Putting the Standards to Work

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The Future of HealthCare Success

- Improved relationships and communications
- Transition from transaction processing to partnerships in the healthcare delivery through value added collaborations
- Improved models for effective care management and wellness programs
- Evolution towards real-time enterprise and a more efficient operating model
First Step.. Get rid of the Paper

- Possibility of errors
- More time intensive
- Administrative costs are higher (forms, envelopes, postage, FTE requirements)
- Paper requires additional processing from the payer/plan
- Increased follow-up time with payers
- Rejections from payer/plan result in delayed payment and resubmission
- Misfiled, in another patient’s file; missing (may be in stack to be filed)
- Exposed individually identifiable information
- Access to files
HIPAA is a Catalyst for Necessary Change

Drug Interactions
High Availability
Clinical Order Entry
Efficiency
Connectivity
Quality Metrics
Better Information
Avail-ibility
EMR
EDI
Privacy
Security
Individual E-HDb
E-Health
Better Information
Avail-ibility
ED
Privacy
Security
Moving Away from Paper.. ALL EDI

- Electronic transactions are less likely to have errors
- Takes less time to complete electronic forms
- Less payer processing time
- Status information more readily available
- More easily tracked and secured
- Possibility to upload adjudication information into management systems
- Computer costs vary based on type of operation
  - Automate claims management, pre-registration, revenue cycle
  - Data access controls; applied security practices
  - Audit trails
Healthcare Opportunities

Healthcare e-Transactions delivery will result in a new generation of healthcare “Services” and Healthcare Relationship Management

A new generation of integrated banking services will emerge as Financial institutions participate directly in the EDI workflow with electronic funds transfer replacing paper check drafts

ASC X12N Implementation will be felt the hardest by Insurance companies and a host of various Payers and Third Party Administrators who handle benefits in any fashion.

Conversely this group will derive most of the benefits of the estimated $13-26* billion in annual savings through the mandatory introduction of standardized EDI

A new generation of integrated practice management, claims and billing services are already starting to appear

Major investments are being made in the electronic creation, delivery, adjudication, and payment of healthcare transactions

Patients and plan participants will acquire benefits and monitor status more directly and via the Internet

A new generation of integrated employer benefits services will emerge as benefit sponsors and plan participants have more choices in receiving and providing relevant information
Movement towards Real-Time

- Plan for HIPAA compliance to evolve in the next three years
- Focus first on surviving, then on becoming an Real-Time Enterprise (RTE)
- If you are not in a community, create one!
- Health plans: go beyond minimal implementations
  - it’s good for the providers, and
  - that is good for you!
HIPAA Jump Start

- HIPAA claims are a threat (if not done well or compliant)
  - The other HIPAA transactions are opportunities
- HIPAA jump-starts the real-time enterprise
- Surviving and thriving are community affairs
DDE and Real-Time EDI Lead to More Internet Usage

Care Delivery Organization

- Browser
- HTML Internet Secure HTTP
- CDO Scheduling or Registration System
- EDI Internet Secure HTTP

Health Plan

- Legacy Core Application
- Replica Core Application
- Web Server
- Program Logic
- Mapper
- Application Server

Source: Gartner Teleconference - 12 August 2003
Working Together
• HIPAA required HHS adopt industry-developed standards for administrative and revenue EDI

** Transactions applicable to providers
## Standard Transaction Flow

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**Functions**

- **Eligibility Verification**
  - 270 (Eligibility Inquiry)
  - 271 (Eligibility Information)
  - 278 (Referral Authorization and Certification)
  - 148 (First Report of Injury)*
  - 837 (Claims Submission)
  - 275 (Claims Attachment)*
  - 276 (Claim Status Inquiry)
  - 277 (Claim Status Response)
  - 835 (HealthCare Claim Payment Advice)

- **Pre-Authorization and Referrals**
  - 270 (Eligibility Inquiry)
  - 271 (Eligibility Information)
  - 275 (Claims Attachment)*
  - 276 (Claim Status Inquiry)
  - 277 (Claim Status Response)

- **Service Billing Claim Submission**
  - 834 (Benefit Enrollment & Maintenance)
  - 270 (Eligibility Inquiry)
  - 271 (Eligibility Information)
  - 275 (Claims Attachment)*
  - 276 (Claim Status Inquiry)
  - 277 (Claim Status Response)
  - 835 (HealthCare Claim Payment Advice)
  - 837 (Claims Submission)

- **Claims Status Inquiries**
  - 835 (HealthCare Claim Payment Advice)
  - 837 (Claims Submission)

- **Accounts Receivable (AR)**
  - 835 (HealthCare Claim Payment Advice)
  - 837 (Claims Submission)

**Payers**

- **Enrollment**
  - 270 (Eligibility Inquiry)

- **Pre-Certification & Adjudication**
  - 834 (Benefit Enrollment & Maintenance)

- **Claims Acceptance**
  - 835 (HealthCare Claim Payment Advice)

- **Claims Adjudication**
  - 835 (HealthCare Claim Payment Advice)

- **Accounts Payable**
  - 835 (HealthCare Claim Payment Advice)

**Sponsors**

- **Enrollment**
  - 830 (Payment Order/RA)

*These are not contained in the initial Transactions and Code Sets Final Rule*
Direct Connect – E&B Information

Provider

270 Inquiries

271 Responses

Payer/Plan

Clearinghouse

Payer/Plan

Payer/Plan

Payer/Plan

Payer/Plan
Direct Connect - Claims Processing

Provider → Payer 1 → Payer 2

837 → 837 COB

Provider → Clearinghouse

837

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Direct Connect - Remittance Advice

Diagram:
- Payer
- Provider
- Clearinghouse
- 835
Many Uses of Direct Connect Claim Status Request and Response

- 276 Requests
- 277 Responses
- 277 Unsolicited Notifications
- 277 Requests for Additional Info

Provider

Cleanhouse

Payer
Provider RTE Round Two: Revenue Cycle Management

- **Pre-care**
  - Self-service registration and scheduling
  - Accurate patient demographic/coverage information
  - Eligibility and referral checking, not labor-limited
  - Pre-established health plan data requirements

- **Concurrent with care**
  - Simultaneous documentation through delivery systems
  - Point-of-service collections

- **Post-care**
  - Rapid closing of case
  - Non-labor-intensive claim follow-up (status, posting, secondary coverage)
  - Consumer access to statements/Web payments
Providers.. Start your engines!

• Demand your HIPAA Rights
  ▪ The right to send a standard transaction
  ▪ The right to have the transaction serviced with reasonable telecommunications fees applied
  ▪ The right to exchange the full lifecycle of HIPAA transactions

• Implement a pre-registration process
  ▪ Leverage the Eligibility and Benefits 270/271
  ▪ Implement the Authorization and Referral 278
  ▪ Pro-active use of the Claims Status 276-277
Providers.. Rev your engines!

• Preventive care is good for you too!
  ▪ Always check E&B BEFORE the visit when possible
  ▪ Obtain approvals and authorizations
  ▪ Reduce bad encounters by eliminating validation on the date of service

• Significant results are possible
  ▪ Much shorter “check-in” process
  ▪ Push for co-pays, deductibles, other OOP no later than the date of service
  ▪ Time for you and the patient to make choices
• The claims attachment standard will allow the electronic attachment of clinical data (medical opinions, diagnostic information from lab tests and radiology reports, EKG readings and similar)

• One day we may be able to add radiology images and scans
Benefits Will Migrate to Clinical Areas

• Clinical Integration can save additional costs in the areas of:
  - Coding
  - Justification of DRG and levels
  - Faster claims submission
  - Lower Human Error Rates (automated)
  - Greater compliance via AI 100% reviewed
Clinical to Revenue Cycle Flow

Providers

- Patient Bed Chart
  - Days Stay
  - Procedures performed

- Test Results
  - Test and Monitoring
  - Outpatient Activity

- Office Notes
  - Drug interactions
  - Prior History and Demographics

- Medical Record Repository
  - All data health elements

- CPOE
  - Orders and Procedures

Functions

- CPT Coding
- ICD-9 coding
- Demographics
- LOS
- Complications & Comorbidities

Payer

- Enrollment

Functions

- 837 (Claims Submission)
- 275 (Claims Attachment)*
Clinical Outcomes Round Three: Real Impact of Electronic Highway

- Leverage Internet and Real-Time connections used for administrative and revenue transactions for provider to provider interactions
- Focus on applied digital healthcare through the use of technology for more effective clinical outcomes
- Enabling technologies will be required
  - Voice-to-text is a critical element to clinical adoption
  - Interoperable security and authentication
  - High availability and on-demand architectures
Standards-based automation of routine functions lowers rate of rising costs (labor)
- Only possible if accompanied by process redesign
- Could allow increased investment in clinical IT support

Standardized data increases its usefulness for quality improvement studies
- Knowing what’s best can improve quality, but doesn’t prevent error
- 4th leading cause of death: medical errors!

Standards for clinical information will allow more cost-effective introduction of IT support at point of clinical decision making
- Which in turn, will lead to fewer errors, higher quality care, and lower costs (e.g. e-Rx, CPOE).
- NCVHS recommendations for PMRI standards.
Patient Centered Clinical IT Support

Patients will take an increasing role in IT interactions with healthcare system:

- Patient answers computer-based questionnaire before each visit to give complete info to provider
- Provider interacts with decision supporting EMR in presence of patient
- Patient takes home paper/electronic copy of record/instructions generated during each visit
- Patient interactions with provider are often asynchronous and electronic (e.g., e-mail with web reference material) and depend more on self-care, unless hands-on visit is required
- Result is higher quality, lower risk, lower cost, and more satisfying healthcare
Conclusion: HIPAA Threats and Opportunities

For claims, the goal is to survive a threat:

- Dropping back to paper
- Increase claims failure
- Increase reliance on 3’rd party clearinghouses

Other transactions are opportunities to thrive:

- Early adopters are demonstrating this
- Full realization is a complex process
Follow the leader
Consumer Driven – Industry Changes

Consumer Driven Healthcare

- **Consumer Driven Health Delivery**
  - Patient safety
  - Consumer price negotiations

- **Consumer Driven Pharmaceuticals**
  - Direct-to-consumer advertising
  - Direct-to-consumer clinical trials

- Consumer Driven Health Plans
  - ‘Health Navigator’ services
  - Robust tools
  - Voluntary disease and wellness management

- **Consumer Driven Products**
  - Tiered networks
  - Flexible product designs
  - HRA accounts

Consumer driven health plan products aren’t the issue; it’s the fundamental changes occurring in healthcare – new product designs are just an outcome of those changes.
Health Plans as Healthcare Navigators

Current State

Plan Administrator

- Design benefit packages
- Underwrite risk
- Administer benefits
- Medical management
- Pay claims

Consumer Driven Healthcare

Healthcare Navigator

- Benefit advisor
- Provider access navigator
- Financial advisor
- Wellness coach
- Care manager
- Infomediary

Transactions

Services
Impacts on Healthcare Workers and Managers

Skills and Traits for Success:
- Must become technology comfortable
- Must have at least minimal IT savvy
- Must appreciate and comply with Privacy and Security Std.s

Impacts on Career:
- People focusing on more difficult tasks as automation handles the more mundane
- Potential to reduce staffing levels due to greater efficiencies
- Greater need for Knowledge Architects to build and maintain AI systems
Impacts on Healthcare Workers and Managers

• Education:
  - More technology training
  - Effort to maintain writing skills
  - Effort to maintain high level reasoning skills
  - Shift to intervention and prevention

• Potential Benefits:
  - Less adverse events due to human error
  - More time for human interaction (45% of RN time on paper)
  - Less stress over locating needed information
  - Greater ability to communicate within medical community
  - Eliminate of mundane tasks (Ordering, Charting, etc.)
How to Get Paid Under HIPAA?

USE IT!
What is the Risk/Reward Proposition?

- Security and Privacy add costs
- Security and Privacy limit risks
- EDI can reduce costs/enhance revenues
  - Lower FTEs required for transactions
  - Increase cash flow
  - Improve accuracy
- EDI can help create better clinical data
- Better data can equal better care
Webify Health Plan Value Proposition

Assumptions: Typical Blue handles 30M claim per year, 12M touches.
Source: Blue Cross CIO Interviews, Internal Analysis
E&B Success Stories - Benefit All!

- One of the nation's largest hospital chains reported early results of a pilot.
  - **Manual work to do E&B transactions with Payers was reduced 80% (direct connect v. keying into a browser)**
- Another practice reported that they had 27% of the office deductibles in their patient record wrong.
- An analysis of other practice reported that upon examination claim pend reasons found wrong name accounted for 66% of pends, the next largest category was 4%
  - **After Implementation of the E&B they reported an immediate 50% reduction in pends and denials**
Success Case Study

• The GOAL

  ▪ Clopton Clinic used the Webify direct connect solution to solve their need to translate all claim files from NSF 3.01 to the HIPAA compliant 837

  ▪ The goal was to avoid excessive investment in their current PMS and to avoid having to subscribe to expensive clearinghouse services
Success Case Study

Clopton Clinic

The RESULT

- Compton realized nearly a 20% reduction in time required to submit and manage claims
- Achieved a reduction to 14 days for payment even on problem claims
- Clopton Clinic receives 835s from their payers and their direct connect HIPAA solution converts it to the format that they used in the past
  - With few changes the converted files are placed in the appropriate directory so that Clopton continues auto posting today even in the 835 world today
Challenges with Claims (Before)

- Treatment to Claim filed: 15-25 days
- Claim receipt to Claim paid: 30-90 days
- Claim paid to Balance collected: 60-180 days
- "Touches" Payer 12mm p.a.

Problem Claims (After Webify HealthTransactions)

- 1 day
- 5 days
- 14 days
- 66% reduction

Typical Insurance Payer: Reduction of ~$20M in recurring annual costs
Where to get help!

Southern HIPAA Administrative Regional Process

SHARP is striving to meet the needs of all regional stakeholders by providing a collaborative regional health care and provider focus.

SHARP helps achieve understanding of the HIPAA standards, and fosters the implementation of reasonable compliance efforts which realize the benefits of those standards.

www.sharpworkgroup.com
Questions and Next Steps

Just What the Doctor Ordered!

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