

Information Exchange

Advancing Administrative Simplification through Operating Rules
Question and Answer

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Introduction

Gwendolyn Lohse is the Deputy Director of CAQH and Managing Director of the Committee on Operating Rules for Information Exchange[®] (CORE[®]) at CAQH[®]. CAQH is a nonprofit alliance of leading health plans and industry trade associations collaborating on initiatives that simplify healthcare administration.

CORE, an initiative of CAQH, is a multi-stakeholder collaboration of health plans, hospitals, providers, vendors, Federal agencies including CMS, state agencies, standard-setting organizations and other healthcare industry leaders creating national business rules through a phased approach. The operating rules govern the electronic exchange of administrative data, regardless of technology. Implementation and certification for CAQH CORE Phase I and II has been voluntary to-date. To demonstrate adoption of the CAQH CORE rules, entities complete a testing and certification process that verifies that their IT systems and products operate in accordance with the rules.

More than 120 organizations participate in CAQH CORE, including health plans that collectively cover more than 150 million lives or approximately 75 percent of the commercially insured plus Medicare and some state-based Medicaid beneficiaries. Prior to CORE, national operating rules did not exist in healthcare administrative data exchange. Through the Patient Protection and Affordable Care Act (ACA)'s Administrative Simplification section, Congress has mandated that all health plans implement operating rules, which are being rolled

out in three sets with compliance deadlines for each set. The law does not stipulate that providers adopt operating rules, but does have requirements for vendors, and imposes a penalty on health plans that fail to implement the operating rules by specific dates. Additionally, the ACA references that a certification and testing process will be developed for health plans.



With respect to the ACA Operating Rules, an interim final rule with comment (IFC) "Administrative Simplification: Adoption of Operating Rules for Eligibility for a Health Plan and Health Care Claim Status Transactions, CMS-0032-IFC" was published in the Federal Register by the Department of Health and Human Services on July 8, 2011. The IFC addresses the first set of mandates for operating rules, and requires adoption of the CAQH CORE Phase I and Phase II operating rules, with the exception of Acknowledgements. Certification for the CORE rules is also voluntary. Comments on the IFC are due on September 6th, 2011.

Can you briefly describe some of the types of Operating Rules and why they make the transactions more valuable?

Operating rules, as defined by the ACA are "...the necessary business rules and guidelines for the electronic exchange of information that are not defined by a standard or its implementation specifications..." Operating rules set expectations so that trading partners know what information to expect and how quickly to expect the information, no matter what transaction. A common set of nationally mandated administrative operating rules will deliver more robust data content and address infrastructure needs that help move data forward to enable streamlined secure exchanges across the industry. In order to achieve interoperability, operating rules must apply to all trading partners involved in the exchange - including health plans, intermediaries/vendors and providers, and that is the approach CORE has taken to date.

The CAQH CORE operating rules build upon and work in unison with HIPAA and industry-neutral standards to fill gaps and address business needs that enable interoperability between organizations. The CAQH CORE Phase I and II rules focus on eligibility and claim status transactions. Currently, CAQH CORE is drafting rules for Electronic Funds Transfer (EFT) and Electronic Remittance Advice (ERA), which are on track to be completed this year. We are developing the EFT operating rules in collaboration with NACHA – The Electronic Payments Association, which writes the operating rules for the financial services industry. In doing so, we are making sure there is tight coordination between the healthcare industry and the financial services industry specific to the payments area.

Essentially, operating rules help bring administrative simplification to daily business by facilitating exchanges between trading partners and ultimately reducing costs. A few examples pertaining to the types and value of the CAQH CORE rules include:

- Eligibility requirement to report variances for in/out of network patient financials (co-pays, coinsurance) before or at the time of service.
- Infrastructure requirements regarding the time periods systems need to be up and running and how quickly to send data – thus defining real-time in healthcare.
- Addressing challenges around patient identification; for example, normalizing last names with hyphens.

How is CAQH CORE adapting to its new role in supporting mandatory rules as opposed to just voluntary rules?

There are a number of important things we are doing or have done as part of our transition from developing solely voluntary to both voluntary and mandatory operating rules:

- **Forming a Transition Committee:** In 2010, CAQH CORE made a commitment to adjust the CORE governance and funding model. Since the inception of CAQH CORE, the operating rules are developed, voted on and finalized by the participating CORE organizations. CAQH funds about 95% of CORE activities. The CORE Transition Committee's 13 members represent various stakeholder groups and include senior-level executives from providers, health plans, hospitals, government, and vendors. The Committee is looking at alternative funding models which will be more diverse in terms of both multi-stakeholder governance and funding. CAQH CORE has always been a multi-stakeholder effort, and we want to be sure that the multi-stakeholders take a greater leadership role in CORE including budget management, long-term planning, and funding models.
- **Working with Standards Development Organizations (SDOs):** Industry alignment on standards and operating rules is critical to effective and widespread interoperability. While CAQH CORE has always worked with SDOs, we are working in even closer cooperation now to ensure our efforts continue to be integrated well with other interoperability initiatives. For example, we signed a Memo of Understanding with the

National Council for Prescription Drug Programs (NCPDP) to collaborate on harmonizing operating rules and standards to ensure administrative simplification between medical and pharmacy transactions. We are also working closely with NACHA to coordinate EFT standards as they relate to healthcare operating rules.

- **Working with state or regional-based interoperability efforts.** Across the board, CAQH CORE is continuing our ongoing commitment to coordinate with existing regional, national and federal HIT efforts. Many stakeholders are actively contributing the experience of state and regional efforts to the operating rules process. Additionally, we are conducting more outreach and collaboration with state Medicaid agencies, since the operating rules mandate in the ACA applies to both public and private payers.
- **Expanding our education and training services.** With operating rules moving to a mandatory status,

education and training becomes increasingly important. We have amplified our efforts in these areas, including more educational webinars and conferences. We typically partner with entities such as the American Medical Association (AMA), Medical Group Management Association (MGMA), Working Group for Electronic Data Interchange (WEDI), Healthcare Information and Management Systems Society (HIMSS), as well as Edifecs, a CORE-authorized testing vendor. We are also ensuring all entities that are already using the CAQH CORE rules are sharing best practices and lessons learned by making materials and technical expertise readily available. Additionally, we are doing monthly Town Hall calls that are open to the public and reminding entities that the CORE rules are free for download on the CAQH website, as are other items such as presentations and recordings from previous webinars.

What are the benefits to payers and providers for implementing Operating Rules – is there any “real world” ROI?

CAQH CORE retained an independent consulting firm – IBM Global Business Services – to study the ROI for early CORE Phase I certified entities. The sample included six health plans that cover 33 million members, as well as several provider organizations. The study found that all stakeholders achieved cost savings and accelerated use of “real-time” transactions and that an industry-wide implementation of the CORE Phase I rules could yield \$3 billion of savings in three years. Specific value achieved included:

- Electronic insurance eligibility verifications took approximately seven minutes less than telephone verifications, saving providers \$2.60 per verification. There are more than 1 billion claims verified for eligibility each year in the U.S.
- Providers working with CORE-certified health plans saw 10-12% fewer claims denials, resulting in improved practice payment.
- Providers working with CORE-certified health plans saw a 24% increase of patients verified prior to a visit, significantly reducing administrative burden at the point of care.
- Additionally, health plans that became CORE-certified had a payback in less than 12 months. For example, by switching from telephone to real-time electronic claims verification, the average annual reduction in administrative costs can be more than \$2.5 million per plan.

The industry should remember, in its voluntary effort, CORE highlighted that all entities must use the rules in order for the market to experience the full ROI. The ACA however only addresses requirements for health plans and some vendors.

Do you see any synergies with other efforts in healthcare data exchange, such as with Meaningful Use or HIEs?

Providers and other stakeholders need information and data exchange processes to be streamlined and complementary. One of the key CAQH CORE guiding principles is aligning administrative and clinical efforts. With this goal in mind, all of the CAQH CORE operating rules are influenced by and work to align with other industry activities. For example, the CAQH CORE connectivity rule is aligned with the direction of the Nationwide Health Information Network (NHIN). The Office of the National Coordinator for Health Information Technology (ONC) is advancing the NHIN as a “network of networks” which will connect diverse entities that need to exchange health information. Therefore, health information exchanges (HIEs) will need to align with NHIN. States are also looking at whether they can integrate the CAQH CORE rules into their HIEs so that any exchange regarding administrative functions offer the most robust data content and streamlined data flow. Operating rules recognize the interdependencies of information exchange, so having good synergies between CAQH CORE and other efforts like those sponsored by ONC recognizes those interdependencies.

Where can we go for more information?

You can find additional information about the CORE operating rules or the voluntary CORE certification process by visiting our website at www.caqh.org

Or, you can access a webinar recording of **CORE Certification and Testing: A step by step overview** at www.edifecs.com/webinars.

About Edifecs

An industry leader since 1996, Edifecs provides healthcare software solutions that improve operational performance by streamlining the exchange of information between health plans, hospitals, and other healthcare organizations, while enabling compliance with current mandates such as HIPAA 5010 and ICD-10. Today, more than 250 healthcare customers use Edifecs technology to unify transactions from any information channel source and input mechanism, while automating manual business processes such as enrollment, claims and payments management.

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