Statement To
DEPARTMENT OF HEALTH AND HUMAN SERVICES
NATIONAL COMMITTEE ON VITAL AND HEALTH STATISTICS
SUBCOMMITTEE ON STANDARDS
Review Committee

Panel 3 – Prior Authorization

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WEDI Board of Directors
WEDI Vice Chair, Administration & Operations

Members of the Review Committee, I am Sam Rubenstein, the Vice Chair of Administration & Operations of the Workgroup for Electronic Data Interchange (WEDI) Board of Directors and Chief Architect for Revenue Cycle, Care Management & Business Solutions at the Montefiore Medical Center. I would like to thank you for the opportunity to present testimony today on behalf of WEDI concerning the adopted standards, code sets, identifiers and operating rules related to the Service Authorization/Referral transactions (278).

WEDI represents a broad industry perspective of providers, clearinghouses, payers, vendors and other organizations in the public and private sectors that partner together to collaborate on industry issues. WEDI is named as an advisor to the Secretary of Health and Human Services (HHS) under the Health Insurance Portability and Accountability Act (HIPAA) regulation and we take an objective approach to resolving issues.

COMMENTS ON PRIOR AUTHORIZATION STANDARDS AND TRANSACTIONS
To support our testimony, WEDI conducted a national survey of health plans and clearinghouses that was previously summarized in prior panel testimony. Based on findings from the survey and from the multi-stakeholder input received from our Board of Directors Executive Committee, WEDI makes the following observations and recommendations:

SUMMARY OF SURVEY FINDINGS
Feedback from health plans and clearinghouses suggests that 278 service authorization/referral transactions are significantly challenging and are not contributing enough value or achieving intended benefits. In the absence of widespread adoption and use, the return on investment for prior authorization will remain low.

The 278 standards and transactions are difficult and frustrating for stakeholders to use, and often times confusing to interpret. Stakeholders suggest defining minimum data content and potentially adding data elements and/or additional transactions to support business requirements, including but

not limited to attachments. Opportunities for improving prior authorization include educating users to reduce confusion and enable automation.

VOLUME

Adoption and use of prior authorization standards, transactions and operating rules could be more widespread. Compared to others measured in the survey, there is high variability in usage of 278 transactions and operating rules, with 47 percent of respondents reporting extreme variability, 14 percent reporting moderate variability and 8 percent reporting slight variability – which may be causing confusion and inconsistency. Moreover, survey respondents have the greatest degree of difficulty with prior authorization, with 64 percent reporting moderate to extreme difficulty with the prior authorization transactions and operating rules. Transactions have limited use in the area of actual authorization of services due to requirements for additional clinical and administrative documentation as well as other limiting factors. Forty-four percent of survey respondents reported moderate to significant use of non-batch transactions (such as the use of web portals) for prior authorization and referral transactions.

VALUE

Prior authorization transactions and operating rules are not providing value nor achieving intended benefits. Among the transactions measured by the survey, the prior authorization and referral standard ranks last in terms of value. Thirty-four percent of respondents believe that industry needs are being met by the prior authorization transactions, and 35 percent believe the transaction and corresponding standards, code sets and identifiers are achieving their intended benefits. Several organizations have indicated that they are getting value from the use of 278 as a means of electronically processing "Notification of Admission" transactions thus avoiding manual efforts.

BARRIERS AND OPPORTUNITIES

Data must be more consistently available, accurate and complete in order to achieve the greatest benefits and address industry needs. Data requirements and content need to be clearly and consistently defined and utilized. Reporting of required data could be more comprehensive by requiring additional transaction capabilities such as supplemental loops and data elements, electronic attachments; identifying a patient's primary care provider and health plan product information; or estimating copay, coinsurance and deductible costs. Survey respondents suggested improving prior authorization by adding business processes that support transactions such as the 278 Notification and 278 Review Inquiry/Response; and updating systems simultaneously to prevent technical barriers.

Data must be better integrated into operational workflows to deliver greater value. While lack of sufficient clinical documentation may be a common complaint, more specificity and granularity won't necessarily lead to more value and benefits. Information must be integrated into workflow and avoid redundancies with other data provided in transactions to avoid overload and fatigue. Currently, efficiency is already a common complaint for transactions – and more data will not necessarily alleviate the burden. Various application software must be enhanced to present referral/authorization functionality at the appropriate strategic points for clinicians, reviewers and other support staff to facilitate effective, efficient clinical and administrative workflows and provide real-time responses.

Transactions and acknowledgments must be better automated to improve workflow. Survey results suggest that significant cost savings could be achieved if manual processes are reduced and/or eliminated from the use of transactions, or if interpretations are facilitated with clearer explanations of codes.

CONCLUSION

In recognition of the value of the electronic transactions, operating rules, standards and code sets discussed in today's testimony, we would urge the Subcommittee to strongly consider the items noted

above. Thank you for the opportunity to testify; WEDI offers our continuing support to the Secretary and the healthcare industry.