



**WRITTEN TESTIMONY PREPARED FOR  
THE NATIONAL COMMITTEE ON VITAL AND HEALTH STATISTICS (NCVHS)  
SUBCOMMITTEE ON STANDARDS REVIEW COMMITTEE HEARING ON  
ADOPTED TRANSACTION STANDARDS, OPERATING RULES,  
CODE SETS AND IDENTIFIERS  
June 16-17, 2015**

June 15, 2015

Marietta Squire  
Committee Management Specialist  
Centers for Disease Control and Prevention  
National Center for Health Statistics

Dear Ms. Squire,

The North Carolina Healthcare Information and Communications Alliance, Inc. (NCHICA) is a nationally-recognized, nonprofit consortium that serves as an open, effective, and neutral forum for health information technology and policy initiatives that improve health and care. NCHICA is comprised of nearly 300 member organizations representing diverse sectors of the healthcare industry, including covered entities, as well as government agencies, business associates, research organizations, application vendors, consultants, and attorneys. It is NCHICA's stated mission to assist in accelerating the transformation of the U.S. healthcare system through the effective use of information technology, informatics and analytics.

NCHICA continues to be a strong supporter of the Affordable Care Act (ACA) and the Secretary's ongoing work in implementing the administrative simplification provisions under Section 1104 of the Act. It is in the interest of promoting continuous administrative simplification and ongoing modification of Operating Rules, code sets and identifiers that we offer the following comments. These comments were collected through a collaborative process representing a diverse cross section of healthcare stakeholders including vendor, clearinghouse, provider, and payer input.

**STANDARDS DEVELOPMENT CYCLE**

The transition to the 5010 version of the HIPAA standards required the healthcare industry to address many significant changes. Based on the work done to date by ASC X12, the next HIPAA version, if adopted, will be another major transition that will require months of gap analysis, programming and testing among trading partners. The healthcare industry should adopt a process of implementing smaller changes to the standards within a faster timeframe rather



than adopting full, new standards. Adoption of minor, smaller changes would help propel the healthcare industry forward in the effort to improve electronic transactions and maintain pace with innovation.

The process to create healthcare standards is indeed consensus-based within the authoring organizations. These organizations strive to maintain a balance of vendor, provider and payer participation. Despite the good work the authoring organizations are doing, there is a need for outreach to get more stakeholder involvement in the development process. One of the major challenges associated with participation is that these organizations are working on proposed standards that may not be adopted, or if they are adopted, the implementation date is so far in the future that organizations that are struggling to adopt current industry initiatives have limited interest. There is also a further challenge in that smaller organizations may not have the resources to participate in the authoring and review process.

#### **OPERATING RULES APPLICABLE TO PANEL 2 (ELIGIBILITY)**

Transactions such as the eligibility transaction are struggling to keep up with Accountable Care Act (ACA) requirements. The eligibility response (271) does not support the reporting of service tiers nor the Accountable Care Organization (ACO) and Third Party Administration (TPA) information. Currently the eligibility transaction does not reflect the different benefit models that health plans offer to the healthcare market.

In North Carolina we find limited adoption of the claim status transaction. Smaller provider organizations choose to use payer websites or portals for claim status and eligibility since their practice management systems do not support all HIPAA transactions. Providers, from both large and small practices, supplement the gaps in the tools offered by the practice management system by making phone calls to payers or through utilization of tools payers offer on their websites. One payer reported the traffic on their eligibility portal has increased 10 fold since the launch of their online eligibility service. With the increased web utilization, the payer must monitor the website closely to ensure the tool is able to handle the volume to prevent phone calls.

#### **OPERATING RULES APPLICABLE TO PANEL 7 (ERA/EFT)**

The Operating Rules that are in place today are a great beginning toward standardizing traded electronic information. NCHICA members have experienced improvement with the remittance transaction since the adoption of the Operating Rule that provides guidance on how to use the claim adjustment reason codes and remittance advice remark codes. We believe that there may be an opportunity to improve the efficiency of the claim status transaction with implementation of a similar concept to the CARC and RARC rules that are used for the remittance transaction.

#### **Virtual Credit Cards**

Additional Operating Rules around the use of virtual credit cards could be beneficial for the healthcare community. The Electronic Funds Transfer (EFT) transaction meets the needs of the



stakeholders within North Carolina. However, as the industry begins to embrace the electronic movement of money, NCHICA membership is beginning to experience an uptick in the adoption of the virtual credit card alternative to EFT. For some NCHICA members this is a valid alternative; however as the mandated EFT transaction must be supported by all industry stakeholders, use of virtual credit cards should be a voluntary alternative agreed to by all willing trading partners. We therefore propose the following Operating Rules for consideration within the Phase III EFT and ERA Operating Rule Set that we feel will bring about financial transparency to all stakeholders:

1. Payers and Health Plans should be required to provide the ability to opt into electronic payment methods other than EFT if the healthcare provider so chooses.
2. When providers opt into a virtual credit payment model, they should be provided with key information such as how to revoke authorization for virtual credit cards or other electronic forms of payment.
3. A list of possible fees that may be associated with the payment model should be made readily available in a form agreed to by the CAQH CORE Operating Rule Workgroup.

#### **ERA Enrollment Operating Rule Experience**

When health plans are compliant with CAQH EFT and ERA Operating Rules for enrollment, having an electronic ERA enrollment option offers a faster and much more efficient improvement over paper enrollment form requirements. However, some NCHICA members continue to experience challenges obtaining enrollment guidance for health plans that have proprietary enrollment forms and processes. The proprietary nature of the information causes the provider to expend significant effort to enroll in ERA.

#### **Operating Rules General**

The current sets of Operating Rules have been under development and implementation over a period of several years with the final and largest phase of Operating Rules still in development. Currently the adopted sets of Operating Rules have not been revisited except for those sections which are updated outside of the regulatory process with no clear plans for revision on the horizon. We recommend enhancements for timely review and development of Operating Rules that allow for sun setting, consolidation, flexibility and revision of the current rules.

Some clearinghouses have recently encountered challenges parsing ERA to providers in a clear manner due to large multi-state payer systems utilizing a common identifier to consolidate their ERA for health plans in various states. This results in providers being unable to determine which health plan, within this corporate umbrella, sent the ERA. This type of issue could be addressed in future Operating Rules; however the cycle of operating review must be sufficiently frequent to address changing market place trends.

The creation of different connectivity Operating Rules for the industry to maintain is difficult to manage and is already creating confusion between trading partners. A third rule will soon be issued if the current Phase IV draft Operating Rules are adopted which would create different





requirements for some transactions over others. With these issues in mind, we make the following recommendations:

1. We feel that, either as part of the Operating Rule development cycle itself or as a function of this Committee by way of recommendation to the Secretary, there should be a process for regularly sun setting older Operating Rules which conflict or become obsolete so they may be replaced with refreshed guidance.
2. Operating Rules, such as the ones for connectivity, should be consolidated into an overarching Operating Rule across transactions alleviating the need for the industry to support different versions of a similar rule for different transactions.
3. Additional flexibility should be built into future versions of the Operating Rules to allow for interim updates similar to the CAQH CORE Code Combinations Maintenance Process.
4. A regular development cycle of review and maintenance of currently adopted Operating Rules should be established by CAQH CORE or other Operating Rule Authoring Entity on a timeline that would enable the Review Committee to have options for review and recommendation to the Secretary.

Many NCHICA members still have a business need for submitting transactions in a batch mode. Transaction volumes for several members as well as, business models make real-time transactions an unattractive solution. For the claim transaction alone (837), the tracking of submitted claims could become a burden if batch transactions were eliminated. All transactions require a mechanism to report delivery of the payload to the intended recipient. For many stakeholders, batch transactions aid in the reconciliation process associated with electronic data interchange. Regulations should continue to support both real-time and batch transactions without mandating one delivery method over the other. Trading partners should work together to determine the batching size that best meets the needs for their relationship.

#### **APPLICABLE TO PANEL 4 (HEALTH CARE CLAIM OR EQUIVALENT ENCOUNTER INFORMATION)**

##### *CPT Modifiers*

Today, health plans regularly implement payment edits either in their front-end gateways or in their adjudication systems surrounding the usage of CPT modifiers in claims transactions. Health plans implement edits based on the business requirements of their adjudication systems on an as-needed basis leading providers to be unclear from one payer to the next which requirements will be imposed on their claim submissions. There have been multiple efforts to guide the industry in the use of CPT modifiers in the form of CPT coding guidelines from the American Medical Association and the Medically Unlikely Edits (MUEs) and National Correct Coding Initiative work by CMS that has been adopted by CMS, some Medicaid plans and some payers in the commercial industry.

We feel greater efficiency could be used through an Operating Rule adopting these guidelines. This could help alleviate some of the trading partner specific edits that must be put into place today. In addition, as new CPT codes are published each year, an Operating Rule mandating a specific date for the code set to be utilized by all industry stakeholders would be beneficial. The



date stakeholders adopt the new code set is not consistent therefore creating the need for additional trading partner specific edits.

*Acknowledgements*

As mentioned above, since large quantities of transactions that contain protected health information is traded every day there is a need to verify delivery and receipt of data.

Acknowledgement standards should be mandated to help the healthcare industry automate the reconciliation process that must occur with each electronic file submitted to a trading partner. We would recommend mandating the use of the TA1 Interchange Acknowledgement report (TA1), EDI 999 Implementation Acknowledgement (999) and the Health Care Claims Acknowledgement (277CA) transactions.

Thank you for your consideration of the above recommendations and the opportunity to share NCHICA's experience with trading electronic transactions within the healthcare industry. Please feel free to contact me if we may be of direct assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer Anderson', with a long, sweeping underline that extends to the right.

Jennifer Anderson, MHSA, PMP  
Executive Director