific group of SDOs; change requests and maintenance primarily occur though the individual SDOs, which has proven very useful in some instances, e.g., e-prescribing.
  - The role of the DSMO in the last decade since the issuance of v4010 through the ACA to v5010 may benefit from a review within the new environment.
    - SDOs have entered into bilateral MOUs.
    - The DSMO is not sufficiently representative and does not involve today's stakeholders in membership, meetings, voting, etc.
      - Some current SDOs are not included (e.g., NACHA, OASIS, WC3, IHE).
      - Providers and states are involved; operating rule authors are not at the table.
- The healthcare industry has evolved significantly since the DSMO concept process was established.
  - The existing structure does not work for current technical industry needs.
  - A new structure is needed, particularly given the new and evolving industry players and the changes to the HIPAA statute enacted through ACA.
  - Resources are a key consideration.

# Existing Process for Updates: CAQH CORE Maintenance (See Appendix)

- CAQH CORE responds to evolving industry needs through consensus-based updates and ongoing outreach to, and coordination with, a wide range of stakeholders to agree upon priorities, e.g., EFT and ERA priority setting.
- The maintenance and change request process is influenced by a range of activities.
  - Participation: Significant and growing multi-stakeholder participant base; diversity of stakeholder types attending rule writing, outreach to providers and states, e.g., 93 organizations typically on EFT/ERA conference calls. Web site to submit comments.
  - Governance: Evolving governance to speak to the goals of increased participation, adoption and process improvement.
  - Process improvement: Process based on CAQH CORE-sponsored ROI tracking and real world experience such as multi-stakeholder testing model, pilot studies and published results.
  - Formal procedures focused on transparency: Supported through quorum-based voting, detailed research, detailed minutes, straw polls, and free access to updated rules.
  - Commitment to education and outreach: Existing and expanding efforts to drive towards more innovation and a larger pipeline of educated industry experts.
  - Collaboration with SDOs: Expanding venues to work with the range of healthcare and industry-neutral SDOs to achieve nimble and ROI-focused rules. Interaction in 2011 has been extensive and productive. See Appendix: Over 100 meetings.
- As healthcare further adopts operating rules, the CAQH CORE maintenance process can, and should, improve to ensure the full value of operating rules.

# Coordination: Example of CORE Process for Evaluation of EFT/ERA Rule Opportunity Areas

Identify and agree on potential rule opportunity areas

Review evaluation criteria

Prioritize rule opportunity areas using evaluation criteria

Select "top" rule opportunity areas; conduct similar process for rule options for each selected area

**Consider existing industry efforts and applicability to CORE EFT and/or ERA operating rules and align where possible.**

- Existing CAQH CORE rules.
- CAQH CORE and NACHA research.
- WEDI.
- ASC X12.
- UHIN.
- Minnesota State Administrative Uniformity Committee.
- Washington State Healthcare Forum.
- LINXUS (previous NY effort).

**Potential rule opportunity evaluation criteria:**

- Within scope of the operating rules as defined by ACA Section 1104.
- Support CORE Guiding Principles, e.g., align with Federal HIT efforts.
- Balance between anticipated industry benefit relative to the industry adoption cost (ROI).
- Can be developed within the NCVHS timeframe.



simplifying healthcare administration
CAQH®

# Diversity of CAQH CORE Participants: Broad and Growing Engagement

- CAQH CORE Participants represent all key stakeholders, specifically:
  - Health plans representing 75% of the commercially insured population and State Medicaid agencies.
  - Provider associations including AHA and AMA.
  - Premier health systems such as the Mayo Clinic and Catholic Healthcare West.
  - Key industry partners including ASC X12, NCPDP and WEDI.
  - Vendors and clearinghouses with a wide variety of healthcare products.
- Increasing participation from financial institutions due to focus of 2011, which was EFT and ERA operating rules, including:
  - Fifth Third Bank, US Bank, The Clearing House, VISA, MasterCard and US Treasury – which invited CAQH CORE to frequently update Federal agencies focus on EFT adoption.
- Continuing commitment to increase participation of provider organizations and states, including Medicaid agencies.
  - New participants in 2011: HCA, NY Langone Medical Center, Kaiser Permanente and the National Medicaid EDI Healthcare (NMEH) Work Group joined CAQH CORE increasing representation for these key stakeholders, including ROI study participation and Chairing CAQH CORE rule writing groups.
  - Presentations by states on CAQH CORE calls regarding state-specific best practices.
  - Outreach to practice management systems (PMS) that serve a large provider base.

# Enhancing Participation: Examples of CAQH CORE 2011 Outreach Efforts

| | |
|---|---|
| CORE Public Town Hall Calls | • Furthered commitment to hold public Town Hall calls to provide an update on operating rule activities for all industry stakeholders.<br>• Held 7 Town Hall calls in 2011 with an average of 95 participants on each call, half of which were not CAQH CORE participants. NCVHS, NACHA, ASC X12, etc., highlighted. |
| Jointly Sponsored Webinars | • Participated in four joint WEDI/CAQH CORE Audiocasts and four joint Edifecs/CAQH CORE Webinars; recruited industry speakers for all events. Launched recruitment of Manager of Education.<br>• Participated in webinars/conferences sponsored by other organizations, including NACHA, NPAG, AMA , FIS Global, MGMA and WEDI. |
| Industry Meetings/ Conferences | • Frequent presenter at industry events, e.g., more than 40 external conferences and/or meetings.<br>• CAQH CORE sponsored booths at five industry conferences in which attendees could learn more about CAQH CORE, e.g., Medicaid Management Information Systems Conference (MMIS). |
| Industry Surveys and Pilots | • Distributed an industry-wide survey on EFT & ERA Operating Rule Opportunity Areas to inform the rule development process; 119 organizations representing all key stakeholder types responded.<br>• IBM surveyed over 20 providers to participate in CAQH CORE ROI studies; also targeting academics. CAQH CORE approached many others for pilots such as PKI. |

*simplifying healthcare administration*

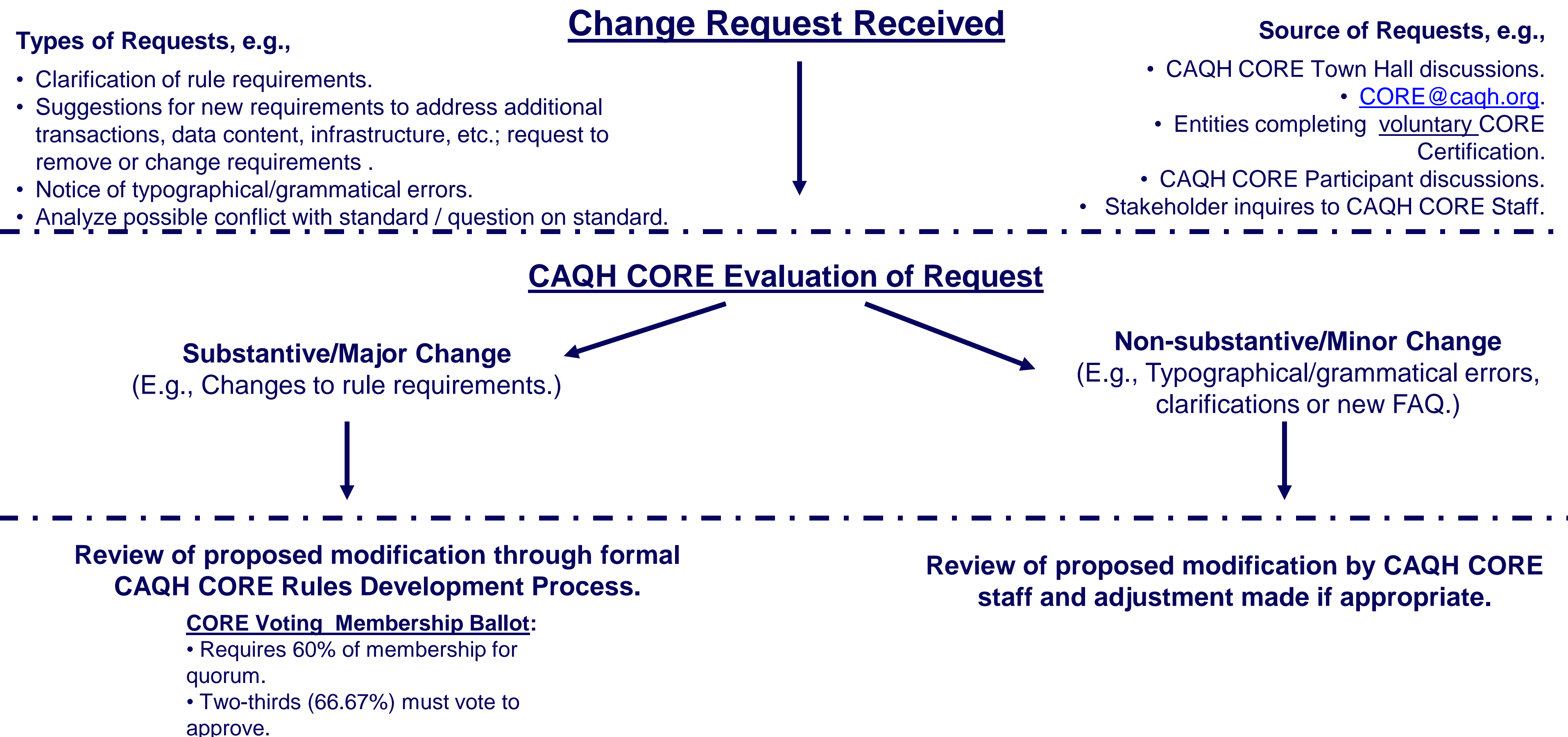
CAQH®

# Enhancing CAQH CORE Integrated Process: Transitioning Governance

| Stakeholder Type | Organization | Individual |
|---|---|---|
| **Hospital Association** | American Hospital Association (AHA) | Linda Fishman, SVP Health Policy and Analysis |
| **Hospital** | Montefiore Medical Center | Joel Perlman, Executive Vice President |
| **Provider Association** | Medical Group Management Association (MGMA) | Robert Tennant, Senior Policy Adviser Health Informatics |
| **Practicing Provider (with Association leadership)** | New Mexico Cancer Center; AMA | Barbara L. McAneny, MD, AMA Board of Trustees |
| **Health Plan (National)** | WellPoint | AJ Lang, SVP/CIO |
| **Health Plan (National)** | UnitedHealthcare | Tim Kaja, SVP Physician & Hospital Service Operations |
| **Health Plan (Regional)** | Blue Cross and Blue Shield of North Carolina | King Prather, Senior Vice President & General Counsel |
| **Health Plan Association(s)** | America's Health Insurance Plans | Carmella Bocchino, Executive VP of Clinical Affairs & Strategic Planning |
| **Practice Management System/Vendor (large office)** | GE Healthcare | George Langdon, VP eCommerce, Mailing & Clinical Data Services |
| **Practice Management System/Vendor (small office)** | Allscripts | Mitchell Icenhower, VP of Solutions Management |
| **Bank** | JP Morgan | Martha Beard, Managing Director, Treasury & Securities Services |
| **State Entity** | Minnesota Department of Health | David Haugen, Director of the Center for Health Care Purchasing Improvement |
| **State Coalition/Association** | National Governors Association (NGA) | Ree Sailors, Program Director, Health Division Center for Best Practices |
| **CORE Chair** | IBM & CORE | Harry Reynolds, IBM Payer Transformation |

**Note**: After numerous meetings, have drafted new governance model to share for public comment.

# CAQH CORE Operating Rules: Overview of Change Request Process *(Change requests are just one way to inform future rule maintenance.)*




**NOTE:** CAQH CORE Guiding Principles also require updates to CORE operating rules when new versions of standards are issued for Federal mandate, e.g., ASC X12 v5010 edits to CAQH CORE Phase I and II rules were available on the CAQH website in redlined versions at no charge.

# Enhancing CAQH CORE Integrated Process: Technical Maintenance and Change Requests

- Improve existing CAQH CORE change control structure, which outlines policies on substantive versus non-substantive updates.
  - To date, the most resource intensive aspect of this process/highest volume of request types is from entities requiring education on:
    - The difference between substantive versus non-substantive requests.
    - Ability to expand/reduce CAQH CORE rule requirements.
    - Contact information for the SDOs given CAQH CORE role is not to educate on detailed TR3 content.
  - In 2012, will ensure there is greater visibility to this process and seek input from CMS on how CAQH CORE FAQ process can best support CMS compliance process. Additionally, will ensure Town Hall calls and education sessions highlight an on-line process for requesting modifications and viewing aggregated disposition.
- Provide input on maintenance to industry-neutral operating rules that will impact healthcare operating rules.
  - In 2012, will further work with NACHA to ensure that there is healthcare input on any adjustments to the NACHA Operating Rules based on requests that were identified by CORE or by the financial services industry.



simplifying healthcare administration
CAQH®

# Enhancing CAQH CORE Integrated Process: Technical Maintenance and Change Requests (cont'd)

- Expand use of CAQH CORE website and other public means to ensure that there is transparent, accessible, public information regarding updates; assistance from CAQH CORE rule writing chairs, CORE-certified entities, SDOs and others is essential in this process.
  - Existing process:
    - Email to submit questions (CORE@caqh.org) or contact CAQH CORE staff.
    - Public access to FAQs specific to each CORE operating rule; FAQs are one of a number of items that are sources for potential updates to operating rules.
    - Free access to critical items, e.g., during the v5010 update process, an overview of the evaluation process and proposed modifications was posted to the CAQH CORE website along with red-lined versions of the draft v5010 Phase I & II Operating Rules for review. CAQH CORE requested public comments for six months, held review calls with SDOs, sought input from certified entities, etc. CORE Guiding Principles requires updates to any referenced standard for which a new version is federally mandated.
  - In 2012, will further use public methods such as website, and also coordinate with CMS and SDOs to better triage and track questions; recruiting Director of Rule Writing to manage this process and propose improvements.

simplifying healthcare administration

CAQH®

# Enhancing CAQH CORE Integrated Process: Broader Information to Inform Maintenance

- Broaden return on investment case studies and work flow impact tracking.
  - In 2012, further current commitment to have independent firm assist voluntarily-CORE certified entities to track ROI.
    - Actively contacting stakeholders to offer assistance with completion of standardized ROI tracking sheets, e.g., Montefiore has achieved significant revenue cycle improvement by approaching the operating rules as a business process improvement, not as just a technical implementation or compliance requirement.
    - Will publish tracking sheets publically and establish a Tool Kit for interested entities.
  - In 2012, conducting first prospective analysis by analyzing impact of EFT/ERA rules through a panel, including academics, industry stakeholders and others.
    - Seeking NCVHS input on draft analysis proposal.

simplifying healthcare administration

CAQH®

# Enhancing CAQH CORE Integrated Process: Tactical Work to Inform Maintenance (cont'd)

- Focus on User Friendliness.
  - In 2012, will seek public input on how to repackage current and ongoing operating rules to address industry ideas regarding tools that better assist with education and adoption.
    - Separate business rules on data and infrastructure rules.
    - CORE naming convention, including merging any mandated rules specific to a transaction.
    - Publishing voluntary CORE rules that further enhance data and infrastructure.
    - Formatting that more fully demonstrates that CORE certification is voluntary.
  - Revisiting education approaches to determine more innovative options and additional partnerships.
- Conduct data collection to inform final EFT/ERA operating rules.
  - RARC/CARC Rule.
    - A CORE Subgroup will be convened to review the code combinations and business scenarios and a public request for feedback will be made no less than three times per year.
  - EFT and ERA Enrollment Rules.
    - Rules include a commitment to develop a process and policy to review the data set on an annual or semi-annual basis.
    - The first review will commence one year after the first voluntary EFT & ERA CORE Certification or when a federal regulation is issued requiring this CORE rule.

simplifying healthcare administration

CAQH®

# Enhancing CAQH CORE Integrated Process: Strategic Work to Inform Maintenance

- Strategy drives the larger picture issues regarding maintenance.
  - Continue to broaden and strengthen the array of sources used to gain consensus on priorities for improving current CAQH CORE operating rules, e.g., additional requirements for existing approaches, or creation of new directions.
  - Generate more industry dialog on critical nature of tracking ROI; driving adoption that informs future work and acknowledging market maturity when working on technical requirements.
  - Prioritize work with NCVHS, CMS and others to ensure further alignment of strategic efforts wherever possible.
  - Further consider how better to align with public efforts that have large-scale market implementations, since many organizations are contributing significant resources to those processes, e.g., The Federal Bridge Certification Authority - Entrust, NHIN.

simplifying healthcare administration
CAQH®

# Enhancing the System

- CAQH is establishing a Research and Measurement Office.
  - This office will be responsible for the U.S. Health Efficiency Index, which tracks the adoption of electronic healthcare administrative transactions. CAQH is committed to ensuring the Index is a meaningful benchmarking resource for all stakeholders.
  - CAQH has experience in streamlining data collection and information exchange.
- The drivers for enhancing the CORE maintenance and change request processes are felt across the system.
  - More informed rules due to focus on learning from adoption of earlier versions.
  - Need for greater provider and State involvement.
  - Building a pipeline of subject matter experts and early adopters.
  - Resources required to ensure transparent updates.
- As CAQH CORE continues to enhance its process, it looks forward to strengthening the relationships with NCVHS, CMS and other stakeholders toward the systemic improvements needed.

# Recommendations: 2012 A Crucial Year

- CAQH CORE would like to return to NCVHS in the Fall of 2012 to provide an update on the progress made to enhance our processes.
  - CAQH CORE will have extensive experience from implementation efforts that will take place throughout 2012, given the statutory compliance deadline of January 1, 2013 for Claims Status and Eligibility Operating Rules.
  - More specifically, we will provide updates on maintenance and change requests as well as status on participation, governance, interactions with SDOs and other stakeholders – including providers and states, and prospective/retrospective reviews to track ROI.
- We respectfully submit that disputes related to the definitions of operating rules and standards, and potential conflicts, be arbitrated and decided by CMS.
  - The Agency is the appropriate authority to interpret its rules and regulations.
  - CAQH CORE stands ready assist and contribute to such discussions, as it has been doing over the last several months by responding to a number of IFR comments.
  - Should any comment or issue not clearly meet the ACA definition of operating rules, the CAQH CORE participants will be asked to make a substantive update.
- We also respectfully reiterate our request that CAQH CORE be formally named as an operating rules author to ensure appropriate coordination with SDOs as we move forward.

# Recommendations: Future Directions

- Moving forward, a new framework is needed for technical maintenance of standards and operating rules.
  - The new framework and continued enhancements can be informed by the 2012 implementation efforts, pursuant to the statutory timelines under ACA.
- Under ACA, a review committee will be established by no later than January 1, 2014, to review processes and updates to both standards and operating rules.
  - CAQH CORE supports the need for a review committee to monitor the technical maintenance and updates, and looks forward to contributing ideas on the composition and detailed charge of the group.
  - A new process is needed to help ensure that the maintenance and update process effectively supports the new environment.
- Based on the promising work accomplished in 2011, the healthcare industry should collaborate on innovative approaches to help inform NCVHS as they consider potential new processes and structures.

simplifying healthcare administration
CAQH®

# Appendix

simplifying healthcare administration

CAQH®

# Mandated Operating Rules: Defining Conflict

- The mandated role for operating rules is clearly stated in the ACA statute, and is clearly defined in the Interim Final Rule with Comment Period (IFC) for adoption of operating rules for Eligibility and Claim Status transactions under HIPAA.
- ACA.
  - The statute (HIPAA as amended by 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 as adopted for purposes of [the statutory HIPAA Administrative Simplification provisions]”.
  - Social Security Act § 1171(9), added by PPACA § 1104(b)(1).
- IFC.
  - The IFC further clarifies the scope and role of operating rules and their distinct, yet very complementary, role in relation to the adopted HIPAA standards.
  - CORE supports the role of operating rules as articulated in the statute and the IFC, both of which recognize operating rules as an essential aspect of the structure of the data exchange environment of the present and the future.
- We applaud CMS for adopting, under the IFC, a definition of “conflict” under which an operating rule would impose a conflict with an existing HIPAA standard only if the operating rule requirement “would make it impossible for a party to comply with both the associated HIPAA standard and the operating rule”.
  - In particular, Table 2 in the IFC provides a number of helpful examples which elucidate the important ways in which operating rules further enhance the HIPAA transactions by better facilitating communication between trading partners, filling gaps in the standards, and fulfilling the requirements, purposes, and principles set out in the statute.
  - See 76 Fed. Reg. 40460–40462 & tbl. 2, 40464 (July 8, 2011).

simplifying healthcare administration

CAQH®

# Mandated Standards and Operating Rules: Relationship

- As HHS states in the IFC, 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.
  - Specify how trading partners, including providers, should communicate with each other and exchange patient information, with the goal of eliminating connectivity inconsistencies.
  - Can address data content and infrastructure.
- We enthusiastically support the scope of operating rules adopted through the IFC.
  - A broad scope is necessary to honor Congressional intent.
  - Without such a scope, the variability in companion guides will not be remedied and will continue to frustrate adoption of electronic data interchange in the health care industry.
  - Further, a narrow scope would fail to achieve the proven savings and additional savings projected in the IFC.
  - CMS has been and should remain the arbiter on alleged conflicts.
- CAQH CORE believes that 2012 – an implementation year – will prove valuable in furthering industry understanding of the clear definition for operating rules and their scope.

# CORE ERA Rule Scope: Examples of Out of Scope Items for Operating Rules Received by CAQH CORE

(Not Comprehensive)

## Requirements specified in ASC X12 005010X221 Health Care Claim Payment/Advice Technical Report Type 3

| TR3 Reference | Requirement Summary |
|---|---|
| **Payment & Remittance Tracking (1.10.2.2 & 1.10.1.1)** | One 835 must correspond to only a single EFT payment. |
| **Balancing: Service line, Claim and Transaction (1.10.2.1, 1.10.2.1.1, 1.10.2.1.2, 1.10.2.1.3)** | A balanced 835 is one where the total payment agrees with the remittance data detailing the payment, i.e.,<br><br>Service Line:<br>• Submitted service charge plus or minus the sum of all monetary adjustments must equal the amount paid for this service line (when service lines are used).<br><br>Claim:<br>• Submitted charges for the claim minus the sum of all monetary adjustments must equals the claim paid amount.<br><br>Transaction:<br>• Sum of all claim payments minus the sum of all provider level adjustments equals the total payment amount. |
| **Reversals and Corrections Handling (1.10.2.8)** | Method to address claim adjudication results from previous reporting is to reverse the entire claim and resend modified data.If any service line within a claim was reported as pended in previous 835 when making a partial payment, the original payment must be reversed and the data resent when paying the pended lines. Alternatively the prior claim may be split before making the partial payment. Reference 1.10.2.11 - Claim Splitting. |
| **Claim Splitting (1.10.2.11)** | • Payer must retain and return basic original claim information in each of the adjudicated claims.<br>• Original Claim Submitter's Identifier (CLM01) must be returned on all split claims in CLP01.<br>• Provider's original submitted line item control number from the claim must be returned in the REF segment, loop 2110.<br>• The original claim did not contain a specific line item control number for the service lines, the line item sequence number (LX01) from the original claim must be used in the 835 REF segment instead<br>• Payer must identify each claim as being part of a split claim by utilizing the MIA or MOA segment with Remittance Advice Remark Code MA15. |
| **Loop ID - 1000A /1000B Payer/Payee Identification** | Required by TR3. |
| **Loop ID - 2100 Names** | Patient, Insured, Corrected Patient Name, Crossover Payer, Service Provider, Corrected Priority, Rendering Provider etc. |

# Evolving Maintenance: Examples of Standards and Operating Rules Coordination in 2011

The quality and quantity of coordination has been tremendous, and significant learning has occurred , e.g., CAQH CORE has worked with:

- ASC X12.
  - Staff attended all ASC X12 in-person meetings and spoke to the CAQH CORE rules with the goal to further support the use of standards. Also attended ASC X12 work group/subcommittee calls concerning the development of TR3s, TR2s, and the base ASC X12 standard.
  - Met with ASC X12 leadership and with the CMS eHealth Office a number of times and held more than 10 calls regarding items such as NCVHS preparation and CMS rulemaking efforts.
  - Hosted 40+ CAQH CORE rule writing calls with 90+ organizations that highlighted the importance of ASC X12 documents, such as TR3s, TR2 and also ASC X12 documents that were in development.
- NCPCP.
  - NCPDP staff have attended nearly 30 CAQH CORE EFT/ERA rule writing calls to help speak to shared goal of medical-pharmacy coordination.
  - CAQH CORE and NCPDP staff had approximately 25 calls to ensure documentation shared with industry was clear, well-researched and accurate.
  - CAQH CORE staff attended the NCPDP annual conference and asked NCPDP to present lessons learned to CAQH CORE participants.
- NACHA.
  - NACHA staff attended 23 CORE EFT/ERA rule writing calls. NACHA addressed questions from over 100+ healthcare organizations regarding the NACHA Operating Rules and highlighted the importance of medical and financial services coordination.
  - CAQH CORE and NACHA staff had approximately 25 calls to ensure documentation shared with industry was clear, well-researched and accurate; also spoke with both Boards.
  - With NACHA's input, CAQH CORE rules outlined potential enhancements to NACHA operating rules to support healthcare.