



**Testimony to the National Committee on Vital and Health Statistics  
Subcommittee on Standards  
November 17, 2011**

**Claims Attachments Standards and Operating Rules**

**Introduction**

Members of the Subcommittee, good afternoon. I am Deborah Meisner, Vice President of Regulatory Compliance Strategies for Emdeon. Emdeon appreciates the opportunity to provide comments regarding Claims Attachments Standards and Operating Rules. Addressing this issue is very important as the healthcare community strives to further automate critical functions and achieve true administrative simplification.

Emdeon is a leading provider of revenue and payment cycle management and clinical information exchange solutions. Building on more than 25 years of government and commercial service, Emdeon provides powerful financial, administrative and clinical communication solutions that connect payers, providers and patients to improve healthcare efficiency. Emdeon processes nearly 6 billion healthcare transactions each year, and our industry-leading network encompasses 500,000 physicians, 81,000 dentists, 60,000 pharmacies, 5,000 hospitals and 1,200 government and commercial payers.

As a clearinghouse that handles very large volumes of claims and other transactions each year, we understand the challenges and opportunities associated with automating Claims Attachments. The processes required for providers to respond to requests for additional information (solicited attachments) or to send information proactively (unsolicited attachments) can be cumbersome and time-intensive. Standardizing the manner and circumstances under which attachments are transmitted will reduce ambiguities and bring greater accuracy and efficiency to the workflow.

**Emdeon Experience with Medical Claims Attachments**

In 2002, the medical community had relatively low rates of transmission of health care claims by electronic data interchange (EDI). Since that time, the enactment of the Health Insurance Portability and Accountability Act (HIPAA), along with leadership from stakeholders across the healthcare industry, has caused those rates go up dramatically. However, throughout this period, we have seen a consistent trend towards carving out certain claim types for transmission on paper. We have continued to work with payers and providers to understand the reasons for this carve out. One of the most significant reasons is the requirement for supplemental information to support adjudication of the claim. For this reason, Emdeon has decided to make a significant investment in automating medical claim attachments. Two years ago, we launched a pilot project with two large health plans. Recently we completed a detailed analysis of our experience.

We performed detailed time and motion studies comparing current-state processing of medical claim attachments compared to an automated electronic attachment solution. Emdeon estimates that the health plan's return on investment (ROI) for the automated solution approaches 4-1, and the cost



savings associated with the solution could reduce a health plan's cost of requesting and processing paper attachments by nearly 50%. For example, Emdeon conservatively estimates that one of the payers studied spends at least \$2 million annually processing paper claim attachments, so a 50% savings on this amount would be \$1 million.

Beyond the financial benefits, implementation of the automated solution can have additional benefits such as improved provider relationships and improved administrative efficiency driven by factors such as fewer lost attachments and a shortened claim payment cycle.

While early phases of the pilot project are focused on attachments directly associated with medical claim processing, the capabilities of the solution can also be leveraged to reduce the volume of paper associated with Provider Dispute Resolution processes and Prior Authorization processes. These workflows are conducted at health plans and represent the bulk of the attachments processed outside of core claim administration.

Emdeon has also introduced processing of claims for Worker Compensation, Property & Casualty and Auto Accident carriers. We have seen significant adoption from the carriers, but have seen more limited volumes of transactions from the provider community. We are working to address these challenges through outreach and education. Generally, providers have been trained to carve out these types of claims from their normal electronic submission. Introduction of electronic submission for these new types of claims will require some retraining and adjustment of work processes, but we believe this barrier can be overcome in time as providers have the opportunity to see the benefits of electronic submission of these bills and claims.

**Overall, in our experience, Claims Attachments can be implemented effectively and in a manner that achieves cost savings. The key to successful implementation will be taking an approach that builds on the mechanisms that are working today.** Towards that end, I would like to move into the specific items under consideration by the Subcommittee.

### **Status of Standards Development and Implementation**

*Question 1: What is the current status of development of standards for attachments and implementation specifications? What is the timing for development and testing standards?*

Like others testifying today, we would certainly defer to the Standards Development Organizations (SDOs) to address the details on developing and implementing standards for Claims Attachments. However, we are encouraged by the progress by ASC X12 to complete the standard for version 5010 and by HL7 who is close to completing their work as well.

### **Future Outlook for Standards / Harmonization with Meaningful Use**

*Question 2: Where do you see the standards for attachments going? How are these standards being harmonized with the standards developed/adopted for exchange of clinical information under the Meaningful Use program?*



As we look ahead to how Attachments might be used in the future, **Emdeon concurs with WEDI's assessment that there will be a long-term need for additional information in the form of Claims Attachments.** We also agree that **this same information can be used to facilitate other processes such as Referrals and Authorizations,** much like our approach to our pilot program which includes plans to expand use of Attachments to other processes in later phases.

Emdeon also acknowledges the importance of harmonizing standards for Claims Attachments with other standards that impact the exchange of clinical information. We will continue to work with each of the standards organizations, including ASC X12, NCPDP and HL7 and the joint workgroups that have been established to address this need.

**We would like to emphasize, however, the importance of maintaining use of the ASC X12 275 transaction as the mechanism for delivering the information.** The industry must have an effective means for associating the attachment to the claim or other transaction in a clear and consistent manner. Numerous discussions have taken place regarding use of attachments in other kinds of exchanges and the need for the X12 wrapper, including at the recent WEDI Conference. **There appears to be consensus that the X12 wrapper can and should be used for all exchanges between providers and health plans, and the industry is generally prepared for this kind of approach.** Thus, **Emdeon strongly recommends that the ASC X12 275 be the mechanism for transmitting the information for all exchanges between providers and health plans and the X12 wrapper be included in the HIPAA adoption of Claims Attachments.**

### **Priority Areas for Providers and Payers**

*Question 3: Are all the "priority" areas identified by provider and payers being addressed in the development of the standards? Which areas might not be addressed? What other gaps have been identified? How can those gaps be addressed?*

**Emdeon encourages the standards organizations to continue their efforts to get stakeholder input on the components for the Claim Attachment standards to ensure that their needs are met and to avoid unintended disruptions or duplications of effort. It will be critical to identify the use cases for how information is used today and how it is expected to be used in the future, particularly in the context of new care delivery models like Accountable Care Organizations, bundled payments for episodes of care and other reforms.**

### **Operating Rules**

*Question 4: What is the current status of common business rules (operating rules) for the requirement/submission of attachments in the industry? What are the areas where national standard business rules/operating rules for requiring/submitting attachments would be most beneficial?*

As noted by the other presenters today, operating rules have not yet been written for Claims Attachments, and there are a number of considerations for their development. Numerous entities will have a stake in that work, so **Emdeon encourages both the standards organizations and the potential operating rule authoring entities to collaborate from the outset and seek extensive input from the**



**industry.** In addition, **the industry would benefit greatly if NCVHS could help to define a path for the process and clearly delineate roles and responsibilities, to avoid some of the overlap and duplication that we have seen in previous efforts.** As we have noted in previous testimony to NCVHS, the process for development and maintenance of standards and operating rules must be improved, so we look forward to the discussion later today on this topic.

Regarding the content of Operating Rules for Claims Attachments, **Emdeon recommends that Operating Rules focus first on defining the circumstances under which unsolicited Claims Attachments would be used.** This would go a long way towards eliminating ambiguity and speeding the adjudication process. **Specifically, Emdeon would recommend rules to call for use of unsolicited Claims Attachments whenever procedure code modifiers -22 (Operative Notes) or -62 (Description of Services) are used.**

Additionally, **Emdeon believes that any other rules for use of Attachments would best be handled in trading partner agreements, rather than in Operating Rules.** As we said earlier, the goal should be to build upon processes that work and to minimize unnecessary burdens.

Finally, Emdeon is also concerned about state requirements regarding Claim Attachments. The state of Texas has passed legislation that defines what types of claims require specific kinds of attachments. While we understand the need that has driven this kind of legislation, **we are very concerned about the possibility of having 50 different sets of state requirements. We hope that the development of a reasonable and effective set of Standards and Operating Rules for Claims Attachments will help to eliminate the need for a patchwork of new state regulations.**

## **Authoring Entity**

*Question 5: One of the responsibilities of the Committee is to identify an authoring entity for national operating rules for claim attachments; would you be pursuing designation as an authoring entity?*

The question regarding Authoring Entities is not applicable to Emdeon. We would, however, like to reiterate our view on the **importance of collaboration and coordination among the standards organizations and potential operating rule entities. Overlapping an duplicative work creates confusion and distraction in the marketplace. We urge all parties to work together on a solution for improving the process for developing, coordinating and maintaining standards and operating rules.**

## **Other Transmission Methods**

Finally, Emdeon would like to make one additional observation regarding the use of Claims Attachments. The industry is currently utilizing several other methods – besides EDI – which are used widely by Workers' Compensation and Dental , including things like document management systems that use FTP, Fax and other methods of uploading documents for view. **Emdeon believes these should not be negatively impacted by new regulations and should continue to be a way to exchange this type of information.**



## Conclusion

In summary, Emdeon offers the following recommendations for consideration by the Subcommittee:

1. **Claims Attachments can be implemented in a manner that achieves cost savings – by building on the mechanisms that are working today. Other methods in use today should not be negatively impacted.**
2. **The industry should maintain use of the ASC X12 275 as the mechanism for transmitting the information for all exchanges between providers and health plans, and the X12 wrapper should be included in the HIPAA adoption of Claims Attachments.**
3. **We must identify use cases for how information is used today and how it is expected to be used in the future, particularly in the context of new care delivery models.**
4. **NCVHS should help define a path for the process and clearly delineate roles and responsibilities, to avoid some of the overlap and duplication that we have seen in previous efforts.**
5. **Operating Rules should focus first on defining the circumstances under which unsolicited Claims Attachments would be used. Other rules for use of Attachments would best be handled in trading partner agreements.**
6. **All parties must work together on a solution for improving the process for developing, coordinating and maintaining standards and operating rules.**

Emdeon appreciates the opportunity to share this testimony with you today. Thank you again for your attention. We look forward to continuing our work with NCVHS and other entities to achieve an effective solution.

###