

## Confidently Achieve Operating Rules Compliance with a Proven Platform for Healthcare

### Background on Operating Rules

The Patient Protection and Affordable Care Act (ACA) of 2010 established a set of operating rules to enable administrative simplification by augmenting existing HIPAA transactions and streamlining information exchange across healthcare organizations.

Health plans are mandated to comply with a series of operating rules requirements during 2013 and 2014, after which they face significant penalties. HITECH laws (included in the American Recovery and Reinvestment Act of 2009 and applicable to all covered entities) impose a \$1.5M per entity per year penalty for noncompliance.

CMS imposes separate penalties for health plans under the ACA starting April 2014. The penalty starts at \$1 per member per day with a maximum of \$20 per member per year. These penalties double in cases of intentional misrepresentation. (See Figure 1. for mandate dates and associated penalties.) Health plans are required to report compliance with the Department for Health and Human Services (HHS). They must continually monitor the status of their compliance and take remedial action when warranted.

Significant benefits accrue to health plans adopting Operating Rules including cost savings, enhanced call center productivity and increased member and provider satisfaction. According to an IBM study<sup>1</sup>, implementing CORE<sup>2</sup> Operating Rules (included as part of the mandated rules) have significantly increased the number of eligibility verifications without necessitating more staff. Health plans surveyed saw a 33% rise in patient eligibility verifications over a one-year period.

Health plans also saw increases in provider adoption of electronic channels. A shift from phone to electronic saved \$2.6M annually. The study estimates \$3 billion in annual savings just from the industry-wide implementation of CORE Phase I & II of Operating Rules for eligibility and claims status transactions. Since the cost savings ultimately depend upon IT investment, health plans need to carefully assess implementation costs to ensure that return on investment is positive.

#### WHY EDIFECs FOR OPERATING RULES COMPLIANCE

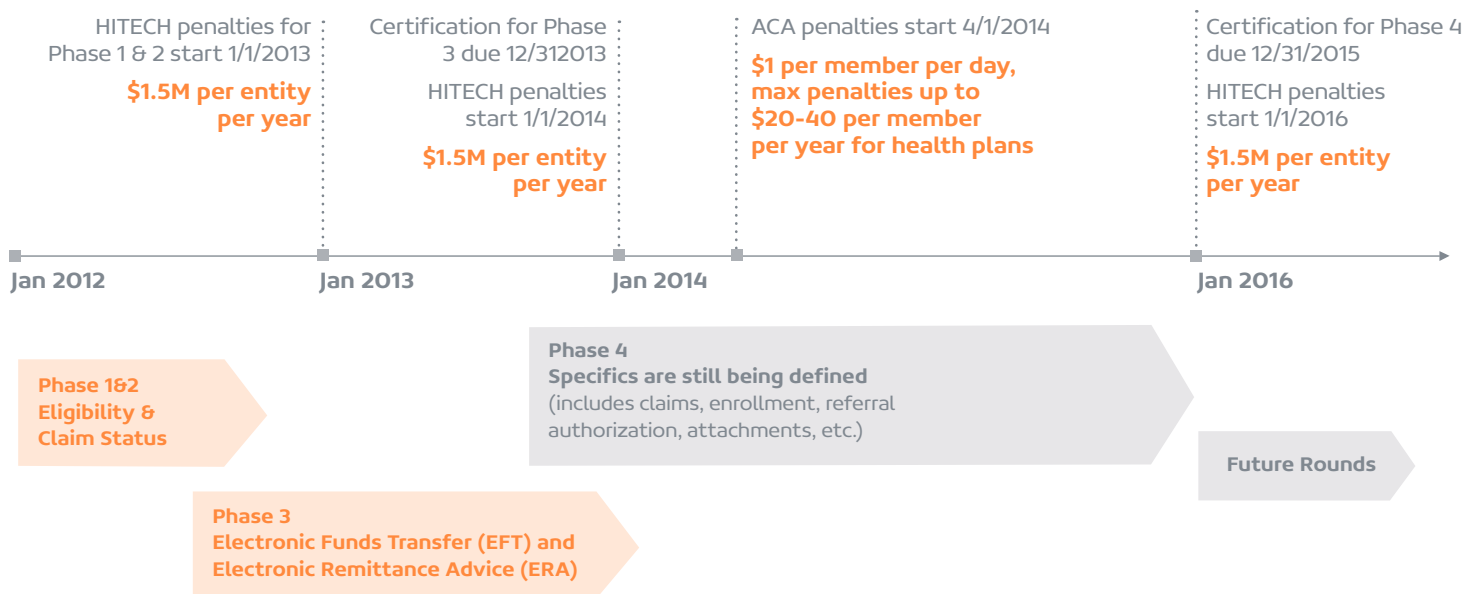
- **Powerful and interactive** dashboards to support compliance reporting and troubleshooting
- **Comprehensive** solution addressing transaction processing and visibility needs
- **Modern healthcare information infrastructure** that extends to support new requirements and business needs
- **Leverages Edifecs experience** helping over 60 organizations with CAQH CORE-testing
- **Existing customers** can extend their Edifecs platform rapidly to meet compliance needs

1. CAQH CORE Phase I Measures of Success - Executive Summary and Industry-wide Savings Projection, May 2009

2. CORE is Committee on Operating Rules for Information Exchange

## 6 MONTHS FOR ROUND 1

## 18 MONTHS FOR ROUND 2



## Challenges

Implementing for compliance with Operating Rules is not easy. Health plans face the following challenges in implementing for current and future operating rules:

### Limited time to implement and test

Health plans will need to implement for compliance with the first 3 phases of Operating Rules very quickly. The first round, which includes CAQH<sup>3</sup> CORE<sup>4</sup> Phase I and II operating rules for eligibility and claims status, becomes effective January 2013. A second round that includes CORE Phase III and NACHA<sup>5</sup> standards for EFT<sup>6</sup> and ERA<sup>7</sup> becomes effective January 2014. After April 2014, health plans face penalties for noncompliance with both rounds. Even if health plans manage to implement these three phases before the penalty date, they still need to account for future phases of Operating Rules and set up a scalable foundation for these rounds.

### Resource constraints

Health plans are currently overwhelmed by compliance mandates such as ICD-10, and meeting business requirements to support Accountable Care Organizations (ACO's), Health Information Exchanges (HIEs) and Health Insurance Exchanges (HIXs). These and other initiatives make it challenging to provide resources for Operating Rules projects. According to another IBM study<sup>8</sup>, the average cost of implementing Operating Rules for a one-million member health plan has been estimated at about \$1.4M, with annual ongoing costs of 50k per year. Health plans will need to carefully assess implementation costs and stay focused on their business priorities.

### Implementation complexity that compounds over future updates

Implementing for Operating Rules will be a complex undertaking due to its impact on data content requirements and infrastructure components. Considerable differences exist between IT infrastructures across health plans. For that reason it is hard to gauge efforts necessary to meet Operating Rules requirements. In addition, while future updates to Operating Rules are mandated, they are still undefined. Health plans will need to continuously evaluate whether to implement in-house or find a partner to help with future requirements. With implementation times extending over 14 months, health plans need to quickly make a decision to buy or build.

### Maintaining and monitoring compliance

Health plans will need a single streamlined and accurate solution for monitoring and documenting compliance for reporting to the Department of Health and Human Services (HHS). Health plans will also need a way to quickly identify noncompliance issues and take corrective action.

3. CAQH is the Center for Affordable Quality Healthcare

4. CORE is Committee on Operating Rules for Information Exchange

5. NACHA is the electronic payments association

6. EFT = Electronic Funds Transfer

7. ERA = Electronic Remittance Advice

8. "Best Practices" CORE Phase I & II: Certifications and ROI, 2010 Administrative Simplification Conference

## Edifecs Operating Rules Solution

The Edifecs Operating Rules solution is a comprehensive offering that provides health plans with the ability to meet stringent response time requirements by deploying out-of-the-box transaction processing components for eligibility, claim status and EFT/ERA transactions. It also provides the ability to monitor and report compliance for certification with the Department of Health and Human Services. By making electronic transaction channels more effective it helps reduce costs, enhance productivity and improve customer satisfaction. This product-based solution that can be quickly deployed and updated for future Operating Rules changes.

Current customers can leverage their existing investment in Edifecs products by adding new components that help achieve Operating Rules compliance. The Edifecs Operating Rules solution leverages Edifecs experience helping over 60 organizations with CAQH<sup>9</sup> CORE<sup>10</sup> operating rules compliance, now part of the CMS-mandated operating rules.

The Edifecs Operating Rules solution supports two key objectives on the road to Operating Rules compliance: Securely exchanging and processing healthcare transactions among trading partners, and monitoring and documenting compliance for reporting.

The key capabilities to support these objectives are: .....

### SECURELY EXCHANGING AND PROCESSING HEALTHCARE DOCUMENTS WITH TRADING PARTNERS

- **Connect** with trading partners over batch and real-time methods using standardized connectivity methodologies like HTTP/S, secure user id/password and certificate, MIME multipart and SOAP/WSDL
- **Validate** healthcare transactions against HIPAA standards and Operating Rules Service Level Agreements (SLAs) (including payer-specified SLAs)
- **Integrate** with existing front-end gateway components
- **Query** back-end adjudication systems to obtain rich eligibility and claim status information (patient financials, deductibles, etc.)

### MONITORING, DOCUMENTING AND REPORTING COMPLIANCE

- **Display executive-level and detailed views** into compliance levels for auditing and reporting purposes
- **Drill-down and identify** noncompliant systems and processes for quick troubleshooting
- **Issue business alerts** and notifications to facilitate timely compliance review and action

## Conclusion

The Edifecs Operating Rules solution provides a comprehensive strategy for achieving and monitoring compliance with Operating Rules (see full list of benefits in Table 1.) It can be rapidly deployed and updated for future changes. It also provides health plans with the ability to monitor and report compliance for certification with the Department of Health and Human Services. This will help health plans to proactively address compliance problems and reduce the risk of penalties as new requirements roll-out. Additionally, health plans will be able to reduce costs, enhance productivity and improve customer satisfaction as a result of implementing and leveraging Operating Rules.

9. CAQH is the Center for Affordable Quality Healthcare

10. CORE is Committee on Operating Rules for Information Exchange

## Benefits and Supporting Features

BENEFITS	SUPPORTING FEATURES
<p>Monitor and document compliance for certification purposes</p>	<ul style="list-style-type: none"> <li>Executive-level dashboards show overall compliance levels as per reporting and documentation requirements</li> <li>Powerful and interactive detailed dashboards for compliance levels, including response time SLAs, transactions and acknowledgments balancing, AAA Error reporting, 271 data content validation etc.</li> </ul>
<p>Rapid identification and resolution of compliance errors and exceptions</p>	<ul style="list-style-type: none"> <li>Drill-down capability built into dashboards shows compliance issues across months, days and time of day</li> <li>Intuitive drill-down from compliance dashboards into detailed transaction views in Edifecs Transaction Management, including links to related transactions and acknowledgments for easy troubleshooting</li> <li>Prioritized view of noncompliant back-end systems and affected trading partners for facilitating follow-up actions</li> <li>Ability to query information from back-end systems to deliver rich response content</li> </ul>
<p>Reduce the risk of penalties by accelerating compliance and reducing resource burden</p>	<ul style="list-style-type: none"> <li>Comprehensive product solution along with reference implementation content</li> <li>Extensible to support future evolution of Operating Rules</li> <li>Flexible deployment architecture that can be installed within a health plan's existing infrastructure</li> <li>Pre-built maps compliant with CAQH CORE requirements that optimize business flow of transactions</li> </ul>
<p>Improve member and call center satisfaction by providing trading partners with rich responses</p>	<ul style="list-style-type: none"> <li>High-performance transaction processing supports high inquiry volumes while improving first-pass rates for healthcare transactions</li> <li>End-to-end visibility into the transaction lifecycle to help troubleshoot errors and support user inquiries</li> <li>Rich data response to provider and trading partner network</li> </ul>
<p>Provides the foundation for a strategic platform to improve business processes and reduces costs</p>	<ul style="list-style-type: none"> <li>Addresses the ongoing requirements of future operating rules as well as gaps in key business processes and scales with the ongoing needs of the organization</li> <li>Provides a platform that scales across various trading partners, channels and transactions thereby enhancing the return on IT investment</li> </ul>

**Table 1:** Benefits and Features of Edifecs Operating Rules



An industry leader since 1996, Edifecs provides healthcare software solutions that improve operational performance by streamlining the exchange of information among health plans, hospitals, and other healthcare organizations, while enabling compliance with current mandates such as HIPAA, Operating Rules 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. Edifecs is currently recognized as one of the 100 Fastest Growing Private Companies in the state of Washington, 100 Best Places to Work in the state of Washington, an Inc. 5000 fastest-growing private company and one of the 500 Fastest Growing Companies in North America by Deloitte. Edifecs is headquartered in Bellevue, WA. For more information, please visit <http://www.edifecs.com>