November 7, 2011

National Committee on Vital and Health Statistics
U.S. Department of Health and Human Services
200 Independence Avenue SW
Washington, D.C. 20201

Dear NCVHS Committee Members:

UHIN appreciates this opportunity to provide comments from our members related to the inclusion of other insurance types to require the use of standard transactions under HIPAA. The following represents our experience and recommendations.

UHIN is a not-for-profit organization formed in the early 90's to facilitate the development of administrative electronic healthcare Standards and electronic infrastructure for transaction exchange in the State of Utah. Our Standards work has been adopted in Utah state rule and has been shared with the national initiatives at X12, HL7, NCPDP, CAQH/CORE and WEDI. As an organization we are a state/regional forum for the Utah healthcare industry to resolve issues that arise in the exchange of administrative transactions and more recently clinical messages. Our goals are simple: to bring the community together for the development of administrative and clinical standards and services. These standards meet the needs of the health care community. UHIN also offers the industry a gateway to exchange electronic data in order to reduce costs, increase access to care, increase quality of care and lesson the burden of the government programs (Medicare/Medicaid).

We would like to specifically address the inclusion of Property and Casualty (P&C) and Workers Compensation payers in the HIPAA transactions. UHIN and representatives from the P&C/Workers Compensation payers have been meeting since June 2009 on this very topic. We have taken into consideration those efforts that NUBC and X12 have made toward standardization of paper and electronic claims (bills) as we developed our standards for this section of the healthcare industry.

<u>UHIN Experience</u>
Prior to forming our subcommittees we queried P&C/Workers compensation payers and asked if they saw benefit in standardizing the paper and electronic claim (bill) for their health business lines. They were firmly in support of the paper, electronic claim and remittance advice, but could not agree to the usage of other transactions such as enrollment, eligibility, prior authorization/referral or claim status. We had already received indications from the providers that standardizing paper claims was the first step to the greater need for electronic claims. This survey confirmed for us that the time to include these payers in the standardization process was upon us.

As we began setting our priorities we recognized that education needed to be the first order of business. We took the time to develop paper claim (bill) standards first. That endeavor was accomplished in 14 months. This was done in monthly meetings and was a very slow process. We

found that the time was well spent in getting the payers up to speed on healthcare terminology and the differences in health care for P&C/Workers Compensation and Commercial payers.

The following eight months produced the electronic claim and then four months more was needed for the electronic remittance advice. As the payers became more conversant on the topic we were able to increase the speed at producing standards. In the end we vetted our work products to more than 362 carriers licensed in the State of Utah. None of the carriers contacted disagreed with the work or the solutions that were created. There were concerns and comments taken into consideration as our standard was finalized. Much of the concern was addressed as they payers were educated. In some instances education occurred at in person meetings between a specific payer and their technical, business and executive representatives, UHIN and the Director of the Life and Property Casualty Division of the State of Utah.

<u>Industry Readiness</u>

Providers are willing to submit electronic claims and are now even more prepared with the implementation of the 5010 transactions. Education to the provider must occur and they must be willing to upgrade systems in order for this to be successful. The transactions have specifically been updated to accommodate the issues that were not addressed for the P&C/Workers Compensation industry in earlier versions. We would be remiss if we did not mention that several P&C Carriers are currently working with standard transactions today. Based on our survey and two plus years in meetings with the payers we would like to recommend that the Property and Casualty and Workers Compensation payers be required to exchange at a minimum professional and facility claims (837P and 837I). This does not mean that we recommend P&C/Workers Compensation become a covered entity.

As for the remittance advice transaction we have been made to understand that there are some States that have rules or legislation that incorporate specific requirements regarding the payment advice of the claim (bill). In Utah we do not work with any state rules that have requirements for the remittance advice. It will take time for some states to update rules to be congruent with federal rules. While this may be a challenge to states we do not see this as insurmountable and we believe the industry should move forward.

If the national experience mirrors the Utah experience we would recommend that the time frame for implementation come after the 5010 and ICD10 implementation. It will take time for the payers to become educated on the similarities and differences of the current processes and develop implementation plans or create business associate agreements in order to have a successful implementation.

<u>Benefits</u>

Providers gain immediate benefit in reducing the paper submissions in both claims and remittance advice. This standardization allows the source of the data, the providers, to streamline workflow and reduce man hours working on a special process for those healthcare bills that are sent to Property and Casualty and Workers Compensation payers. Our UHIN Clinician Committee is in full support of the standardization process.

The payer achieves benefits as electronic standardized, codified data is received from providers. Payers today receive codified data on paper claims so this is not unusual. The standardization of the data is helpful, but the real cost savings presents itself when moving to the electronic transactions. The commercial industry experience with HIPAA has demonstrated that tangible benefits such as reduction of cost and processing time and increase of data accuracy have been achieved. We believe that this benefit of standardization should be extended to other insurance types as we move forward.

Cost to implement

The startup costs for a payer to implement electronic claims and remittance advice from a paper process would be similar to those experienced with the implementation of HIPPA in 2002. These costs will vary depending upon the size of the payer. Larger payers will recognize better economies of scale than smaller companies. We surveyed a public and ERISA plan to obtain information on the costs that were associated with the original implementation of HIPAA. The payers queried reported the following. See Table 1 [original costs have been recalculated using the inflation index to show present day value]

Table 1

Payer Type		System Upgrades (hardware/software)	Additional Human Resources	Education and Training	2002 Total Cost
ERISA Plan	Small/Mid-Size plan	Purchased commercial translator added two new servers and contracted for on-site consulting to architect and install translator. Translator $30,000 $191,890 annual maintenance.	Three new FTEs (fully loaded) $247,597	$14,865	$454,354
Public Plan	State Medicaid	Upgrade of equipment and in-house programming for translator $557,082	Time from several existing FTE's and two new and one contract $2,819,610	This was education of several department and divisions at that State level. $455,107	$3,831,801

Privacy and Security

As we have spoken with our payers we find that they have used the HIPAA Privacy and Security requirements as a benchmark as they have developed their internal privacy and security policies and procedures. It would be appropriate for these types of payers to adopt the HIPAA compliant Privacy and Security policies and procedures. It will take time for payers to come up to speed with the policies, procedures and system updates.

Recommendations

Based on our fifteen plus years of experience in the exchange of administrative data UHIN would like to recommend the following;

a) Require the Property and Casualty and Worker Compensation payers to participate with a minimum of the following HIPAA transactions:
    I. 837 Health Care Claim (Institutional/Professional)
    II. 835 Electronic Remittance Advice
    III. 999/277CA Claim Acknowledgements

b) Allow time for the education of the Property and Casualty and Worker Compensation payers on the transactions and the usage. Consider implementation after the ICD10 2013 deadline.

c) Allow sufficient time for Payers to update Privacy and Security policies and procedures and systems for reporting.

In closing UHIN would like to thank the Committee for allowing us to comment on this important topic and those that participated in the UHIN experience and provided information for this response.

Sincerely,

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