

CAQH COUNCIL FOR
AFFORDABLE
QUALITY
HEALTHCARE

a catalyst for positive change



2004
Highlights

Mission Statement

The Council for Affordable Quality Healthcare® (CAQH) is a not-for-profit alliance of health plans and networks that promotes collaborative initiatives to:

- Make healthcare more affordable
- Share knowledge to improve quality of care
- Make administration easier for physicians and their patients

A Message from the Executive Director

A catalyst for positive change. More than just a tagline, in 2004 CAQH illustrated the positive change that can happen through collaboration. By working across the industry with professional societies, government agencies, and others, CAQH member health plans are having a significant impact on the healthcare system. Last year alone:

- More than 140,000 physicians found an easier way to submit their credentialing information through Universal Credentialing DataSource®
- CAQH worked with NCQA to develop new HEDIS measures for persistent beta-blocker use and appropriate antibiotic use
- CAQH conducted extensive research and developed the infrastructure for the launch of a new initiative, the Committee on Operating Rules for Information Exchange or CORE that will revolutionize eligibility transactions through the development of industry-wide operating rules

- The most comprehensive and accurate database of formulary data was launched through a partnership between CAQH and RxHub.

It was a year of significant growth of existing initiatives and tremendous progress toward new efforts. We are pleased to present you with an overview of our highlights and accomplishments in 2004.

CAQH continues to illustrate how voluntary programs developed and initiated by managed care companies can address the needs of physicians and their patients. None of this could have been achieved without the support and tireless efforts of our member health plans and networks. We are grateful for their ongoing commitment to CAQH. Together we are realizing our mission to simplify administrative processes and improve quality of care.



Robin J. Thomashauer
Executive Director

Universal Credentialing DataSource®

Improving the credentialing process for providers and health plans



Universal Credentialing DataSource® moved further toward becoming the standard for provider credentialing data submission in the United States during the past year. As the result of a concerted effort by CAQH, the initiative demonstrated growth in a number of important areas:

- Registered healthcare providers increased by 150 percent to 145,000
- 104,000 providers had successfully completed their application by year end
- Owing to multiple participating plan relationships with providers, an estimated 420,000 legacy applications were eliminated from the credentialing process, saving hundreds of thousands of hours of staff time
- Participating healthcare organizations increased by 30 percent

- CAQH closed the year with more than 50 health plans and other healthcare organizations using Universal Credentialing DataSource to collect provider information, including new participants UnitedHealthcare and Humana

A Preferred Solution for Allied Healthcare Providers

In 2004, CAQH expanded Universal Credentialing DataSource to allied health providers in 30 fields, including nursing and optometry. The expansion came in response to the managed care industry's recognition of the importance of allied health providers in today's healthcare system. The CAQH solution is now supporting allied health providers by

reducing administrative burdens and improving the way they work with health plans.

Provider Community Support

Universal Credential DataSource received tremendous support in the provider community during the past year. Many leading medical organizations embraced the unique online service. For example, the American Academy of Family Physicians (AAFP) endorsed Universal Credentialing DataSource for use by its 94,000 members and the American College of Physicians (ACP) gave the CAQH program formal support. The endorsements acknowledge the value of Universal Credentialing DataSource in simplifying the credentialing process.

“For family physicians, filling out multiple credentialing forms can be a tremendous burden. Universal Credentialing DataSource will help physicians and their staff save time, reduce paperwork and improve the way they work with health plans. We’re pleased to lend our endorsement to this exciting advance in healthcare administration.”

— Michael O. Fleming, M.D., F.A.A.F.P.,
Board Chair of AAFP

Increasing our Reach, Improving the Value

Throughout the year, CAQH implemented an aggressive regional outreach strategy to introduce Universal Credentialing DataSource to non-participating plans across the country. The program connects participating plans with non-participating plans in each market, illustrating the benefits that can be achieved through the CAQH solution. These meetings and events have resulted in new plans being added to the roster across the country including Indiana, New York, Michigan, Florida and Ohio. CAQH will expand this strategy in 2005, more than doubling the number of markets reached thus far.

A significant reason for increased interest is the ability for participating health plans to focus on using credentialing data instead of collecting it. Because of the accuracy of data available through Universal Credentialing DataSource, plans are finding that participation can benefit the organization beyond the credentialing function. Automated data collected by the service is being used to maintain up-to-date provider directories, enhance contracting processes and improve claims processing.

Sanctions Module Introduced


Universal Credentialing DataSource became an even more valuable tool for participating health plans and networks in 2004 when CAQH launched the Ongoing Sanctions Monitoring Module. This new feature provides plans with ongoing monitoring capabilities. Universal Credentialing DataSource collects data from state boards, federal agencies and other sources that report on sanctions and disciplinary actions imposed upon providers. Participating plans can now access this information in one place, eliminating the need to conduct time-consuming searches of multiple web sites in order to obtain comprehensive information for each provider in their network.

Best Practices

In order to facilitate sharing of best practices among plans participating in the service, CAQH began planning the first Universal Credentialing DataSource Conference. The conference, to be held in May of 2005, will be an opportunity for participating plans to share best practices and offer practical tips to help other healthcare organizations get the most from the service. Several plans will demonstrate how they are integrating accurate, high-quality data throughout their organization. Other topics to be covered at the conference include:

- Promoting provider adoption
- Improving credentialing workflows
- Automating integration of data into legacy systems

Committee on Operating Rules for Information Exchange (CORE)



Encouraging
Interoperability,
Improving healthcare
data transactions

The benefits of an interoperable healthcare system are well understood. But technology adoption rates, data security, and inconsistency associated with transactions and interactions between plans and providers have made interoperability in the healthcare arena extremely difficult. Until now.

The Solution: CORE

After conducting extensive research on the best approach for promoting interoperability, CAQH launched the Committee on Operating Rules for Information Exchange (CORE) in January 2005. The multi-stakeholder membership group's mission is to make it easier for physicians and hospitals to access eligibility and benefits information for their patients at the point of care. Facilitated by CAQH, they are working to achieve that mission by creating a set of operating rules that will govern data exchange throughout the healthcare industry.

CORE is modeled on the approach the banking industry used to make possible ATM and direct-deposit transactions. During the past year, CAQH worked with NACHA, The Electronic Payments Association, and other experts in the field to develop an organizational structure by which all stakeholders could participate in the initiative. NACHA establishes and enforces the standards, rules and procedures that enable financial institutions to exchange payments on a national basis through the ACH (Automated Clearing House) Network. CAQH drew on the organization's more than 30 years of expertise in developing operating rules for the financial and energy industries.

Building Upon HIPAA

The operating rules developed by CORE will build upon appropriate HIPAA eligibility and benefits transactions. HIPAA provides a foundation, but does not go far enough to promote the interoperability needed. The first set of rules developed by the CORE will address the following information:



- Which health plan covers the patient
- Confirmation of service type
- Confirmation of patient's co-pay amount (as defined in the member contract)
- Confirmation of patient's coinsurance levels (as defined in the member contract)
- Confirmation of patient's base deductible levels (as defined in the member contract)

In addition to defining the content listed above, the operating rules will define other requirements, such as response time, exception processing and error management. Additional information requirements will be considered in subsequent phases of the rule development

Industry-wide Support

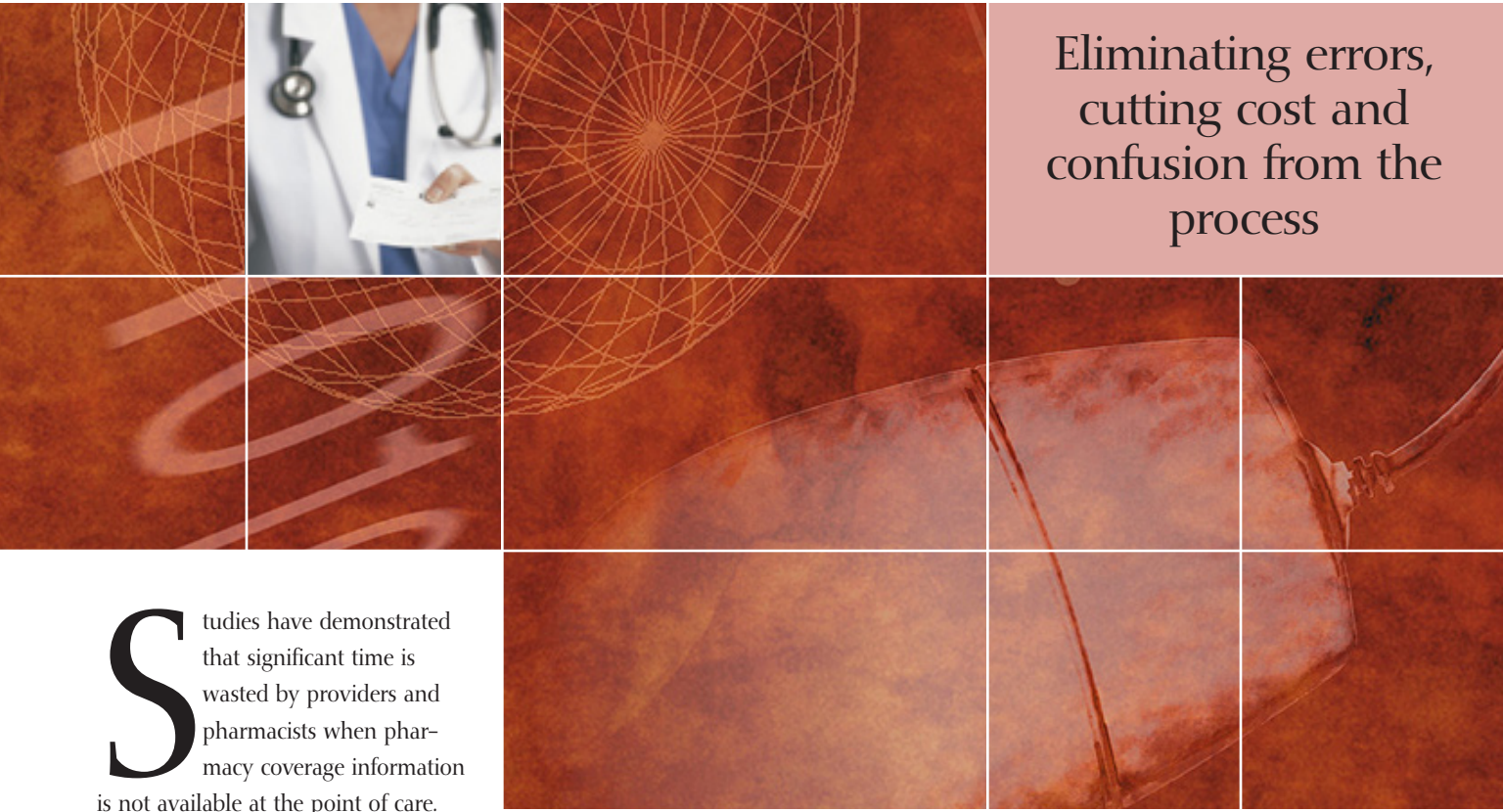
At the outset, it was clear that the involvement of all sectors of the healthcare industry would be critical to CORE's success. Seventy organizations attended the CORE orientation meeting in Washington, D.C. early in January 2005. More than 60 organizations are participating in the rule-making process.

CAQH is proud to have the participation of the following industry segments:

- National and regional health plans, including Aetna, WellPoint and HealthPlan of Michigan
- Associations and standard setting organizations such as AHIP, eHealth Initiative and WEDI
- State and federal government agencies, including Michigan Public Health Institute, TRICARE and CMS
- Provider groups and professional societies such as AMA, HCA and Montefiore Medical Center of New York
- Vendors, including Availity, Electronic Data Systems and WebMD
- Several related organizations and consultants such as Accenture, PNC Bank and PricewaterhouseCoopers

Interest in the initiative, even in its early stages, has been tremendous and continues to grow. CORE has the potential to revolutionize plan-provider transactions. CAQH looks forward to rolling out the first set of operating rules in early 2006.

Simplified Prescribing



Eliminating errors,
cutting cost and
confusion from the
process

Studies have demonstrated that significant time is wasted by providers and pharmacists when pharmacy coverage information is not available at the point of care.

In fact, it is estimated that each year there are more than 150 million callbacks from pharmacists to physicians to clarify or modify prescriptions based on administrative issues. Access to standardized formulary data at the point of care helps eliminate the confusion by allowing physicians and patients to make informed decisions that provide the patient with the most affordable, yet clinically appropriate, drug treatment. CAQH is making that standard a reality through its Simplified Prescribing initiative.

Providing Access to Formulary Information

In March 2004, CAQH joined with RxHub to launch the nation's most inclusive electronic database of formulary information. The partnership brings together formulary information from participating CAQH member health plans with that from RxHub's participating PBMs. The centralized formulary database is available to all interested technology vendors through the RxHub system. By working together, CAQH and RxHub have created a single source that provides formulary data for the majority of commercially insured Americans.

Promoting E-prescribing Solutions

CAQH also is actively involved in efforts to promote e-prescribing solutions. During 2004, the organization launched a year-long e-prescribing pilot with DrFirst, MedStar and Safeway pharmacies to quantify the clinical and financial benefits of electronic prescribing. Conducted in the metropolitan Washington, D.C. area, the pilot clearly demonstrated the value of this approach for providers and patients:

- More than 400 potentially life-threatening drug errors were identified and acted upon before prescriptions were filled
- 293 of the prescriptions written resulted in drug interaction warnings that the providers acted upon
- 114 of the prescriptions written resulted in allergy warnings that the providers acted upon
- Providers and pharmacists participating in the pilot reported reduced call volume between provider offices and pharmacies. Many of these calls typically occur due to illegible prescriptions, which are eliminated with e-prescribing
- Reduction in hospitalizations and emergency room visits due to drug-drug and drug-allergy interaction warnings resulted in an estimated savings of \$100,000. If estimates are applied nationally, e-prescribing could reduce hospital and emergency room costs by millions of dollars each year.

Sharing Our Experience

In 2004, CAQH was called upon by the National Committee on Vital and Health Statistics, the Office of the National Coordinator for Health Information Technology, Centers for Medicare and Medicaid Services and other to share our experience and expertise in developing industry-wide standards for formulary data exchange. In addition, we continue to work with several national initiatives to promote e-prescribing among health plans and providers.

Save Antibiotic Strength[®]



Promoting
appropriate
antibiotic use

Through its Save Antibiotic Strength[®] initiative, CAQH partnered with the U.S. Centers for Disease Control and Prevention (CDC) and others to educate the public about the growing threat of antibiotic-resistant bacteria and to encourage the proper use of antibiotics. Initially the program operated in seven local sites. In 2004, CAQH further developed the National Save Antibiotic Strength Work Group to expand the reach of the initiative and encourage participation by all CAQH member health plans.

CAQH member plans continue to be active in state coalitions around the country. Regional efforts have shown just how effective local partnerships among managed care, provider organizations and government agencies can be to combat inappropriate antibiotic use. These local coalitions have actively educated their communities through media and public service campaigns, hosted workshops for employers and collaborated with schools to teach young people about antibiotic resistance.

Employer Outreach

CAQH launched the Save Antibiotic Strength Employer Program at the beginning of the year to provide member health plans with a tool to enhance employer relationships and enlist the support of businesses across the country to help address the growing public health crisis of antibiotic resistance. The response from CAQH members was strong.

Building on a proven employee education program sponsored by Anthem Blue Cross and Blue Shield, the employer program created and made available a step-by-step guide that aids companies in designing a customized program and host of educational materials for distribution directly to employees. The health plans also received materials to help them support their customers with implementation of the program

New Area of Focus: Emergency Departments

An estimated 26 million antibiotics are prescribed annually in emergency departments – many of them for viral conditions unresponsive to antibiotic therapies. Based on a review of existing literature and a Blue Cross Blue Shield of Georgia pilot study that found that 39 percent of emergency room (ER) visits for upper respiratory infections resulted in an antibiotic prescription, the National Work Group began conducting additional quantitative and qualitative research to better understand the issues leading to inappropriate antibiotic use.

CAQH conducted six focus groups in three cities with emergency room physicians, nurse practitioners and physician assistants. They acknowledged inappropriate prescribing is common and provided great insight into the challenges of addressing misuse:

- Time constraints and lack of follow-up with patients are significant barriers to changes in prescribing behaviors
- Patient requests and demands are a key factor influencing the decision to prescribe antibiotics
- CAQH and CDC program messages and materials will be effective in ER settings
- Treatment decisions are often made without the ability to carefully diagnose the cause of the infection, making broad-spectrum antibiotics the preferred choice of many practitioners
- There are several points within ER workflow where patient education can take place

CAQH is sharing the findings with other organizations in order to improve understanding of the problem as well as identify solutions.

Encouraging Results

Since its inception, the Save Antibiotic Strength initiative has focused significant attention on addressing the misuse of antibiotics to treat pharyngitis, a common upper respiratory tract infection, often presented as a sore throat. According to the CDC, only about 10 percent of sore throat cases are caused by bacteria. Nearly all of the remaining

90 percent are viral in origin. Despite this, 75 percent of adults who present to a doctor with a sore throat will be prescribed antibiotics – which are ineffective against viruses.

As it has each year, the CAQH Measurement Work Group conducted an analysis of claims data to evaluate trends in diagnosing and treating pharyngitis as a proxy for appropriate antibiotic use in 2004. Key findings (CAQH will publish a full report on the findings in early 2005) from that analysis of 2001 – 2004 show some encouraging results:

- Overall antibiotic utilization rates showed a marked decrease: 11 percent for children and 13 percent for adults
- The rate of strep testing improved for children (7 percent) and adults (2 percent)
- The use of first-line antibiotics increased in both children (6 percent) and adults (10 percent)
- Strep testing for patients prescribed an antibiotic showed substantial increase – 10 percent for children; 14 percent for adults
- The percentage of study participants who received an antibiotic and did not receive a strep test decreased substantially – 29 percent for children and 22 percent for adults

The decreased use of antibiotics, increased strep testing when an antibiotic is prescribed and the increased use of first-line antibiotics are positive and meaningful trends.

The findings from the studies of CAQH member plan data continues to generate interest and action among those organizations dedicated to improving quality of care. CAQH partnered with CDC and the National Committee for Quality Assurance (NCQA) to design and field test two new HEDIS antibiotic measures: inappropriate treatment of adults with acute bronchitis and overall antibiotic utilization. An expert panel including academic researchers and medical specialty organizations provided guidance to the effort and CAQH member health plans are field-testing the measures

Collaboration: the Future of the Program

Collaboration with CDC and other organizations has been a hallmark of the Save Antibiotic Strength initiative. In 2004, CAQH began exploring opportunities to expand the reach of the program by identifying organizations interested in incorporating the research findings and educational materials into existing programs dedicated to preserving the effectiveness of antibiotics. Discussions are underway with a number of medical professional societies, government agencies and individual health plans to take the success of the initiative and build upon it to further improve public understanding of antibiotic resistance and steps that can be taken to protect the power of antibiotics for future generations.

heartBBEAT for life®

Promoting long-term beta-blocker adherence following a heart attack

More than 400,000 Americans suffer a heart attack each year. Unfortunately, many of those are recurrences. Research has shown how medication, diet and exercise can dramatically reduce the risk of repeat heart attacks. Yet many survivors do not follow one of the simplest steps to live longer and help prevent another heart attack – taking a beta-blocker medicine regularly.

Multiple studies have shown that when taken long-term beta-blockers can reduce the risk of another heart attack and increase the probability of survival by up to 40 percent. Among high-risk patients, such as those suffering from diabetes, the probability of survival can increase to 48 percent.

One year after its public launch, heartBBEAT for life® is making a difference in the lives of heart attack survivors across the country. Through the program, CAQH

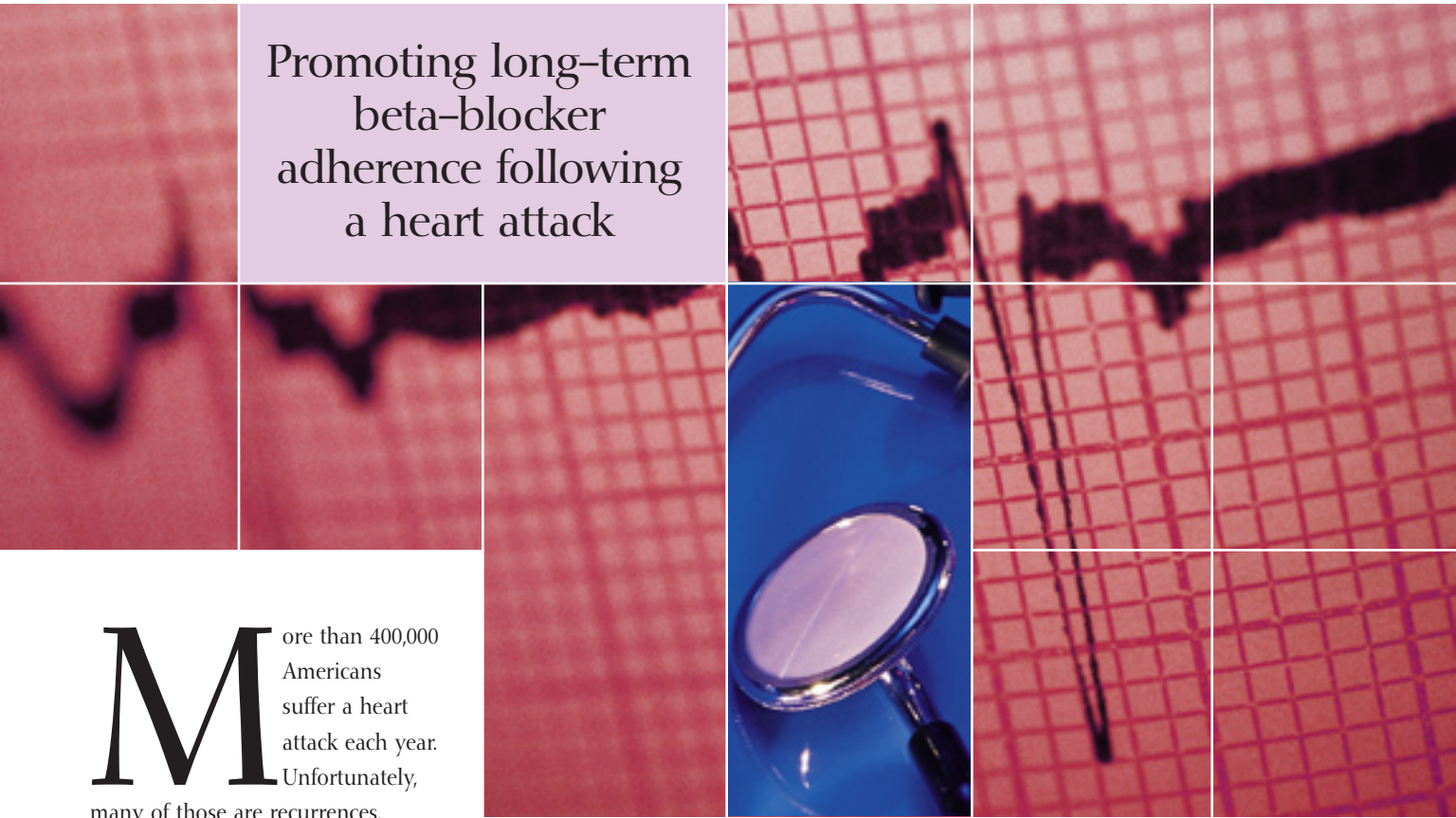
and its member health plans worked with physicians, professional medical societies and other organizations to raise awareness of the critical role of beta-blockers in preventing future heart attacks.

Educating the Public

CAQH worked with the American Heart Association (AHA), American College of Cardiology (ACC) and others to educate Americans about the benefits of beta-blocker therapies, and to offer tips on how to stay healthy after a heart attack.

In 2004, CAQH produced a suite of materials, made available to member health plans, to assist in efforts to educate patients recovering from a heart attack. As of the end of the year:

- More than 30 million Americans were reached with life-saving messages through an audio media tour and other media campaigns
- Nearly 170,000 patients received the heartBBEAT for life educational brochure, available in both English and Spanish
- More than 3,000 health plan members received the heartBBEAT for life post-card series that promotes long-term adherence to beta-blockers
- A speaker's toolkit, available on CD-ROM, was distributed to member health plans. The toolkit contains background information, presentations for professional and consumer audiences, and educational handouts.



- A medication card was developed to help patients track therapies they are prescribed. The card includes tips for adherence, and questions to help them prepare for visits with their healthcare providers.

Educating Healthcare Providers

Current clinical knowledge combined with understanding patient behavior and barriers to medication adherence are essential to achieving the benefits of beta-blockers after a heart attack. As part of the heartBBEAT for life campaign, CAQH sponsored a free, online CME program for physicians, nurses and physician assistants. Three CME activities are providing the most current evidence on beta-blocker therapy, helping practitioners better understand the barriers to adherence and providing information that can help motivate patients to continue with beta-blocker therapy. The CME is accredited through Baylor University.

Increasing Understanding

More than 90 percent of heart attack patients are prescribed beta-blockers within seven days of leaving the hospital, according to the National Committee for Quality Assurance (NCQA). Yet a study conducted by CAQH reveals that less than half of heart attack survivors take beta-blockers regularly during the first year after a heart attack.

In 2004, CAQH expanded its measurement activities beyond beta-blockers to include measurement of adherence rates to the three types of medication commonly prescribed after a heart attack. CAQH member health plans collected

adherence data for three classes of prescription medications recommended by the ACC and the AHA: beta-blockers, ACE-Inhibitors/Angiotensin-2 Receptor Blockers (ACEI, ARB) and lipid-lowering drugs. The results, to be released in 2005, demonstrate that adherence to all three types of medication remains low over a one-year period after a heart attack:

- Fewer than half of the national sample adhered to recommended medications in the year following their heart attack
- For all three therapies, the decreases in adherence are significant over time. Only 16 percent of members received a full year's supply of beta-blockers following a heart attack. The year supply rates were 16 percent for lipid-lowering drugs and 12 percent for ACEI/ARB drugs.
- For all three classes of drugs, the greatest adherence declines occur within 90 days of hospital discharge
- Males tended to have higher rates of 30-day adherence rates. This finding raises questions as to whether or not there are gender differences in adherence or gender disparities in prescribing.

CAQH measurement activities continued to serve as a catalyst for other industry initiatives. CAQH worked closely with NCQA, as they considered the first long-term beta-blocker adherence measure. Based on the work of member health plans, NCQA announced a new HEDIS 2005 measure of six-month adherence to beta-blocker post-heart attack. The measure is based upon CAQH technical specifications.

Collaboration: the Future of the Program

CAQH is grateful to our program partners, which have been essential to the success of the heartBBEAT for life initiative. Thanks to the AHA, ACC, the American Academy of Family Physicians, and the American College of Physicians, the medical community has a greater understanding of adherence issues associated with heart attack recovery. In addition, millions of Americans have been reached with life-saving messages about the critical importance of beta-blockers.

In 2004, the CAQH Board of Directors recognized the tremendous success of the program and the partnerships developed. In order to extend the reach of the program, efforts are underway to transition the materials and research findings to those organizations that will have a continuing impact on reaching those who have suffered a heart attack. The heartBBEAT for life initiative built a strong foundation for future efforts to promote healthy behaviors among heart attack survivors. CAQH member health plans will continue to work individually and collaboratively through other organizations to expand upon the groundwork laid by CAQH.

About CAQH

The Council for Affordable Quality Healthcare (CAQH) is an unprecedented alliance of the nation's leading health plans, networks and industry trade associations, working collaboratively to help improve the healthcare experience for consumers and healthcare providers. CAQH continues to build upon the collective commitment of its members to develop and implement programs that reduce administrative burdens for physicians and patients, and improve quality of care.



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