

# Preparing for the Coming Claims Attachment NPRM

Electronic Claims Attachments Today . . .  
**THE NINTH NATIONAL HIPAA SUMMIT**  
September 13, 2004

Baltimore Marriott Waterfront Hotel  
Baltimore, MD

## Agenda

- Today's Environment
- HIPAA
- What you can do today

## The Revenue Cycle & Claims Attachments Workflow

- Hospital billers common workflows require additional documentation
  - Billing for services requiring specific documentation
    - Emergency department summaries
    - Operative reports
    - Sterilization authorization forms
    - Etc.
  - Ad hoc requests from payers
    - Biller contacts appropriate department, e.g.
      - Lab, radiology, pharmacy, etc.
    - Department forwards documents via interoffice mail or fax to biller
    - Biller assembles response

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

3

## What Payers Are Requesting

- Operative reports
- Pathology reports
- Treatment plans
- Medical necessity reports
- Progress notes
- Consultation reports
- Additional ambulance information
- Procedure reports
- Medical history
- EOB and auto liability information for primary payers
- Tax information (W9 forms)
- Verification of dosage for injections
- Verification of date of death
- Verification of health insurance claim numbers
- Verification of diagnoses

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

4

## The Problems

- Providers don't know when or what attachments will be needed
  - No standardized definitions
- Requests
  - Go to wrong department or person
  - Get misplaced or lost in hospitals
- Providers try to second guess what payers need
  - Submit attachments on large dollar claims or by type of services whether needed or not needed by payer
- Payers lose attachments
- Payers can't re-associate attachments with original claim
  - Results in denied claims or another request for attachment
- Major delays on all sides
- Major factor for increasing rate of claim denials and increased contractual write-offs
- Specialists typically can't submit claims electronically because nearly 100% of their claims require attachments
- Payers receive attachments they don't want or need
  - One Blue plan indicates 90% of received attachments they don't want
- 5-20% of claims require attachments
  - Approximately 700,000,000 attachments annually
  - 60% or more commercial claims require attachments
  - Anticipate Medicare Advantage will drive increased demand

## Data Collection, Storage & Access

- Billing systems don't contain much clinical data
- Clinical systems don't contain much billing data
- Departmental systems have detailed data specific to departmental needs
- Repositories may contain only summarized or most current data
- Historical data often exists only in off-line or remote storage
- Health Information Management (HIM) department may use only paper or imaged documents
  - Maintained either locally or in remote storage
- Data stored in many different vendor-specific forms
- Most systems are separate & discrete from one another

## The Medicare Front

- Hospitals facing increasing Medicare claims denials\*
  - Failure to comply with documentation requests from Fiscal Intermediaries
  - Potential Medicare investigation for abuse if pattern of ignoring FI requests
  - Providers could face “focused medical review” for noncompliance with additional documentation requests (ADR’s)

*\*Report on Medicare Compliance, March 18, 2004*

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

7

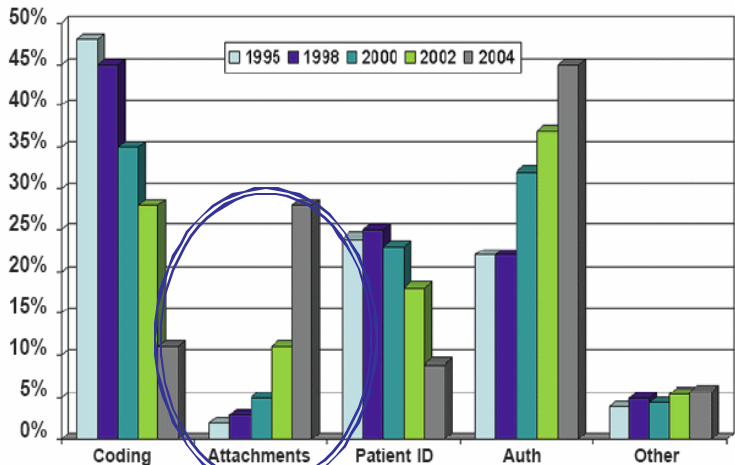
## However . . .

- All payers have
  - Special medical review policies
  - Specific member benefits
- Claims processing & adjudication is stopped until medical documentation is received & reviewed for procedure justification
- Attachments are
  - Major revenue cycle problem for providers
  - Cost/operations issue for payers

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

8

## REASON TRENDS FOR HEALTHCARE CLAIM DENIALS



Altary, Inc., a healthcare financial management firm, in a white paper titled *Revenue Cycle Management*

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

9

## If Attachments are such a problem, why do we have them?

- Used to
  - Evaluate medical necessity
  - Verify primary payer
  - Determine coverage
  - Check for potential fraud & abuse
- Payer demand for attachments increasing for high cost tests & procedures
  - All workers comp claims
  - DME claims

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

10

## The Feds, HIPAA, State Regs & Claims Attachments

- What the law covers
- Regulations
  - Current standards
    - 837 PWK
  - Proposed
    - NCVHS recommendations
    - What's likely
  - What will it look like
    - Key components
  - Activities taking place currently
  - Impact to Providers & Payers

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

11

## HIPAA requires . . .

- Sec. 1173. (a) Standards
- To Enable Electronic Exchange.
  - (1) In general.--The Secretary shall adopt standards for transactions, and data elements for such transactions, to enable health information to be exchanged electronically, that are appropriate for
    - (A) the financial and administrative transactions described in paragraph (2); and
    - (B) other financial and administrative transactions determined appropriate by the Secretary, consistent with the goals of improving the operation of the health care system and reducing administrative costs.
  - (2) Transactions.--The transactions referred to in paragraph (1)(A) are transactions with respect to the following:
    - (A) Health claims or equivalent encounter information.
    - (B) Health claims attachments.
    - (C) Enrollment and disenrollment in a health plan.
    - (D) Eligibility for a health plan.
    - (E) Health care payment and remittance advice.
    - (F) Health plan premium payments.
    - (G) First report of injury.
    - (H) Health claim status.
    - (I) Referral certification and authorization.

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

12

## HIPAA requires . . .

- Sec. 1174. (a) Initial
- Standards.--The Secretary shall carry out section 1173 not later than 18 months after the date of the enactment of the Health Insurance Portability and Accountability Act of 1996, **except that standards relating to claims attachments shall be adopted not later than 30 months after such date.**

Note: We do not yet have a proposed or final rule adopting standards for healthcare claims attachments

## HIPAA Electronic Claim Anticipated & Enables . . .

### CLAIM SUPPLEMENTAL INFORMATION

Loop: 2300 — CLAIM INFORMATION

Usage: SITUATIONAL

Repeat: 10

#### Notes:

1. The PWK segment is **required if the provider will be sending paper documentation supporting this claim**. The PWK segment should not be used if the information related to the claim is being sent within the 837 ST-SE envelope.
2. The PWK segment is **required to identify attachments that are sent electronically (PWK02 = EL) but are transmitted in another functional group (e.g., 275) rather than by paper.** PWK06 is used to identify the attached electronic documentation. The number in PWK06 would be carried in the TRN of the electronic attachment.
3. The PWK can be used to identify paperwork that is being held at the provider's office and is available upon request by the payer (or appropriate entity), but that is not being sent with the claim. Use code AA in PWK02 to convey this specific use of the PWK segment. See code note under PWK02, code AA.

## Use of the PWK Segment in HIPAA Claims

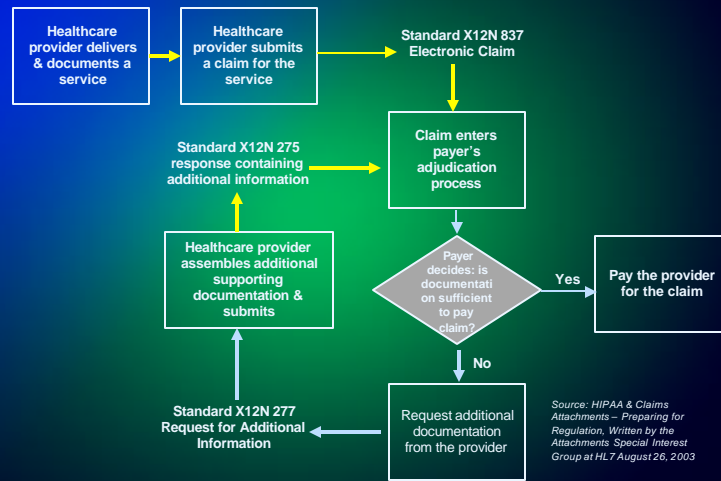
- Not supported (yet) in most patient accounting systems
- If received by the payer, is generally not visible to the claims examiner
- Patient accounting systems and electronic medical record systems generally do not easily support electronic claims attachments
- Payers don't want to receive attachments with **all** claims – only those they need

## Current Regulatory Direction for HIPAA Claims Attachments

- WEDI Attachments workgroup studied issue in 1994 & recommended
  - Coding structure to facilitate transfer of clinical results in an electronic attachment transaction
  - Use of ASC X12N 275 Patient Information transaction set be used
  - Joint workgroup of X12N, HL7, HCFA(CMS) and CDC & other volunteers developed transactions & procedures now being considered for HIPAA
- HHS/CMS Office of HIPAA Standards anticipates publishing an NPRM 4thQ '04



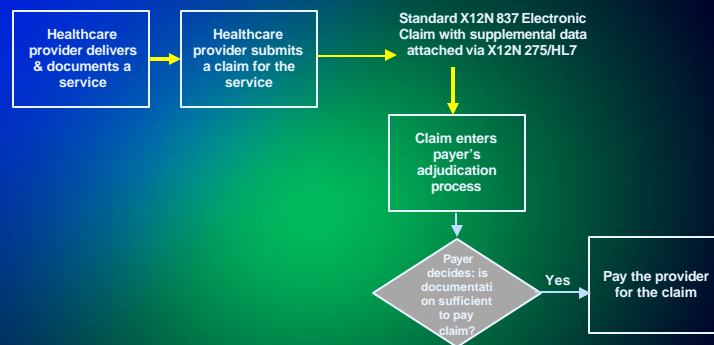
## Reimbursement Process Model (Solicited Attachment)



©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

17

## Reimbursement Process Model (Unsolicited Attachment)



©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

18

## Requests & Responses

- The 277 asks for attachments using Logical Observation Identifier Names and Codes (LOINC®)\* Modifier Codes
- LOINC® used to specify what additional information is required
- **LOINC® will be required to be used in 277 & must be returned on the 275**
- The 275 responds using embedded HL7 Clinical Data Architecture (CDA) Document for the attachment
- HL7 CDA document defines
  - Type of attachment in the CDA document
  - Individual data components used to provide electronic supporting documentation
- 102 Associated Data acknowledges the HL7 CDA message in the 275

\*Maintained by Regenstrief Institute & LOINC Committee. Free code set and user guide available at [www.regenstrief.org/loinc](http://www.regenstrief.org/loinc)

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, IL 60099. All rights reserved.

19

## What's LOINC® ?

- Voluntary effort at Regenstrief Institute for Health Care
  - Regenstrief associated with Indiana University
- LOINC® system initiated in 1994 in response to demand for electronic movement of clinical data from laboratories to providers & payers
- Provides universal names & codes for identifying individual lab & clinical results
- Endorsed by American Clinical Laboratory Association & College of American Pathologists
- Full LOINC® database available at no cost
- RELMA® program for searching & viewing LOINC® database & mapping local files to LOINC® also available at no cost
  - [www.loinc.org](http://www.loinc.org) for download
  - Email: [loinc@regenstrief.org](mailto:loinc@regenstrief.org) to request CD-ROM
  - Fax: Standards at 1-317-630-6962

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, IL 60099. All rights reserved.

20

## HL7 CDA Attachments

- Two variant formats
  - “Computer-decision” variant structured & coded using LOINC
  - “Human-decision” not required to have structured & coded answers
    - Information content may be in XML or non-XML external text or scanned-image

Source: HL7 Additional Information Specification Implementation Guide (CDAR1A1S000R020) Release 2.0 Ballot, August 2003

## HL7 CDA Attachments

- “Human-decision” not required to have structured & coded answers
  - Information content may be in XML or external text or scanned-image

For example, here is a fragment of a CDA document in the human-decision variant.

```
<section>
  <caption>PRINCIPAL DIAGNOSIS</caption>
  <paragraph>
    <caption>Dx</caption>
    <content>BIPOLAR AFFECTIVE D/O (296.4)</content>
  </paragraph>
</section>
```

Source: HL7 Additional Information Specification Implementation Guide (CDAR1A1S000R020) Release 2.0 Ballot, August 2003

## HL7 CDA Attachments

- “Computer-decision” variant structured & coded using LOINC®

The CDA allows for human-readable text to be supplemented by discrete data elements that would assist a computer in processing the information in the document. Here is the same fragment with the supplementary information that is used for the computer-decision variant.

```
<section>
  <caption>Primary Diagnosis
  <caption_cd V="19007-4"/>
</caption>
<paragraph>
  <content>bipolar affective disorder
  <coded_entry>
    <coded_entry.value V="296.4" S="2.16.840.1.113883.6.2"
      SN="ICD-9-CM"/>
  </coded_entry>
</content>
</paragraph>
</section>
```

Source: HL7 Additional Information Specification Implementation Guide (CDAR1A|S0000R020) Release 2.0 Ballot, August 2003

In this example the <caption\_cd> and <coded\_entry> elements provide the supplementary information.

## HL7 CDA Attachments

- “Human-decision” variant non-XML
  - The non-XML body is used when an external file contains all of the information to be transmitted as the attachment

- 1) *Permissible File Types. The non\_xml/@MT element should contain one of the file types listed in Table 5.*

Table 5. Acceptable File Types for <non\_xml>

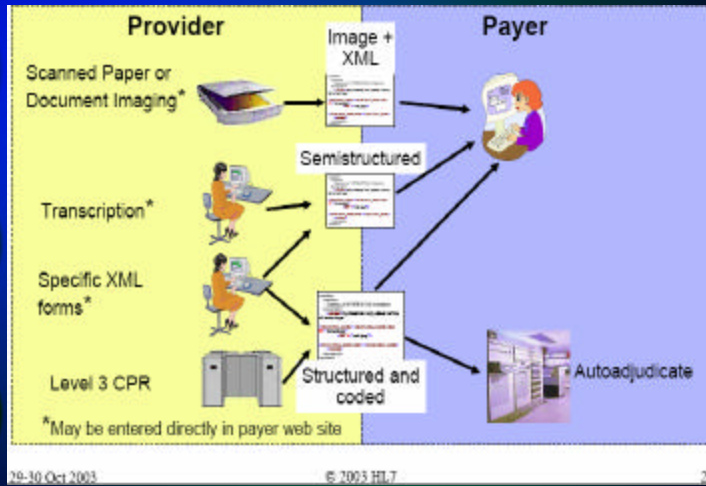
File Type	File Name Suffix	MT Value
Plain text	.TXT	text/plain
HTML	.HTM, .HTML	text/html
Joint Photographic Experts Group image	.JPG, .JPEG	image/jpeg
Portable Document Format	.PDF	application/pdf
Portable Network Graphics image	.PNG	image/png
Graphics Interchange Format	.GIF	image/gif
Rich Text Format	.RTF	text/rtf
Tag Image File Format <sup>5</sup>	.TIF	image/tiff

Example:

```
<body>
  <non_xml MT="image/jpeg"
    <V3dt:REF V="labReport.jpg"/>
  </non_xml>
</body>
```

Source: HL7 Additional Information Specification Implementation Guide (CDAR1A|S0000R020) Release 2.0 Ballot, August 2003

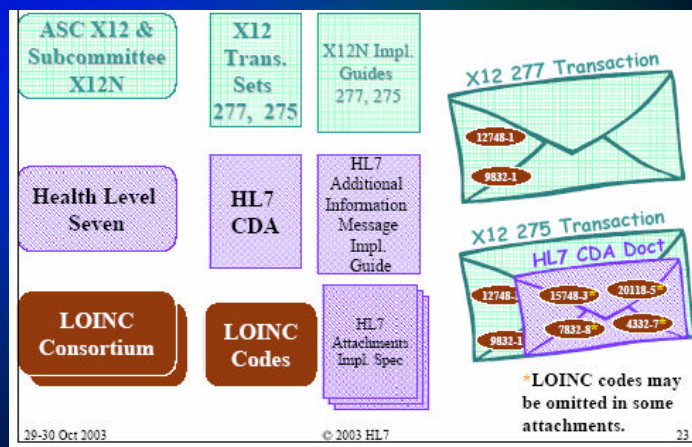
## Possible Provider Scenarios



©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

25

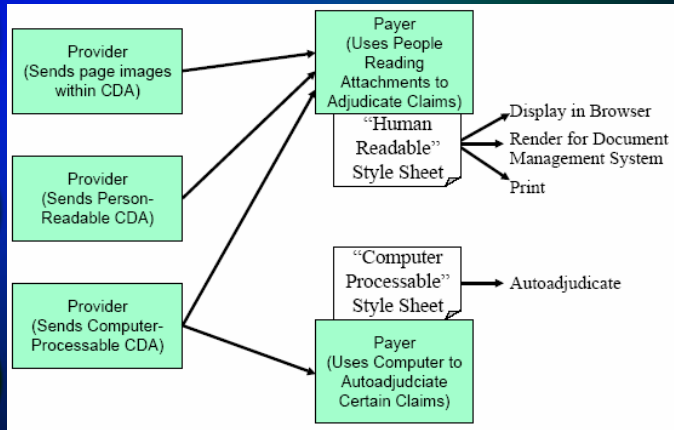
## Organizations & Documents



©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

26

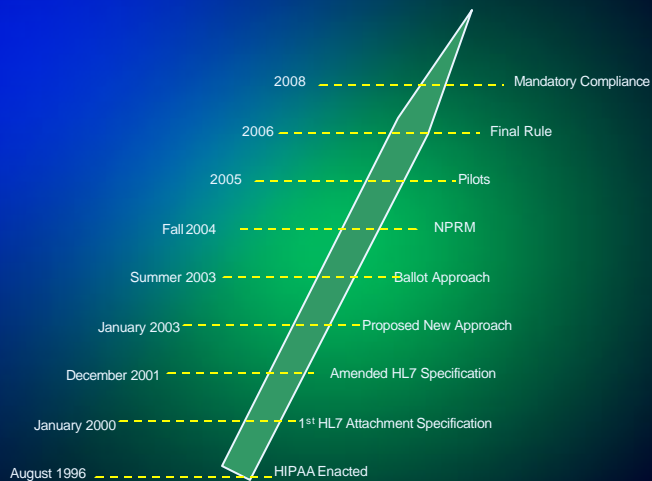
# HL7 CDA Attachments



©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

27

# Projected/Guestimated Timeline



©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

28

## What Don't We Know About Attachments?

- Given the exponential increase in complexity required to support a 277 request for additional information, the creation of the attachment itself, the insertion of it into a 275 response and the processing of it by a health plan, what are the costs and benefits for such an approach?
- What percentage of claims being submitted currently require further medical review and result in a request for additional information (the attachment)?
  - Is this percentage trending up or down?
- Wouldn't it be folly to regulate a possibly declining activity?
- What type of additional information is most often required?
- How is that additional information made available to the requester?
  - Fax? Paper via snail mail? Electronically?
- What about attachments required for DME or home health?
  - Will the NPRM that most likely will be promulgated cover these?

## What Don't We Know About Attachments?

- What is the current cost to a health plan and to a provider to process today's claims attachment?
- Will the proposed 277/275/HL7 option be able to be cost-effectively implemented across the entire industry?
  - Over what time frame?
  - At what cost?
  - Is there a reasonable payback period, say of less than 2 years?
  - Will the smaller health care providers even be able to implement such an approach?
  - Can small health plans support it as well?
- Given that the industry hasn't yet been able to make a full transition to the current suite of X12-based HIPAA transactions, does it make sense to perpetuate this approach in light of newer information technologies that are more suited to today's and tomorrow's needs and which could be substantially less costly to exploit?
- Are there "migration steps" that can be taken now to move to electronic claims attachments that do not require complex systems to be developed at substantial cost?

## Getting the Answers

- NCVHS\* hearings in March to obtain industry input
- Testimony from providers, health plans, vendors, associations & standards development organizations
- Testimony emphasized need for demonstration projects, pilot studies to document benefits, costs, work flow requirements, implementation challenges, privacy concerns
- Key issues of “what” (transaction format) and “how” (data retrieval, standards deployment, workflow impacts) discussed
- Concern re LOINC® raised
- Impact to clearinghouses discussed
- NCVHS recommended demonstration projects & pilots occur “expeditiously”
- Recognized need to prepare industry to comment on pilot results before final rule promulgated
- Urged HHS/CMS to issue NPRM (Notice of Proposed Rule Making) as soon as possible
- Joint WEDI/HL7/AFEHCT work group developing industry-wide survey to gain input

\*National Committee on Vital & Health Statistics authorized under HIPAA to advise Department of Health & Human Services

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

31

## Solutions & Approaches for Today

Payer-specific and Commercial solutions



- Claim Attachment Document Exchange (CADX)
- AllHealthLogic
  - Joint venture of Hospital Association of Southern California & HealthLogic Systems Corporation
  - In business since 2002



- **FastAttach™** Provider/Payer/Plus
- National Electronic Attachment
  - Founded in 1996
  - Based in Atlanta, GA
  - Owned by consortium of businessmen & dentists

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

32



## CADX – How Does It Work?

- CADX software installed on
  - Provider PC's along with flatbed scanner
  - Payer PC's
- Payer requests attachments
- Provider monitors CADX for requests
  - Scans requested document which is uploaded to CADX database
- Payer obtains attachment from CADX database
  - Completes adjudication

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

33

## CADX Requirements & Costs

- Technical Requirements
  - PC's with Windows 98 or later
  - Twain32 scanner
  - Secure broadband Internet connection
- Costs
  - Hardware: Use current PC-based systems with no hardware changes
  - Initial Install including Training up to 10 users: \$3,000
  - Monthly System Maintenance Fee: \$1,000-\$2,500/month based on licensed beds
  - Per image fee, over base images/month allowance: \$.30 per image page thereafter

Source: AllHealthLogic web site  
[www.allhealthlogic.com](http://www.allhealthlogic.com)

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

34

## CADX Users\*

- Pacificare (HMO – Live, PPO – Live Summer 2003)
- Aetna, Health Net (Live Q3, 2003)
- Medicare - completed pilot with Mutual of Omaha
- Major Hospital Systems
  - Tenet
  - Memorial Health System
  - Providence Health System (CA)
  - St. Joseph Health System - Orange
- Clearinghouse Exchange to reach additional payers and workers comp carriers/TPAs (June 2003)

• \*As of June 2003

For more Information:  
AllHealthLogic web site  
[www.allhealthlogic.com](http://www.allhealthlogic.com)

## FastAttach™

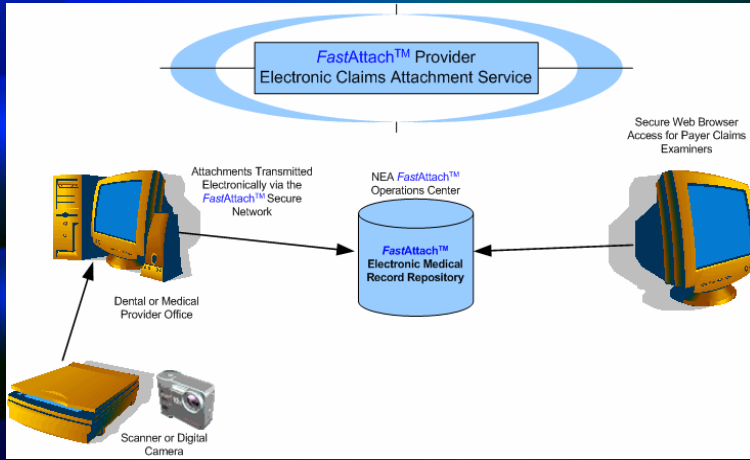
*What does  
it do?*

*FastAttach™* enables providers to transmit their attachments, via the Internet, for insurance companies to view, in support of electronic claims.

Attachments include x-rays, digital images, medical and dental charts, narratives, EOB's, etc.

# FastAttach™ — Provider

*How does it work?*

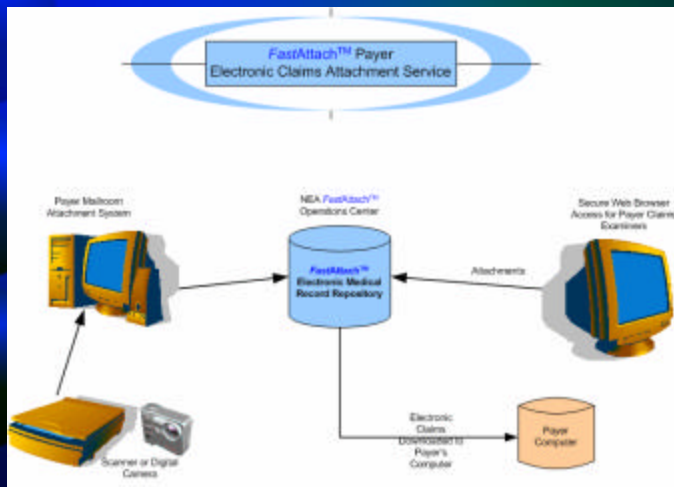


©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

37

# FastAttach™ — Payer

*How does it work?*



©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

38

## FastAttach™

- FastAttach™ is capable of acquiring an image from several sources.
  - Import File  
Use this method to acquire an image from a file which is already saved on your hard drive or network.
  - Screen Capture  
Use this method to acquire an image by drawing a box with your cursor around any image which you can display on your monitor (for instance, your practice management software may have digital images which you may acquire directly into our software by using the screen capture method).
  - Twain Acquire  
Use this method if you are using a scanner to acquire an image



©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

39

## FastAttach™ & Paper Claims

*How does  
it work?*



NEA#53999

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, L 60099. All rights reserved.

40

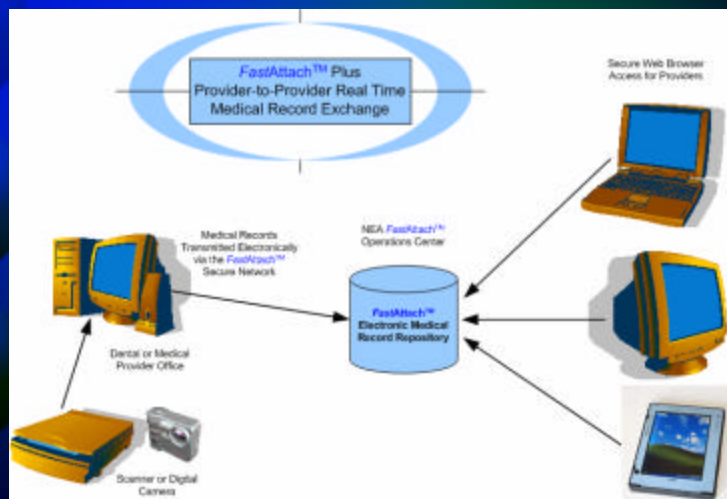
## FastAttach™ — Link

Integration with Claims Clearinghouses, Practice Management Systems and Digital Imaging Systems to eliminate duplicate data entry for providers

©Copyright 2004 Rachel Foerster & Associates, Ltd., Beach Park, IL 60099. All rights reserved.

41

## FastAttach™ Plus — Provider-to-Provider Medical Record Exchange



42

## FastAttach™

### Cost for Providers

- \$250 Registration Fee
- \$25 Monthly Service Fee Per Provider
- A means to digitize attachments – scanner, digital imaging system or analog camera with video capture card
- Internet Service Provider
- Costs are for claims attachments only – pricing does not include FastAttach™ Plus

## FastAttach™

### Cost for Institutional Providers

- \$1000 Registration Fee
- \$.35 Per Attachment Fee
- A means to digitize attachments – scanner, digital imaging system or analog camera with video capture card
- Internet Service Provider

*Costs are for claims attachments only – pricing does not include FastAttach™ Plus*

# FastAttach™

# Participating Dental Payers

**Blues**

BCBS Arkansas  
BCBS Georgia  
BCBS New Mexico  
BCBS North Carolina  
BC Life & Health (CA)  
Blue Shield of California  
Highmark  
Pennsylvania Blue Shield  
Premera Blue Cross (WA/AK)

**Delta Dental**

Arkansas  
California (Federal Services)  
California  
Colorado  
Idaho  
Indiana  
Kentucky  
Massachusetts  
Michigan  
Missouri  
Missouri in SC  
New Jersey  
New Mexico  
Ohio  
Oklahoma  
Oregon Dental Service - ODS  
South Dakota  
Tennessee  
Virginia

**Dental HMO**

CompDent  
Comp/Benefits Corporation  
Concordia Plus  
Oral Health Services

**Commercial**

Aetna  
AmeriChoice  
Ameritas  
Aware Dental  
Brokers National  
Business Men's Assurance  
Caterpillar Company  
Christian Brothers Service  
CIGNA HealthCare  
Concordia Plus  
Dental Benefit Providers  
Dental Guard Preferred Network  
Doral Dental USA  
EmpheSys  
Employers Health Insurance  
Employer Plan Services  
Equicor  
ExclusiveCare  
First Reliance Standard  
Fortis Benefits  
Fortis Insurance Company  
Group Health (GHI) (01/04)  
Guardian  
Harrington Benefit Services  
Health Plan Services  
HealthSource/Provident  
Humana Dental  
J.F. Molloy & Assoc.  
JLT Services  
John Hancock  
Lincoln National  
MetLife  
Mutual of Omaha  
Mutually Preferred  
National Rural Letter Carrier Assoc.  
Pacific Source

**Commercial.cont.**

Paul Revere/ Provident  
Primary Delivery Systems  
Principal Financial Group  
Principal Life Insurance  
Protective Life  
Randmark  
Reliance Standard  
ReliaStar  
SecurityLife  
Standard Insurance  
Sun Life of Canada  
Superior Dental Care  
TDC, Inc.  
TDC, Ltd.  
Time Insurance  
Tricare Active Reservists  
Tricare Dental  
Unicare Life and Health  
Unicare Special Accounts  
Unistar  
United Concordia  
United Healthcare  
United of Omaha  
Vencor/Kindred Healthcare  
WellPoint Health Network  
Xantus Health Plan

**Medicaid**

GA- Grady Healthcare  
IL - Medicaid  
KY- Passport Plan Reg 3  
MD - MD Physician Care - MCO  
MO - Blue Advantage  
MO - Community Care Plus  
MO - Community Health Plan  
MO - Family Health Partners  
MO - FirstGuard Health  
MO - HealthCare USA  
MO - MC+  
MO - Missouri Care  
MO - Truman Care  
NE- United Healthcare of Midlands  
NM - Cimmaron Health Plan  
NM - Presbyterian Salad  
NM - Loveless Community Health  
OK - Heartland Health  
OK - Unicare Health Plan  
PA - Best Healthcare  
PA - Health Partners  
PA - Three Rivers Health Plans  
SD - Medicaid  
TN- TennCare  
WI - Primecare

For more information:

NEA web site

[www.nea-fast.com](http://www.nea-fast.com)

Or

[www.rfa-edi.com](http://www.rfa-edi.com)

*questions*  
&  
comments