CAQH CORE

Improving the HIPAA Transactions: An Update on ACA Operating Rules

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Session Outline

- Introduction to CAQH CORE
- CAQH Index Findings
- Evolution of Administrative Transactions
- Opportunities to Drive Value: New Operating Rules
  - Prior Authorization
  - Attachments
  - Value-based Payments
- Q&A

Introduction to CAQH CORE

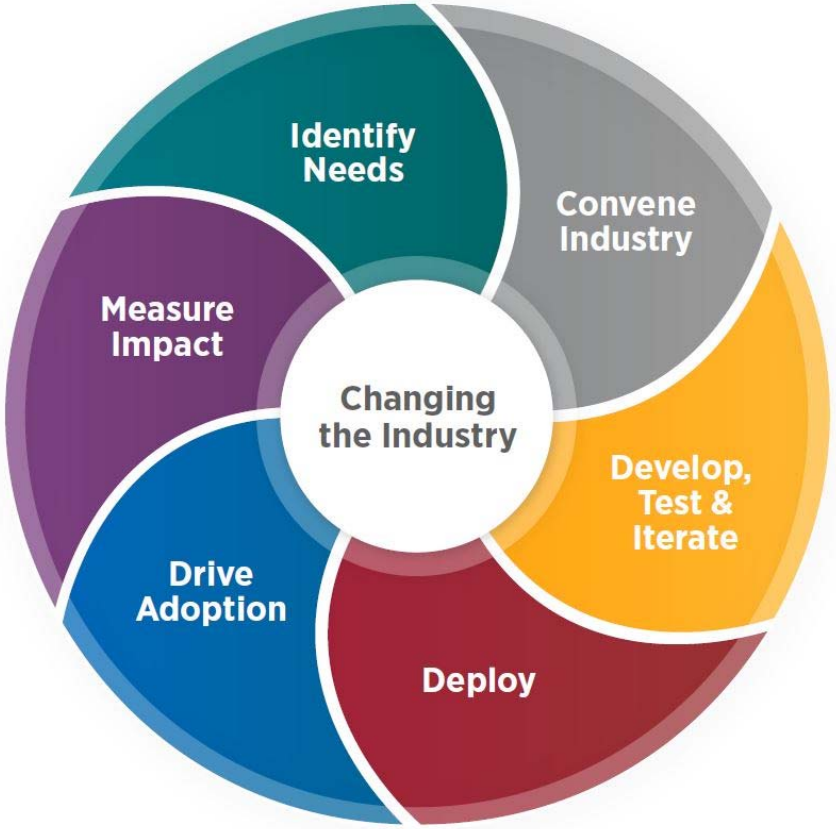
CAQH CORE Mission and Vision

MISSION Drive the creation and adoption of healthcare operating rules that **support standards**, **accelerate interoperability** and align administrative and clinical activities among providers, payers and consumers.

VISION An **industry-wide facilitator** of a trusted, simple and sustainable healthcare data exchange that evolves and aligns with market needs.

DESIGNATION **Named by Secretary of HHS to be national author for operating rules** mandated by Section 1104 of the Affordable Care Act.

BOARD **Multi-stakeholder.** Members include health plans, providers (some of which are appointed by associations such as the AHA, AMA, MGMA), vendors, and government entities. Advisors to the Board include SDOs.



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CAQH CORE Participating Organizations

Over 130 Participating Organizations—spanning multiple stakeholder types–work together to develop and implement the rules of the road and streamline the business of healthcare.

Providers/Provider Associations

Health Plans/Health Plan Associations

Vendors & Clearinghouses

Standards Organizations/ Regional Entities & Government

Complete list of CAQH CORE Participating Organizations available here.

CAQH CORE Participation enables healthcare organizations to:

- **Lead development of rules** that remove unnecessary cost and complexity from the healthcare system.
- Ensure that rules continue to **meet evolving business needs** and **address specific markets.**
- **Stay up to date** on industry developments, upcoming regulations & real-world case studies.
- Develop guidelines for **measurement and tracking of ROI across the industry.**

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CAQH CORE Rule Development

What Are Operating Rules?

Operating Rules: 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.

Use Case	Standard	Operating Rule
Healthcare	Providers and health plans must use the ASC X12 v5010 270/271 Eligibility Request and Response transaction to exchange patient eligibility information.	When using the eligibility transaction, health plans must return patient financial information including copay and deductible in real-time.*
Finance	Financial organizations must use ASC X9 standards in all ATM transactions with their clientele, standardizing layout, data content and messaging.	Financial organizations must use NACHA, the Electronic Payments Association, and the Federal Reserve operating rules for every automated clearinghouse (ACH) Transaction which allows consumers to use any debit card in any ATM around the world regardless of bank affiliation.

Operating rules in the healthcare industry make electronic data transactions more predictable, timely and consistent, regardless of the technology.

**CORE Phase I and II Operating Rules.*

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CAQH CORE Operating Rule Overview

CAQH CORE is the HHS-designated Operating Rule Author for all HIPAA-covered transactions.
HIPAA covered entities conduct these transactions using the CAQH CORE Operating Rules.

	Phase I	Phase II	Phase III	Phase IV	Phase V	Phase VI
Transactions	Eligibility	Eligibility Claims Status	Electronic Funds Transfer Electronic Remittance Advice	Health Claims Referral, Certification and Authorization Enrollment Premium Payments	Prior Authorization Web Portals	Attachments
Manual to Electronic Savings per Transaction (2018 CAQH Index)	$6.52	Eligibility: $6.52 Claim Status: $9.22	Claim Payment: $0.65 ERA: $2.32	Claim Submission: $1.32 Prior Authorization: $7.28	$7.28	N/A
	Active				**In Progress**	

Notes: (1) All Active Phases include requirements for acknowledgements, e.g., 999 Functional Acknowledgement, 277CA Claims Acknowledgement. (2) CAQH CORE is also evaluating maintenance areas and opportunities to build on existing rules to support value-based payment. (3) Operating rules for eligibility, claim status, EFT, ERA, claims, enrollment, premium payment, and referral, certification and authorization support the HIPAA mandated transactions.

CORE Certification

Developed by Industry, for Industry to Promote Adoption

CORE Certification is the most robust and widely-recognized industry program of its kind – the Gold Standard. The approach allows organizations to demonstrate their ability to reduce administrative costs through adoption of operating rules.

Requirements are developed by broad, multi-stakeholder industry representation via transparent discussion and polling processes.

Required testing is conducted by third party vendors that are experts in EDI and testing.

CAQH CORE serves as a neutral, Certification administrator.

Beginning February 1, 2019 CAQH CORE will offer **bundled pricing** for all CORE Certifications. For more information on this savings opportunity, please email core@caqh.org.

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CORE Certifications Phase I-IV

Market Penetration Continues to Grow

Newest CORE-certified Entities

Phreesia

WAYSTAR

Georgia Department of Community Health

eligibill

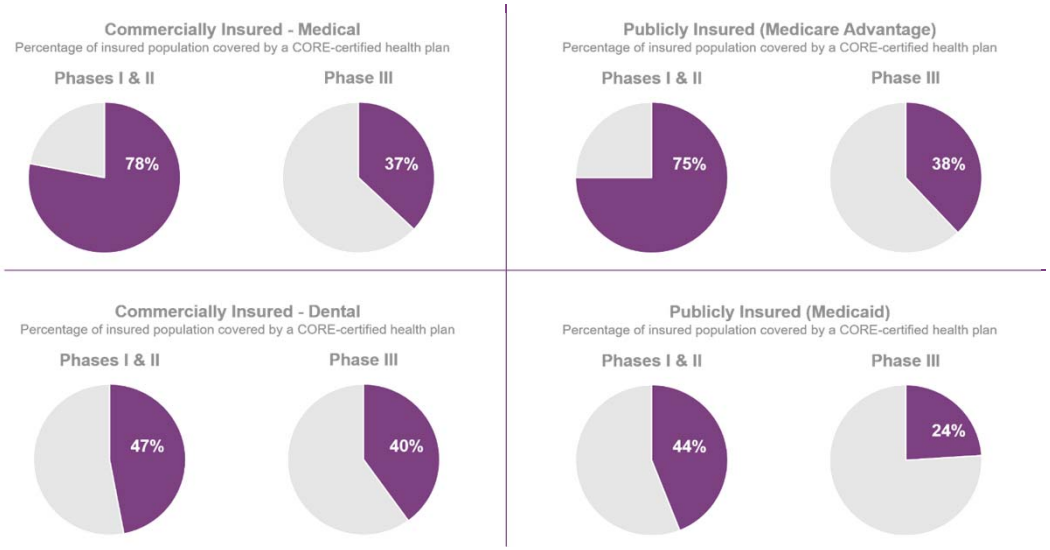
SecurityHealth Plan

Newest CORE Endorsers

IRIS Health Services — You Matter

Links2Success — Linking Doctors to Success

cognosante®



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Certifications have been awarded since the program's inception.

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CAQH Index Findings

What Is the CAQH Index?

A national benchmarking survey.

- Measures adoption of fully electronic administrative transactions.
- Estimates cost and time savings opportunities.
- Sixth annual report.

Tool to track and monitor industry progress.

- Tracks industry progress in the ongoing transition from manual to electronic administrative transactions.
- Monitoring progress makes it possible to identify successes and to make course corrections when necessary.

A collaborative initiative.

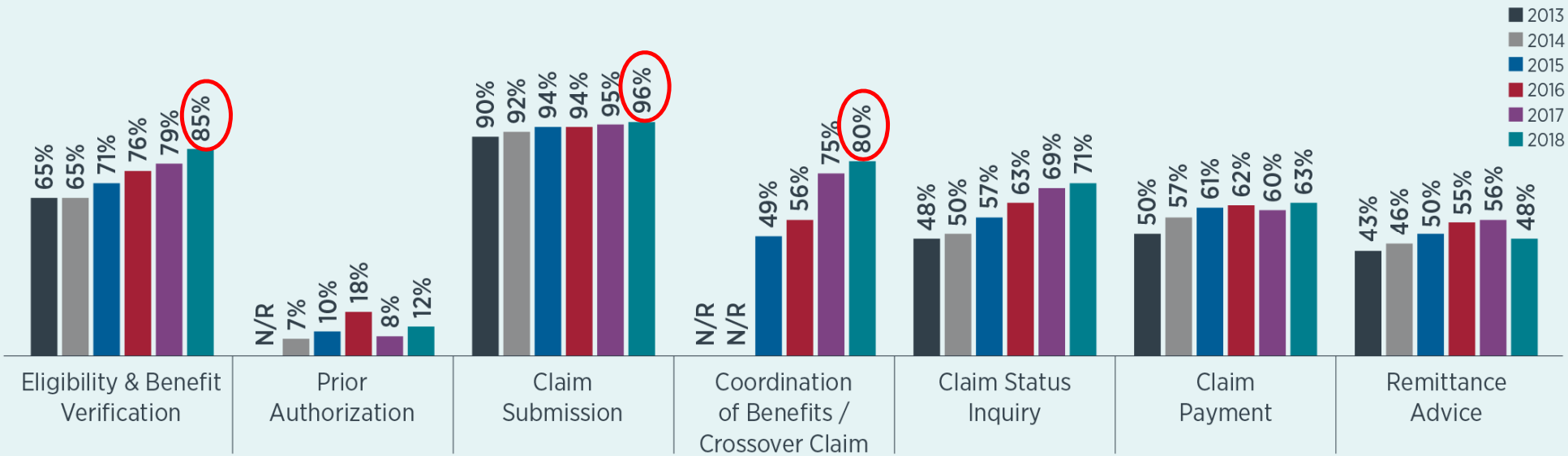
- The CAQH Index Advisory Council.
- Experts in administrative transactions, data analysis and healthcare management.
- Represents providers, health plans, vendors and other industry partners.

2018 Index: What Did We Find?

- Adoption of electronic transactions continued to improve for most transactions.
- Dental industry experienced progress, but continues to significantly trail the medical industry.
- Volume of transactions increased substantially overall, with manual transactions declining for the medical industry.
- Savings opportunity declined for the first time in CAQH Index history.

Electronic Adoption Improved for Most Transactions in the Medical Industry

Figure 1: Adoption of Electronic Administrative Transactions, Medical, 2013 – 2018 CAQH Index

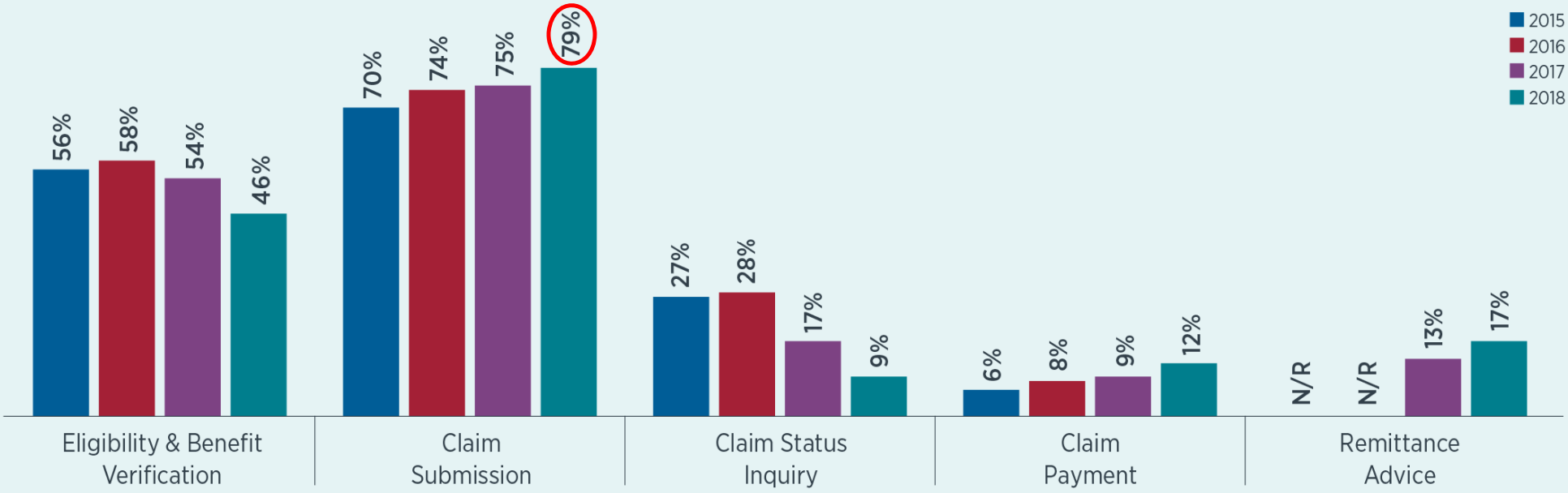


N/R = Not Reported

CAQH Explorations

Dental Electronic Adoption of Transactions Improved, But Continues to Lag

Figure 2: Adoption of Electronic Administrative Transactions, Dental, 2015 – 2018 CAQH Index



N/R = Not Reported

CAQH Explorations

Volume Rose Overall, But Volume of Manual Transactions Declined in Medical Industry

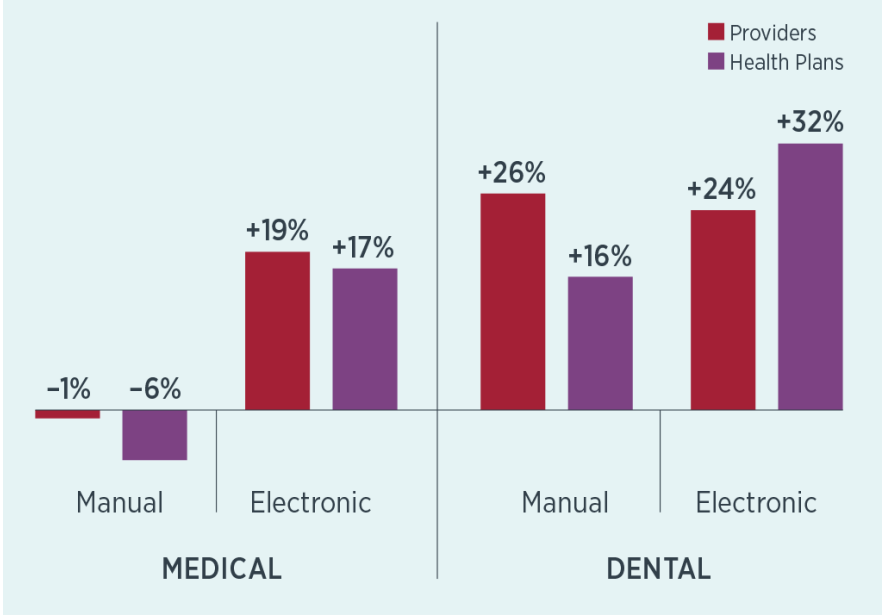
Medical

- Electronic medical industry transaction volume increased by over 18 percent.
  - 17 percent for health plans.
  - 19 percent for providers.
- Volume of manual transactions declined for the medical industry.
  - -6 percent for health plans.
  - -1 percent for providers.

Dental

- Overall dental transaction volume increased at a greater rate than medical volume.
- Electronic and manual transaction volume increased:
  - Similar electronic and manual volume increase for dental providers.
  - Electronic volume increased more than manual volume for dental plans.

Figure 3: Year-over-Year Percent Change, Estimated National Volume of Manual and Electronic Transactions, 2017 – 2018 CAQH Index

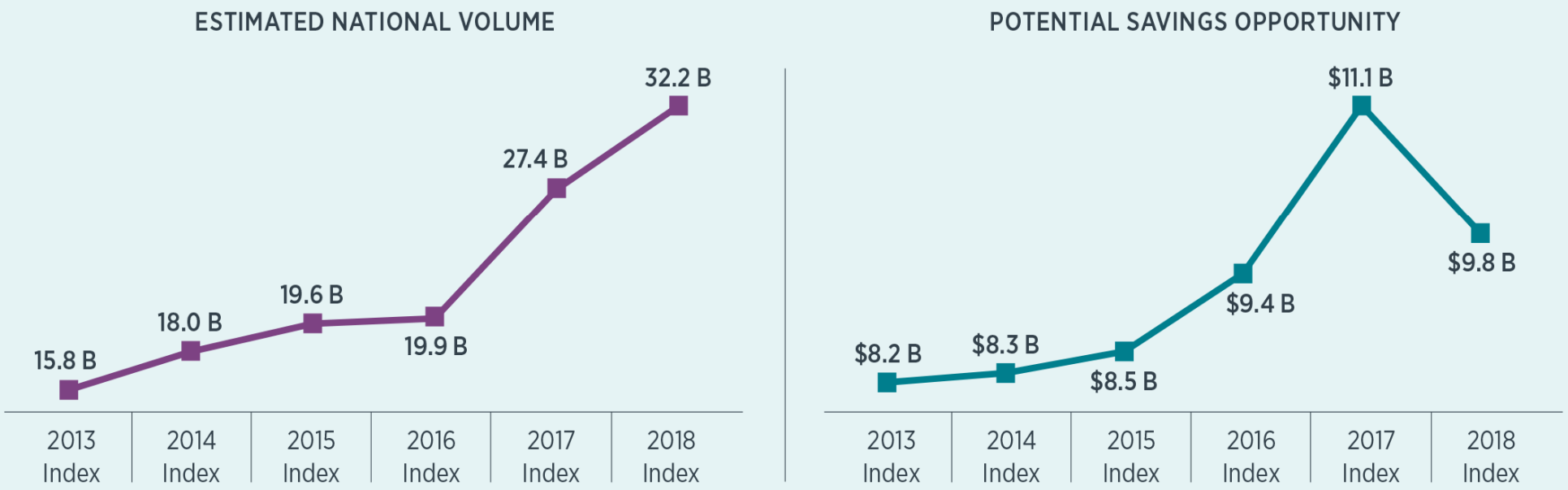


CAQH Explorations

Medical Industry Savings Opportunity Declined For First Time in CAQH Index History

- Despite the continued increase in volume, the potential savings opportunity dropped, suggesting that the industry is becoming more efficient in conducting administrative transactions.

Figure 5: Estimated National Volume and Potential Savings Opportunity, Medical, 2013 – 2018 CAQH Index



CAQH Explorations

Evolution of Administrative Transactions

NCVHS Predictability Roadmap Draft Recommendations

The NCVHS Predictability Roadmap is an initiative to evaluate barriers to the update, adoption and implementation of standards and operating rules under HIPAA and the ACA.

After the draft NCVHS recommendations were published, NCVHS requested industry feedback on the draft recommendations via comment letters and invited key stakeholders, including CAQH CORE, to participate in a discussion-based hearing on December 12 and 13, 2018 in order to further refine their recommendations.

CAQH CORE attended the hearing and submitted a comment letter to NCVHS in response to the draft recommendations and actively participating in the NCVHS hearing. Key comments included:

- Support for where draft recommendations align with 2019 CAQH CORE Goals:
  - Expedited development of standards and operating rules.
  - Importance of broad industry collaboration and focus on cost-benefit analyses to drive adoption.
  - Support for greater adoption of operating rules.
- General feedback on how to ensure recommendations have greatest impact and value to industry:
  - Consider using flexibility in existing statutes and regulations rather than new rulemaking to achieve predictability goal.
  - Ponder potential for unintended consequences of using regulation to encourage innovation as regulation can be stifling.
  - Contemplate how to balance the benefit of predictability versus the benefit to the business case related to new/updated standards and operating rules.

NCVHS Predictability Roadmap Recommendations to HHS

Final Recommendations on New Approaches to Improve the Adoption of National Standards for the Healthcare Industry

- **Recommendation 1:** Remove the regulatory mandate for modifications to adopted standards and move towards industry-driven upgrades.
- **Recommendation 2:** Promote and facilitate voluntary testing and use of new standards or emerging versions of transactions or operating rules.
- **Recommendation 3:** Improve the visibility and impact of the administrative simplification enforcement program.
- **Recommendation 4:** Provide policy related guidance from HHS regarding administrative standards adoption and enforcement.
- **Recommendation 5:** Re-evaluate the function and purpose of the Designated Standards Maintenance Organizations (DSMOs).

NCVHS Recommendation Letter to HHS Secretary, February 13, 2019

Opportunities to Drive Value: New Operating Rules & Business Practices – Prior Authorization

Continued Industry Engagement to Address Prior Authorization

- The Phase IV CAQH CORE Operating Rule for prior authorization represented the CAQH CORE Board and Participants' commitment to promoting uniformity and accelerating industry adoption of electronic prior authorization.
- The National Committee on Vital and Health Statistics (NCVHS) recommended research and development of additional operating rules to address barriers to improving the prior authorization process.*
- Significant public and private sector interest in addressing challenges throughout the prior authorization continuum.
  - July 31, 2018 Senate Health, Education, Labor and Pensions (HELP) Committee hearing on "Reducing Health Care Costs: Decreasing Administrative Spending" was the third in a series of hearings the committee has held on reducing health care costs – prior authorization was a key topic in multiple testimonies.
  - Multiple industry statements and guiding principles from multi-stakeholder and provider coalitions.
    - CAQH CORE Board responded with an open letter to the authors of the Consensus Statement on Improving the Prior Authorization Process.
  - Other complementary work efforts include AMA research, WEDI PA Subworkgroup, HL7, HATA, DaVinci Project use case, etc.

In total, more than 100 organizations have substantively contributed to the CAQH CORE prior authorization rule development process through interviews, site visits, subgroup and work group participation, and surveying demonstrating the strong industry commitment to this topic.

*Letter to the Secretary - Findings from Administrative Simplification Hearing, Letter to the Secretary - Recommendations for the Proposed Phase IV Operating Rules, Review Committee Findings and Recommendations on Adopted Standards and Operating Rules.

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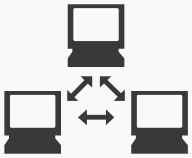
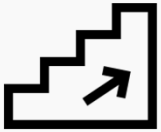
CAQH CORE Vision for Prior Authorization

Introduce targeted change to propel the industry collectively forward to a prior authorization process optimized by automation, thereby reducing administrative burden on providers and health plans and enhancing timely delivery of patient care.



The Phase IV Operating Rule established foundational infrastructure requirements such as connectivity, response time, etc. and builds consistency with other mandated operating rules required for all HIPAA transactions.



The Draft Phase V Operating Rules address needed data content in the prior authorization transaction, enable greater consistency across other modes of PA submissions and potentially address time to final adjudication.

Optimized

Entire prior authorization process is at its most effective and efficient by eliminating unnecessary human intervention and other waste. Optimized PA process would likely include automating internal provider/health plan workflows.

Partially Automated

Parts of the prior authorization process are automated and do not require human intervention. Typically includes manual submission on behalf of provider which is received by health plan via an automated tool, e.g., health plan portals, IVR, 5010X217 278, etc.

Manual

Entirety of provider and health plan workflows, including request and submission, is manual and requires human intervention, e.g., telephone, fax, e-mail etc.

Automation Spectrum

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Overview: Draft Phase V CAQH CORE Prior Authorization Operating Rules

The Draft Phase V Prior Authorization Rules focus on **standardizing key components of the prior authorization process**, closing gaps in electronic data exchange to move the industry toward a **more fully automated adjudication of a request.** These efficiencies enable **shorter time to final adjudication and more timely delivery of patient care**.

DRAFT RULE

5010X217 278 Request / Response[1] Data Content

DRAFT Requirements

- ✓ **Consistent patient identification** to reduce common errors and associated denials.
- ✓ **Consistent review of diagnosis, procedure and revenue codes** to allow for full health plan adjudication.
- ✓ **Consistent use of codes** to indicate errors/next steps for the provider, including need for additional documentation.
- ✓ **Detection and display of code descriptions** to reduce burden of interpretation.

Applies to ***Prior Authorization***

DRAFT RULE

Prior Authorization Web Portals

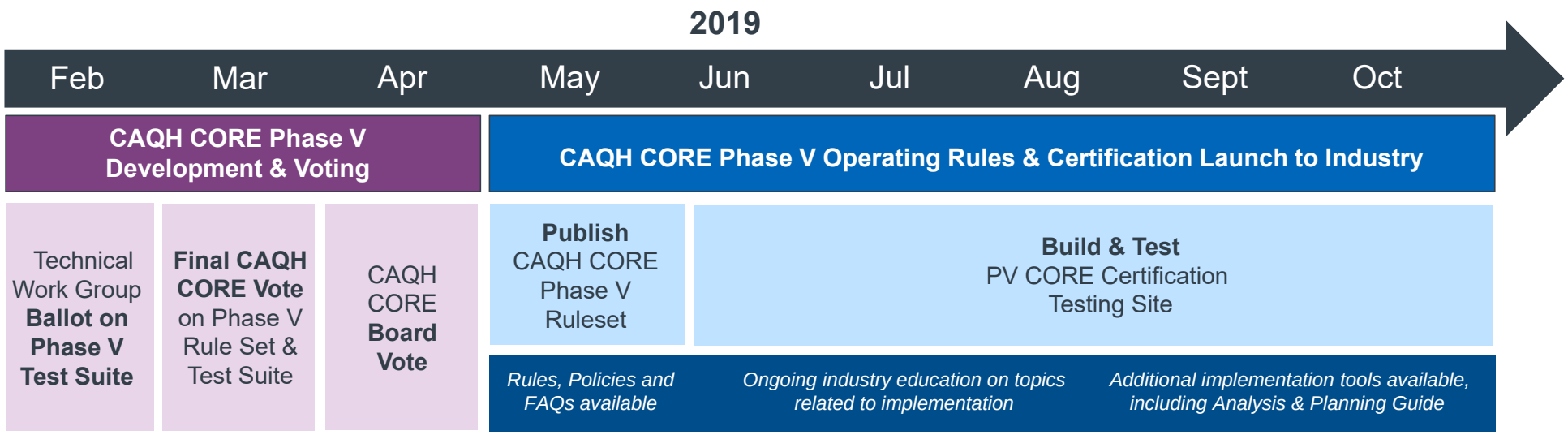
DRAFT Requirements

- ✓ **System availability and reporting requirements for a health plan to receive a prior authorization or referral request,** to enable predictability for providers when using a web portal.
- ✓ **Application of standard X12 data field labels to web portals** to reduce variation in data elements to ease submission burden and encourage solutions that minimize the need for providers to submit information to multiple portals.
- ✓ **Confirmation of receipt of prior authorization or referral** (submitted via web portal) to reduce manual follow-up for providers.

Applies to ***Prior Authorization*** and ***Referral***

[1]**Full citation:** X12/005010X217 Health Care Services Review – Request for Review and Response (278) transactions (referred to as "5010X217 278 Request and Response").

Next Steps: Phase V CAQH CORE Prior Authorization Operating Rule Development, Voting and Launch to Industry



CAQH CORE will continue to focus on prior authorization beyond Phase V. Opportunities under consideration include:

- Updating the timeframe requirement in the CAQH CORE Phase IV Prior Authorization Rule to require a final determination within a set timeframe (current requirement only addresses timeframe for initial response).
- Pilots to measure impact of potential high-value operating rules with less consensus and then iterate requirements based on findings.

Opportunities to Drive Value: New Operating Rules & Business Practices – Attachments

HHS Fall 2018 Unified Agenda

NPRM on Attachments

In the fall of 2018, the Department of Health and Human Services published a Unified Agenda outlining the intent to publish a Notice of Proposed Rule Making (NPRM) for an attachments transaction and acknowledgement transaction standard.

HHS Unified Agenda – Upcoming NPRM
▪ Adopts standards for health care attachments transactions and electronic signatures used with the transaction. ▪ Adopts operating rules that require acknowledgments be used with the following transactions -- Eligibility, Claim Status, Electronic Funds Transfer, Electronic Remittance Advice. ▪ Adopts standards that require acknowledgments be used with the following transactions -- Claim Status, Enrollment/Disenrollment, Premium Payments, Coordination of Benefits, Referral Certification and Authorization, Attachments. ▪ Modifies the standard for the referral certification and authorization transaction from ASC X12 version 5010 to 6020.

Attachments Environmental Scan Results

State of the Industry

Attachment Profiles 	**Mail and Fax:** Participating health plans reported 70% of attachments exchanged for claim adjudication are done via mail and fax, 18% are exchanged via web portals and 12% via EDI (primarily pilots). **Trending Markets:** Dental and Workers Compensation markets are increasing adoption and support for the submission of attachments in an electronic format (e.g. portals and proprietary vendor solutions).
Time/Resources 	**Staff Resources:** A regional health plan reported approximately 792 hours are spent each week processing attachments received via mail, fax and web. A regional health system reported that 19 FTEs are dedicated to managing and processing attachments. **Claim Adjudication:** On average providers report that it takes health plans 44 days to adjudicate a claim with attachments sent by mail, 16.5 days by fax, five days by portal and two days by EDI.
Adoption 	**Adoption Challenges:** The majority of respondents (44%) identified waiting for regulatory direction as the primary reason for delay. 23% reported waiting for industry direction and only 9% of organizations listed budget constraints as a reason for delay. **Pilot Programs:** Progressive health plans and vendors have launched attachment pilot programs working with the following attachment protocols: X12 275, DIRECT Messaging, HL7 FHIR, Clinical Data Repositories.

Attachments Environmental Scan Results

Operating Rule Opportunity Areas

Data Content

Common Formats: Health plans and vendors reported that over half of data file types that are electronically sent/received today are PDFs and Image files.

Common Data Fields: Providers reported that despite record type, almost all payers needed patient and provider demographic information such as patient first name, patient last name, date of birth, member ID number and NPI. Less consistency exists for other data types, but stakeholders stated that standardization of code sets and values is needed to see an ROI for electronic exchange of clinical information.

Infrastructure

Acknowledgements: Only 25% of health plans reported the use of acknowledgments when an attachment is successfully received. As result, providers revert to re-sending attachments or incur higher cost by sending documentation via certified-mail.

Infrastructure Needs: Nearly all stakeholders reported that infrastructure rules such as connectivity & security, response time and companion guides should be considered and evaluated alongside an attachments standard.

Business Needs

Real Time: Majority of stakeholders reported that a real-time attachment scenario would be the preferred method for sending additional documentation either through automated solicited requests (solicited) or defined payer documentation policies (unsolicited).

Solicited vs Unsolicited Attachments: Health plans overwhelmingly support a solicited documentation process, while vendors are split 60/40 preferring solicited. Providers would prefer an unsolicited process where they could send attachments with claims.

Next Steps for Attachments Initiative

CAQH CORE plans to build upon the environmental scan by producing guiding materials, educational content and implemental solutions to move industry adoption of electronic attachments a step forward.

Immediate Next Steps

The focus for Q1 2019 will include identifying key themes, workflows, common barriers, best practices and strategies outlined in this report to provide the industry with education and guidance for electronic attachments implementations via a **White Paper**.

Future Next Steps

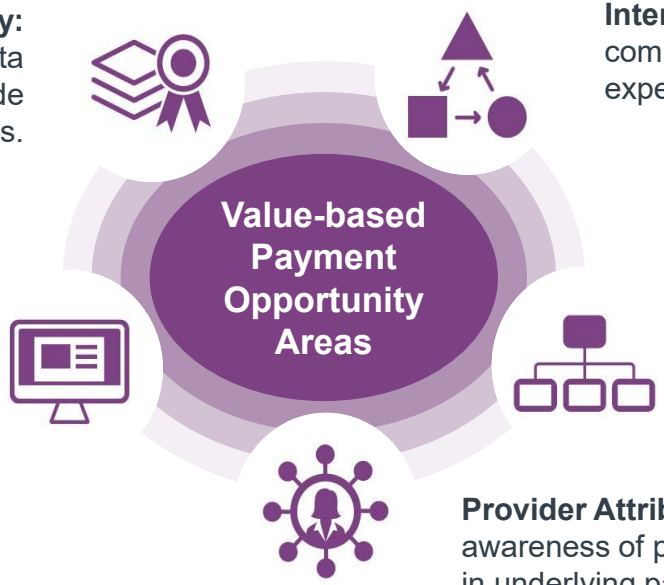
Future steps include monitoring federal activity for publication of a **NPRM** on attachment standard and launch of an **Attachments Advisory Group and Subgroup** given the CAQH CORE role as the designated operating rules authoring entity.

Opportunities to Drive Value: New Operating Rules & Business Practices – Value-based Payments

Streamlining Adoption of Value-Based Payments

Data Quality & Uniformity: Standardize identifiers, data elements, transactions and code sets.

Interoperability: Define common process and technical expectations.



Quality Measurement: Educate on need for consistent and actionable quality data while considering physician burden.

Patient Risk Stratification: Promote collaboration and transparency of risk stratification models.

Provider Attribution: Improve provider awareness of patient attribution and transparency in underlying patient attribution models.

CAQH CORE Vision	CAQH CORE Report	Next Steps
A common infrastructure that drives adoption of value-based payment models by reducing administrative burden, improving information exchange and enhancing transparency.	Identified five opportunity areas in the industry that could smooth the implementation of value-based payments.	The CAQH CORE VBP Advisory Group is vetting potential opportunity areas for CAQH CORE to pursue.

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Questions?

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The CAQH CORE Mission

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