

National Committee on Vital and Health Statistics

Subcommittee on Standards

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WRITTEN TESTIMONY OF JOPARI SOLUTIONS, INC.

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Workers Compensation

Jopari Solutions, Inc. appreciates this opportunity to provide comments from our customers related to the inclusion of other insurance types to require the use standard transactions under HIPAA. The following represents our experience and recommendations from developing and managing connectivity services between providers and payers in the Property & Casualty insurance markets, more specifically Workers' Compensation and Auto Medical.

Jopari Background

Jopari Solutions, Inc. is a privately-held technology corporation founded in 2003, based in Concord, California, and is entirely focused on creating tools and connectivity solutions for the Property & Casualty industry. Jopari's vast array of customers, both on the provider and payer fronts, include some of the most well established practice/revenue cycle management systems, clearinghouses and claims handling organizations in their respective marketplaces.

Jopari Solutions is processing today over 1.4 million electronic transactions a month on behalf of thousands of medical providers and 700 plus payers that include ASC X12 N Professional and Institutional Health Care Claims, X12 Acknowledgements (TA1, 997/999/ 277CA), Attachment (275 and other commonly deployed technology attachment solutions) ASCX12N Health Care Claim Payment/Advice (835) and Electronic Fund Transfers (EFT). Though the main focus has been Workers' Compensation, there is a growing market for Auto Medical.

Jopari has also had to establish solutions to ensure that the nuances of the Workers' Compensation and Auto Medical industry can be readily met, and to respond to the needs of the diverse array of medical providers that service these coverages. The availability/readiness of technology can range from "little or none", all the way to highly sophisticated interfaces with providers who have extensive automation and document management solutions. These innovations includes providing access to web-based portals to input or upload billing transactions, view status information, along with the ability to fax or upload related documentation. In some cases, Jopari, in partnership with provider technology suppliers, has imbedded its technology into well-established systems to allow them to offer a Property & Casualty solution for their customers.

Jopari has also taken a significant collaborative and leadership role in working with the national standard setting organizations such as ASC X12, WEDI, as well as with the IAIABC, AMA and jurisdictions to help facilitate Property & Casualty administrative simplification and voluntary stakeholder adoption of electronic data interchange. As a result of the dedication and facilitation of Worker Compensation solutions, Sherry Wilson, EVP of Jopari was named as the ASCX12 N IAIABC Liaison.

Our focus today is in support of the utilization of the applicable standard transactions that are relevant to Property & Casualty. There are several transactions that comprise the National Standards that due to the underlying principles of some of the Property & Casualty lines of coverage are not applicable, such as Enrollment, Health Plan Premium Payment and Eligibility transaction. Likewise, there are additional refinements to some of the transactions and their codes sets that are either being addressed in Version 6020, or need some further enhancements to allow Property & Casualty to fully deploy electronic interchanges, and eliminate paper interactions.

Jopari experience and emerging eBill state regulations

Jopari was motivated by the desire to take what had been working in the healthcare industry for some time and apply it to the Property & Casualty industry to gain the same simplification and cost savings for our customers.

At first Jopari assisted Property & Casualty payers in streamlining their payment processing and remittance management workflows. Jopari has advocated the use of paperless handling of medical bills and payments since our inception. Early adopters found that by implementing such technologies as paper conversion allowed their claim staff to manage their incoming mail electronically, providing them with immediate improvements in claims handling metrics and reduction in friction with the medical community by having a complete “claim file” maintained digitally. Also, with the use of Electronic Fund Transfer (EFT) and Remittance Advice transactions, both payers and providers saw improved payment cycles, reduction in lost checks, and improved communication of bill review results.

In January, 2008 Texas announced that they would mandate the use of electronic medical billing including attachments and remittance advice between providers and payers for Workers’ Compensation. This was a catalyst to Jopari’s customers to direct Jopari into this arena as they were quickly able to recognize that a full, electronic cycle of billing to payment would provide the ultimate in workflow optimization, and would have significant operational benefits.

The Texas Labor Code §413.011 requires alignment with CMS coding/billing policies, to the extent possible. The rules also mandated the use of the ASCX12N Health Care Claim for Professional and Institutional, Acknowledgement transactions and the ASCX12N Health Care Claim Payment / Advice (835). Attachments are required to be sent electronically via secure fax server, email, and or electronically (275 or via other available technology solutions.)

Issues with paving our own path

The initial Texas regulations, even though they resembled the X12 transactions, had specific jurisdiction nuances that in essence would require a Texas-specific version for most systems. This resulted in Texas developing an eBill Companion Guide to provide direction on how to use the X12 transactions to comply with their jurisdictions requirements.

The provider community, even though very excited about the prospect of eBilling, encountered an implementation challenge when they reached out to their practice management system and connectivity solution vendors. The common questions among technology suppliers when asked to support solutions to enable their clients to handle Workers’ Compensation with their existing products

were – “How many Workers’ Compensation transactions are we really talking about?”, and “Does this mean we may be looking at multiple versions if more states require eBilling?” The first answer was there are only about 100 million Workers’ Compensation billing transactions annually, across all jurisdictions; and second, probably yes, if jurisdictional rules development maintained the status quo. Even though Workers’ Compensation eBilling was mandated in Texas, adoption at first was minimal among stakeholders. The technologies vendors were obviously reluctant to invest and support a “one off” non standard transaction.

In 2009, Minnesota enacted an even further-reaching requirement to achieve Administrative Simplification, which resulted in a Minnesota version of X12 that was to encompass all lines of healthcare, including Workers’ Compensation, Auto Medical and other Property & Casualty coverages, most that had never before been introduced to electronic billing concepts. Minnesota Statute 62J.536 and related statutes required eBill and the use of federally adopted standards. The Minnesota rules also had Workers’ Compensations nuances that created implementation challenges for the Minnesota Property & Casualty stakeholders, in that the X12 remittance transaction did not accommodate the state Workers’ Compensation mandated remittance reporting requirements. (Early on it was decided that the mandated eligibility transaction was not applicable to the Auto Medical or Workers’ Compensation lines of coverage.)

Minnesota worked with the Property & Casualty stakeholders, the IAIABC and X12 to create a 4010 /5010 workaround to address the state mandated remittance reporting requirements. Minnesota developed companion guides in addition to the X12 transactions sets, to help provide stakeholder guidance on how to use the X12 transaction sets to submit and process Workers’ Compensation and Auto Medical bills and associated attachment. Again, early adoption was limited due to availability of provider connectivity.

The Minnesota and Texas examples illustrate that early state regulatory and stakeholder desires to enact regulations and implement solutions to address the challenges of Property & Casualty industry’s historically paper-intensive systems needed to be reassessed. The “magic bullet” appeared to be the need to align with the X12 transactions sets.

Aligning with the industry for success

At this point in 2009, the Workers’ Compensation industry, led by efforts by the IAIABC and collaboration with the jurisdictions and standards setting organizations, first set out to identify how the industry could move to a national standardize approach to facilitate stakeholder adoption and mitigate the need to enact 50 jurisdictional-specific formats, companion guides and proprietary code sets. After a very involved analysis, it was identified that the X12 transactions could actively support most of the jurisdictional needs. Then, with the assistance of the X12 and WEDI, recommendations for the 5010 and beyond versions were discussed, additional codes identified, and approved and consensus that utilizing the national standards was in fact a viable approach.

Through this industry collaboration, in June 2010 the ASCX12 5010 Errata contained several changes to help make the implementation specifications accommodate the Workers’ Compensation business

needs, which included, a new Property & Casualty Patient Identifier Segment, modified usage rules as well as modified situational rules.

Future X12 versions address the majority of 5010 Workers' Compensation needs, which further facilitates the use of national standard transaction sets that can be used across all lines of health care business.

The Auto Medical industry has paralleled a similar path in working with the national setting organizations to address their business requirements. These changes to the national standard to align with the Property & Casualty business requirements demonstrate that via collaboration it is possible to get what is needed to make these transactions work for this industry.

As you heard in previous testimonies, the IAIABC in June 2009 released the IAIABC Workers' Compensation Electronic Billing and Payment National Companion Guides. In 2011, the IAIABC in cooperation with X12 updated the companion guides based on the ASC X12 005010 and NCPDP D.0 versions. These companion guides align with the HHS adopted transaction sets, provide additional business information regarding the population of the ASCX12 and NCPDP transaction sets in a Workers' Compensation setting and highlight areas where jurisdictions should provide additional information.

The State of California Division of Workers' Compensation is the first state to model their eBill requirements on the IAIABC Guidelines. California Labor Code §4603.4 required the adoption of eBill rules that align with HIPAA, payers are required to accept eBills and clean uncontested eBill are to be paid within 15 days. The effective California eBill rule date is October 18, 2012.

The State of Texas Division of Workers' Compensation revised their eBill rules in August of 2011, in which they eliminated the use of companion guides, adopted 5010 X12 transactions sets, and added rules for workers compensations specific data requirements that align with the IAIABC National Workers' Compensation and X12 national guidelines.

Other future state initiatives, heading in the right direction

In June 2010, the IAIABC published the IAIABC Workers' Compensation Electronic Medical Billing Model Rule to provide educational guidance to states that are considering or engaging in the eBill rule making process. The Model rule supports a national standard approach to electronic data interchange and aligns as appropriate with the X12 standards. This enables the inclusion of more states by creating a method and a repeatable process that works across the Workers' Compensation industry.

The State of Louisiana under the Louisiana Revised Statutes §1203.2 requires the adoption of rules on eBill by January 1, 2012. The Proposed eBill rules require payers to accept eBills effective July 1, 2013 and to align with the national X12 standards. They will use jurisdiction companion guides in addition to X12 transaction guides, similar to Minnesota and California.

There are over 20 states that are engaged in eBilling initiatives or informal discussion with stakeholders. Some of these states include Illinois, Florida, Georgia, North Carolina, Oregon, Tennessee, Colorado, Connecticut, Delaware, Kentucky, New Hampshire, South Carolina and Utah. Today, many of these

states are using the IAIABC Model rule as the basis for their rules, and overall, adoption by providers and payers is growing rapidly. A key contributing factor to eBill stakeholder adoption has been the Property and Casualty alignment with the national standards. We have seen in the last year a resounding interest in the practice management system and connectivity solution vendors to offer Property and Casualty solutions to the provider community.

Benefits

Not only is the workers' compensation industry working toward a national standard, because it is the right thing to do for administrative simplification, but there are real tangible benefits to the industry. Workflow automation is the prime driver that keeps stakeholders engaging in the adoption of the ebill initiatives and motivates the jurisdictions to engage in these efforts.

Now almost into the fourth year of mandates for eBilling, there are documented benefits to providers and payers. Providers are seeing payment cycles reduced from electronically submitted bills on average of 20 to 40%. With the use of electronic attachment solutions and jurisdictional edits, providers are seeing first time acceptance of transactions improved by in some cases 85%. With the audit trail established by the use of eBilling, the need for follow-up calls to see if the payer has received the bill are being reduced, and the use of the remittance transaction can provide early indication to the provider of the payers adjudication determination, allowing them to more timely respond to any issue with the submitted charges.

Likewise with payers, 30 plus% improvements in payment cycles, reduced customer service calls, fewer disputes, and overall improvement to turnaround time as much as 50 plus%. It also impacts mailroom costs, cleaner data creates fewer corrections and overall improved quality for mandated state reporting.

At the same time, the voluntary Jurisdictional alignment with the national standards to improve Property & Casualty administration simplification has enabled provider stakeholders to leverage their existing IT investments and vendor relationships to be able to submit to all lines of health care business. Their primary driver is the administrative simplification allowing elimination of maintaining costly dual processing and workflow systems. This is evident in the growing number of transactions monthly, and the growing interest by technology suppliers.

Challenges

Code Sets: Jurisdiction codes or code sets are defined by statutes, rules and or Fee and/ or Billing Guidelines. Similar to Healthcare the state Workers' Compensations laws MUST now pay attention to federal laws and work united in order to not oppose each other. State laws around Workers' Compensation should embrace alignment so national payers and providers do not have to develop 50 different Workers' Compensation processes. Working towards jurisdiction standard code sets is a start and more states are beginning to align with CMS coding.

There is the challenge that some states are using outdated code sets and or proprietary codes due to mandated statutes / rules/ Fee and or Billing Guidelines and or not aware of potential impact or conflicts of emerging federal regulations such as ICD-10 codes. According to the IAIABC recent Workers' Compensation jurisdiction survey regarding ICD-10 readiness, only 13 states had completed a Workers' Compensation formal assessment regarding the impact of code migration. The potential impact to

stakeholders if a state does not migrate to ICD-10 will be dual processing to support outdated (ICD-9) or proprietary codes, which practice management systems, may not continue to support, due to being out of compliance with federal requirements.

The other challenge to administrative simplification is the use of jurisdiction proprietary reason codes for adjustments or denial of a medical bill or charge. The eBill states have adopted Claim Adjustment Reason Codes (CARCS) and Remittance Advice Remark Codes (RARCS) to align with the national standards for payment remittance processing, verse the use of proprietary codes. In many cases the state proprietary codes could be cross walked to the existing national code sets and or new codes could be requested from the appropriate code committee. California and Texas are good example of states that have worked in conjunctions with the IAIABC and X12 to replace jurisdiction proprietary claim adjustment reason codes with new and or modified CARC and RARC Codes.

In most cases states specific regulations, rules or statues would be required to be modified or be changed to address code changes.

Practice Management Systems and Connectivity Solution Vendors

In the past the practice management systems and connectivity solutions vendors have been hesitant to engage or invest in the Property & Casualty market due to the low volume of transactions and the potential of having to deploy multiple standards sets.. The industry challenge is if jurisdictions do not align with the national standards, this will impact the technology vendor participation and directly impact provider stakeholder adoption. At the same time, vendor education as to Workers' Compensation and Auto Medical billing requirements as well as jurisdictional specific requirements needs to be more readily available.

Property and Casualty 5010 X12 and NCPDP D.0 Industry Education

How to use the 5010 X12 transactions sets in the Property & Casualty environment, requires ongoing industry education, until the industry migrates to future X12 versions. Specific industry educational initiatives on how to use the 5010 transactions based on specific Property & Casualty and or jurisdiction business requirements that are not addressed in the current 5010 X12 implementations guides are as follows:

- The IAIABC has reached out to their jurisdiction and stakeholder memberships to collaboratively work with the national setting organizations to develop the *IAIABC Workers' Compensation Electronic Billing and Payment National Companion Guides based on ASC X12 005010 and NCPDP D.0* , that provides specific guidelines on how to use the X12 and NCPDP transactions sets in a Workers' Compensation environment.
- The *IAIABC Workers' Compensation Electronic Medical Billing Model Rule* template, provides jurisdictions with the framework for expedited regulatory action, highlights key business decisions for jurisdictions and provides guidance on how to use the 5010 X12 and NCPDP transactions to meet Workers' Compensation and/or jurisdiction business requirements.
- WEDI in 2009 established a sub workgroup under the WEDI SNIP Transactions and Code Sets Workgroup called "Electronic Medical Bill Sub workgroup for Workers' Compensation, Auto and Other Property Casualty". Several WEDI White Papers were published that identified the 4010 / 5010 as well as eBill jurisdictions challenges faced by the Property and Casualty industry. The White Papers also provided X12 recommendations that addressed these challenges and the

impact to industry stakeholders. In addition to White Papers, the WEDI national conferences also have provided educational sessions on this topic, in an effort to further promote industry awareness.

- The American Medical Association (AMA) has been very supportive through their relationship with the IAIABC and other standard organizations to provide Property & Casualty educational outreach to their provider community. They have conducted a Workers' Compensation Webinar on eBilling trends. They are in the process of publishing a Property and Casualty Tool Kit and Webinar to help educate providers on how they can get started in automating their Workers' Compensation and Auto Medical claims submission. The AMA and IAIABC are also working on jurisdiction educational outreach initiatives.
- ASCX12N has proved that the implementation guides can change to meet the emerging needs of not only healthcare but also of Property & Casualty. Changes have been made to future guides in support of requests made to the appropriate committees. Lunch and learns and other educational effort take place within the X12 meetings in order to bring about awareness of the Workers' Compensation and Auto Medical industry differences so all the transactions can adapt to the needs of that industry.
- Jurisdictions eBill Companion Guides have helped to provide stakeholder guidance on how to use the 5010 X12 transactions to comply with their specific state mandated requirements.
- Some of the nations, largest and well established practice/revenue cycle management systems and connectivity vendors are now offering Property & Casualty solutions for their customers. Providers are able to use their existing IT investment and vendor relationships to now send all lines of their health care business. Vendor education (by Jopari and other entities) on how to use the X12 transactions to submit Workers' Compensation and Auto Medical transactions, as well as attachments, is helping to facilitate stakeholder adoption.

Recommendations

Jopari Solutions would recommend to NCVHS the following, based on our years of experience, and the vast connectivity network that has already been established:

a) **X12 Transactions Sets**

Advocate the adoption by Property and Casualty of the following X12 transactions sets that have already been recommended by the IAIABC and adopted by the eBill States such as California, Texas and Minnesota:

1. ASCX12N Health Care Claim Professional and Institutional (837)
2. ASCX12 Acknowledgements (TA1, 999/277CA)
3. ASCX12N Health Care Claim Payment/ Advice (835)

Electronic Fund Transfer (EFT)

Today, eBill stakeholders are voluntarily engaged in establishing Electronic Fund Transfer capabilities, and enrollment continues to grow due to the cost efficiency of an electronic payment over a paper check. It is reasonable to assume that if providers are

receiving EFT for health care payment, then they would want to adopt the same payment method for Property and Casualty claims.

ASCX12 278 Treatment Authorizations and Certification Transaction

Today in Property & Casualty, Treatment Authorization is a very costly and labor intensive manual process. We would recommend that the industry be given time to review the business requirements and impact on workflow processes in the Property & Casualty environment.

b) **IAIABC Model Rule and Workers' Compensation Companion Guides**

Support the IAIABC model rule and e-bill companion guides to facilitate the use of the appropriate HIPAA 5010 X12 transactions and help the industry move toward a national standardized administrative simplification approach.

c) **Ongoing Industry Participation:**

Encourage ongoing Property & Casualty industry participation in the standards setting organizations to assist the industry with further alignment by considering recommendations regarding code sets and enhancements to transactions in upcoming versions.

d) **Practice Management Systems and Connectivity Solution Vendors**

Encourage practice management systems and connectivity solution vendors to continue to incorporate automated solutions into their product offerings as well as promote the use of the X12N standard transactions relevant to Property & Casualty lines of business

e) **Ongoing Property and Casualty Education Regarding the Use of 5010 Transaction Sets**

Encourage the addition of agenda items at various forums, local, regional and national, to provide further explanation of the Property & Casualty needs, and share the successes that have been achieved.

In closing Jopari Solutions would like to thank the Committee for allowing us to comment on this important topic.