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Claim (and other) Attachment Standards and Operating Rules: Current Developments and Future Directions

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Introduction

- This testimony will focus on the experience of the CAQH Committee on Operating Rules for Information Exchange (CORE) as an operating rule author working with a range of healthcare standards, their development organizations, and creating operating rules focused on administrative simplification.
- CORE was conceived and established by CAQH in 2005 to address the needs of health plans and providers to exchange more robust administrative transactions in real time.
  - CAQH CORE is the only national effort solely engaged in the development of operating rules for the facilitation of administrative healthcare transactions.
  - The CAQH CORE operating rules are created through an open, transparent, quorum-based voting process with a wide range of healthcare stakeholders. The CORE participants include health plans, providers, vendors, associations and standards setting organizations (SDOs), with SDOs including ASC X12, Health Level Seven International (HL7), The Electronic Payments Association (NACHA) and the National Council for Prescription Drug Programs (NCPDP).
- We thank NCVHS for recommending the adoption of CAQH CORE operating rules for Eligibility and Claims Status, and for recommending that CAQH CORE collaborate with NACHA to author the operating rules for Electronic Funds Transfer (EFT) and Electronic Remittance Advice (ERA).

Responding to the ACA Requirements for Attachments

- This hearing is the NCVHS preliminary inquiry into the state of the industry regarding claims attachments, other kinds of attachments and the future direction for adoption of attachment standards and operating rules.
  - A national set of recognized standards and operating rules for attachments has the ability to truly deliver administrative simplification while also aligning administrative-clinical efforts.
- The Patient Protection and Affordable Care Act (ACA) time frames for this area are aggressive, and a significant amount of work needs to be accomplished.
  - The statutory compliance date for use of the Claims Attachment Operating Rule is January 1, 2016; CMS is expected to publish an Interim Final Rule by June 2014.
  - Given the evolving state of attachments and the ACA statutory deadlines, the healthcare industry must coordinate in 2012 and 2013 to: (1) identify the standards and operating rules that it will propose for inclusion in this regulation, (2) agree on the rationale, and (3) demonstrate viability.
  - Weighing key evaluation criteria such as market maturity by sectors, relevance to specific attachments, return on investment (ROI), and public-private alignment will be critical to this process.
- More than ever before, standards and operating rules will need to work together if we are to meet the deadlines, and public-private collaboration will be essential.
  - There is significant, but wide ranging opportunity, so criteria-driven prioritization will be key.
  - Using the existing ACA definition of how operating rules and standards work together will greatly assist this process.

Adapting to the Changing Landscape

- Preliminary work on attachments has been underway for the better part of a decade, and the market has many lessons learned from this process.
  - As already heard throughout today's hearings, the initial work on attachments focused on claims attachments and HIPAA standards; however, the Notice of Proposed Rule Making (NPRM) in 2005 was not finalized, so no HHS-mandated standards have been adopted.
- Since the original NPRM, a wide range of standards and implementation guides related to attachments have been developed, e.g.,
  - Standards have been adopted by HL7, ASC X12, Logical Observation Identifiers Names and Codes (LOINC), and Integrating the Healthcare Enterprise (IHE), among others, to support ongoing and emerging implementations.
  - Relevant standards (and implementation guides) exist for the various components required to make attachments function in the market. Standards and multiple guides exist for:
    - *Structured/unstructured clinical and administrative data.*
    - *Inquiries and responses.*
    - *Addressing, routing, enveloping of the payload; payload may have its own hierarchy of enveloping.*
    - *Transport of data.*
    - *Security for data, at an organizational and an individual level.*
  - A number of these standards are being revisited by their authors to consider the changing landscape. There is not yet industry agreement on use cases, definitions, or priorities; and, the scope of the role of such standards vary.

Adapting to the Changing Landscape (cont'd)

- Since the initial work, new business needs and new types of players are helping to address or drive changing market needs, e.g.,
  - Emergence of new methods to exchange the data such as mobile devices and a greater reliance on the World Wide Web.
  - Ability to leverage large scale technical requirements due to a new regulatory environment in which some of the Office of the National Coordinator for Health Information Technology (ONC) efforts aim to impact most healthcare settings, such as for Meaningful Use.
  - Existence of new tools and solutions such as operating rules.
  - Public sector initiatives whose full impact requires private sector engagement, e.g.,
    - CMS began its Electronic Submission of Medical Documentation (esMD) initiative several years ago given the critical need for receiving medical attachments for administrative reviews. Its initial ASC X12 profile leverages CORE operating rules related to connectivity.
    - Nationwide Health Information Network (NwHIN) was created by the ONC and is being used, albeit in limited ways, by federal agencies. CAQH CORE has conducted a demonstration with NHIN regarding administrative transactions.
  - Emergence of new business models, such as Accountable Care Organizations (ACOs) and Health Information Organizations (HIOs), that will require new types of attachments or re-purposing of existing ones.
  - Ongoing re-purposing of attachments, e.g., clinical documents are being used for administrative purposes, such as authorization and CMS recovery audits.

Addressing the Changing Landscape (cont'd)

- Given the landscape, the healthcare market should focus on an approach to claim attachments that takes into consideration the integrated market in which HIPAA administrative transactions exist.
  - Aligning clinical and administrative electronic attachments will promote a national ability to connect and send value-added "packages" of information. *This said, the regulation will apply to HIPAA-covered entities, so a focus on their capabilities is essential.*
- The issues to consider as attachments move forward are multi-layered.
  - It has been many years since full-fledged regulatory discussions occurred around attachments, and much has changed.
  - There are many opportunities and lessons learned, and also many uncertainties. Despite many promising demonstrations and regional/trading partner/organizational-specific efforts, attachments are works in progress, e.g.,
    - Definitions are not uniform, multiple use cases exist and each SDO-adopted standard may address key requirements differently, e.g., security.
- There is a range of options for how the industry could move forward and focus its claims attachment work; however, one option is very clear:
  - *The goal of any proposed set of standards and operating rules for national mandate must deliver administrative simplification, which assumes return on investment.*

Addressing the Changing Landscape: *Examples of Potential Areas for Claim Attachment Operating Rules*

- No standards have been adopted by HHS and there are no national operating rules for claims attachments.
  - Any business rules used today are between trading partners and are not national in scope.
  - Per the ACA and subsequent CMS work, operating rules and standards have complementary, but different roles, and each should maintain its defined role.
  - Timing for development and testing of standards, as well as for publication and content of implementation guides, depends on the individual SDOs; *an operating rule author that meets ACA requirements is needed.*
  - Having an operating rule author will enable the industry to immediately focus on ensuring that the role of both standards and operating rules are leveraged and work per ACA definitions.
- On the next slide are examples of areas in which operating rules will need to be considered. If serving as an author, CAQH CORE will address these areas in relation to other key milestones such as:
  - NCVHS and CMS direction in establishing the scope of claim attachments operating rules. The scope provided for EFT and ERA operating rules was clear, yet significant responsibility was placed on the market to define industry priorities.
  - How aligned the administrative arena may want to be with the clinical arena.

Addressing the Changing Landscape: *Examples of Potential Areas for Claim Attachment Operating Rules* *(cont'd)*

- Scope: Will Attachment work for ACA be scoped to (1) Claims only, e.g., ASC X12 277/275, (2) Prior Auth, and/or (3) other kinds of business payloads, e.g., should scope include PDF, TIFF, Zip file attachments that may not be wrapped in AXC X12 or HL7?
- Number and types of targeted services: What are the industry priorities? Are they the same as the initially proposed services in the 2005 NPRM?
- Structured/unstructured data: Should rules address both structured (including name and version of standard) and unstructured attachments?
- Solicited vs. unsolicited inquiries and acknowledgements: What are reasonable industry rules given all the inquiries that can be made of both the payer and provider?
- Payload size limitation/data compression algorithms: Given variations between standards and implementation guides, should rules address size limitations so that attachment handling is reliable across trading partners and data compression saves network bandwidth?
- Security/signature: Given the sensitivity of attachment data, definition and trust issues and rules regarding electronic, digital and wet signatures need to be addressed; should policies and legal issues speak to alignment with clinical?
- New market models: Should the industry address emerging business processes associated with HIEs and ACOs if these are HIPAA-covered entities?

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CAQH CORE:
Commitment to Action and a Solid Foundation

- CAQH CORE is proactively outlining how it would conduct thoughtful facilitation and provide the necessary resources for the development of operating rules given the intense timelines, e.g., CORE – in collaboration with other organizations – will conduct a market scan and produce a White Paper in early 2012.
  - What attachments and associated workflows are being used; which challenges are being experienced *that speak to the definition of operating rules per the ACA?*
  - What is the technical and strategic readiness of the industry to adopt operating rules for claims attachments, and what is their dependence on other HIT efforts, e.g., timing of standards, ROI expectations?
  - NCPDP and HL7 have expressed interest, and outreach was conducted to ASC X12. At its annual conference, WEDI recently held several sessions on attachments that were very informative on priorities and gaps, and findings from this activity would be highlighted.
- Furthering work and partnerships with critical organizations and SDOs, e.g.,
  - CAQH CORE is developing an MOU with HL7 given their essential role in attachments.
  - Ongoing work to consider how/where medical and pharmacy should be aligned with claim attachments, e.g., draft CAQH CORE EFT and ERA Enrollment Rules address both medical and pharmacy as they were developed in collaboration with NCPDP.
  - CAQH now is a member of the WEDI Board of Directors.
  - CAQH CORE is working to strengthen public-private collaboration with multiple federal and state agencies, including CMS and ONC.

CAQH CORE:
Commitment to Action and a Solid Foundation *(cont'd)*

- CAQH CORE has extensive experience drafting operating rules that build on a range of standards, conducting extensive education/outreach, managing a *voluntary* certification process in which testing is conducted by independent entities, and tracking ROI across stakeholders.
  - CAQH CORE staff is reviewing the current and draft CORE operating rules to-date to identify lessons learned that can be applied to attachments, e.g., CORE Connectivity and Acknowledgements, and what additional areas must be addressed for attachments such as the examples given earlier in this testimony.
  - As draft operating rules for attachments develop, NCVHS and the market will need to consider how to identify what is reasonable to propose in 2013 for a market mandate, while also encouraging a focus on evolving standards and operating rules that may need further analysis; CAQH CORE has a solid foundation on which to deliver sound recommendations.

Moving Forward

- CAQH CORE is committed to continuing its work as an authoring entity for industry operating rules, in collaboration with a wide range of stakeholders that include SDOs.
- CAQH CORE will be pursuing designation as the authoring rule entity for claims attachments.
  - In its 2012 budget, CAQH CORE has allocated resources to submit an application to serve in this role and, if recommended, actively meet the responsibilities of the role.
- CAQH CORE will keep NCVHS apprised of its progress, e.g.,
  - Working with public efforts, e.g., the ONC S&I work, NwHIN Specifications Factory & Testing Group.
  - Collaborating with SDOs and others on White Papers, timelines and identifying pilot opportunities that will require resources and analysis.
  - Further outline administrative simplification value of various operating rules for claims attachments.
- Given the ACA timeframes and the work that needs to be done, we strongly encourage that NCVHS begin the operating rule author application process early in 2012.
  - The industry needs guidance regarding where to coordinate its disparate resources.
  - All the organizations essential to the process need to plan their resource allocation, and identifying an author is critical to that process.

Thank You

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