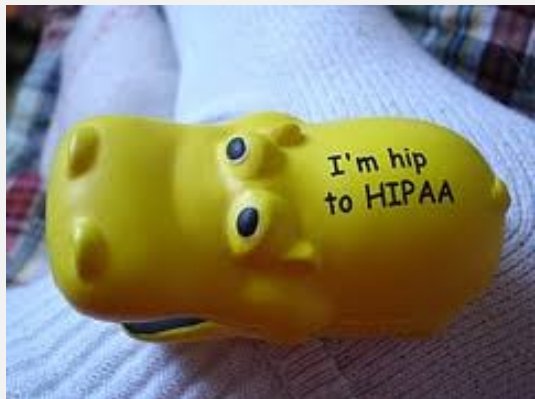


# Critical Electronic Transactions and Operating Rules: The Health Plan Perspective

Jay Eisenstock



# Agenda



- Electronic Payments
- Prior Authorization
- Attachments

# Electronic Payments



## 2 Significant Events Occurred on 1/1/2014

- Medicare requirement for providers to be paid electronically
- Federally mandated CAQH CORE EFT and ERA Operating Rules

### Electronic funds transfer adoption continues to increase<sup>1</sup>

- In 2012, 50% of Electronic Claim Payments were fully electronic
- By 2016, 62% were fully electronic

### Good for Plans

- Lower printing and mailing costs
- Better traceability
- More secure

### Good for Providers

- Faster payments
- Easier reconciliation
- More staff time to focus on care

<sup>1</sup>Source: 2016 CAQH Index Report

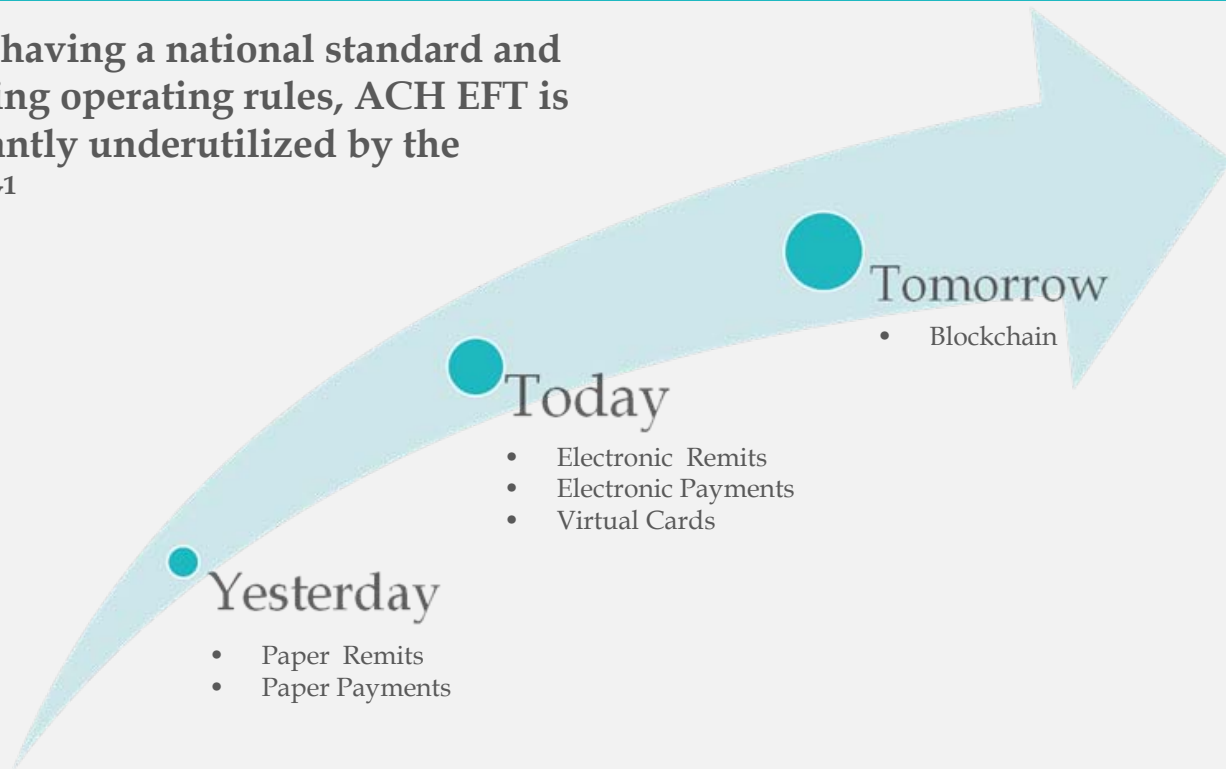
# Electronic Payments



Despite having a national standard and supporting operating rules, ACH EFT is significantly underutilized by the industry<sup>1</sup>

## Opportunities

- ✓ Software vendors should develop products to fully support the mandated standards and operating rules to facilitate provider adoption
- ✓ Health plans et al should complete the onboarding process within 30 days of receipt of provider enrollment
- ✓ The provider should not be subject to any hidden fees.




<sup>1</sup>Source: *Electronic Payments: Guiding Principles WEDI August 2016*

# Prior Authorization

Date \_\_\_\_\_

For \_\_\_\_\_

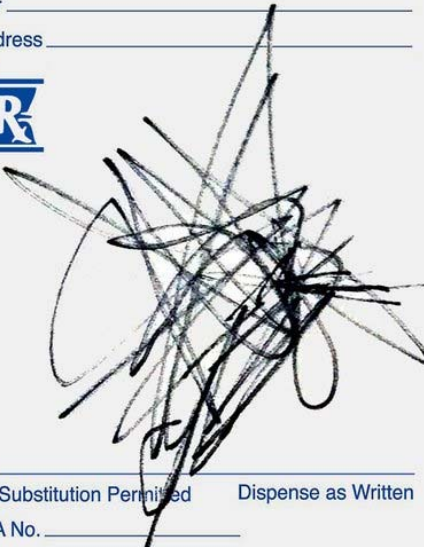
Address \_\_\_\_\_



Dr. \_\_\_\_\_

Substitution Permitted      Dispense as Written

DEA No. \_\_\_\_\_



**While health plans differ in where they require prior authorizations, the most common are**

- imaging procedures such as computerized tomography (CT) scans and magnetic resonance imaging (MRI) and
- brand-name pharmaceuticals

**Others include**

- high dollar treatments and procedures
- durable medical equipment
- transplants

# 278 Traffic Report



## Results from the 2016 CAQH Index<sup>1</sup>

- Adoption of electronic prior authorizations has lagged far behind other transactions.
- Health plan web portals remain the predominant method for submission and approval of prior authorizations (46%) and referrals (86%), though a significant increase in fully electronic prior authorizations occurred during 2015.
- Only 18% of prior authorizations categorized as fully electronic

<sup>1</sup>Source: 2016 CAQH Index Report





# The fax machine is still a major part of medical communication



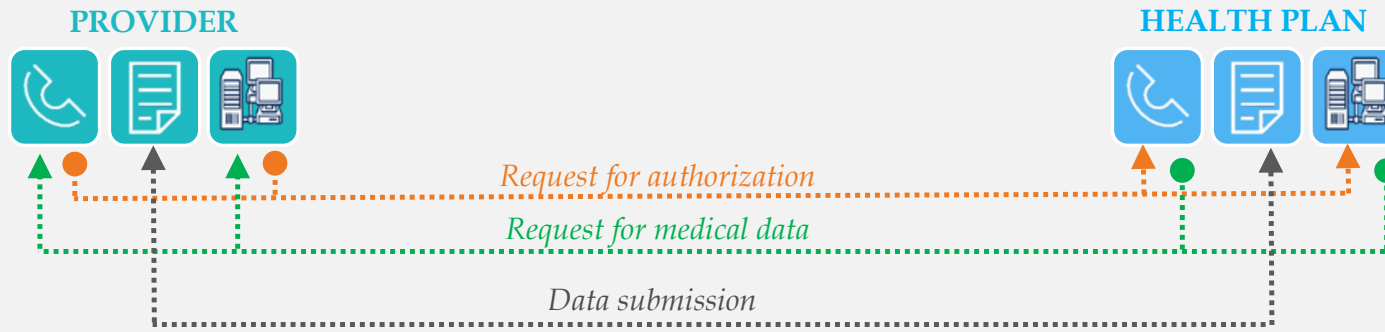
One medical worker recalled a fax fiasco from the 1990s when he practically sent medical records to the moon. “The FBI called about a half-hour later and asked how I got the number,” he said. “I told them that I was faxing Minnesota. They told me I had faxed NASA.”<sup>1</sup>

<sup>1</sup>Source: *The Fax of Life Why American Medicine Still Runs on Fax Machines* By Sarah Kliff 1/12/18

# Prior Authorization

- Process can “start” with an X12 278 transaction, but does not fulfill clinical data needs required by health plan to make determination
- Manual with broken workflows
- Expensive

- Not efficient for providers or health plans
- 90 percent of pre-authorizations require phone or fax communications, which take time and add up to \$50 to \$100 in payer costs on average per authorization<sup>1</sup>



<sup>1</sup>Source: McKinsey & Company. “Preauthorization sizing.” Proprietary McKesson report, 2008.



# Attachments



## Major pain point for both health plans and providers

- A wide range of opinions on what standards would best serve the industry
  - Meaningful Use requires electronic health records (EHRs) to use the HL7 standard for clinical attachments
  - CAQH CORE has stated its public support for an incremental, flexible use of operating rules to move attachments from paper to electronic documents which is consistent with the NCVHS recommendation in its June 21, 2013 letter<sup>1</sup>
- Health plans want flexible approaches to accommodate for new and/or advancing technologies
- Health plans want sufficient time for implementation and compliance, two years or more after the final attachment standard is published

<sup>1</sup>Source: CAQH CORE Attachments Webinar March 2017

# Attachments



"I know transformation isn't easy.  
I pulled a muscle once."

## What do health plans want?

- The data necessary to increase the rate of automated adjudication
- Accurate and timely data
- Structured, standardized electronic data
- Reduce the administrative overhead to process claims, pre-authorizations, etc.
- Avoid unnecessary and redundant data

# Thank you

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## Questions?

Contact Information

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