



**BlueCross BlueShield
Association**

An Association of Independent
Blue Cross and Blue Shield Plans

TESTIMONY

Before the

**NATIONAL COMMITTEE ON VITAL AND
HEALTH STATISTICS**

SUBCOMMITTEE ON STANDARDS

ON

PROPOSED OPERATING RULES

Presented by:

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BLUE CROSS BLUE SHIELD ASSOCIATION

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Good morning. My name is Gail Kocher and I am a Director, National Programs, for the Blue Cross Blue Shield Association. BCBSA is a national federation of 36 independent, community-based and locally operated Blue Cross and Blue Shield companies (“Plans”) that collectively provide healthcare coverage for nearly 105 million members – one in three Americans – across all 50 states, the District of Columbia and Puerto Rico.

On behalf of BCBSA and its Plans, I would like to thank you for the opportunity to respond to the Subcommittee on Standards’ questions and provide our perspective on the proposed operating rules. We continue to strongly support standardization, which brings value to all stakeholders within our industry.

Blue Plans vary widely in size, markets, and geography. However, despite these differences, Plans report little variation in experience for a particular transaction: the challenges and barriers to adoption of that transaction by trading partners, and the overall adoption rate of mandated standards, are fairly consistent across the Plans. Therefore, our responses to the Subcommittee’s questions are applicable to Blue Plans generally.

I will briefly address the following overarching points in response to the Subcommittee’s questions:

1. We continue to uphold the adoption of operating rules that support the implementation of standards, not to supplement what is already defined by the standards organizations -- operating rules should replace neither their front matter nor conflict with general usage information contained in the implementation guides.
2. The CAQH CORE Phase IV Operating Rules appropriately focus on infrastructure requirements, meeting the objective of business rules, which are “the necessary business rules and guidelines for the electronic exchange of information that are not defined by a standard or its implementation specification.” However, the final published versions still raise a few concerns related to potential cost and business impacts that merit continued consideration by the NCVHS.
3. We suggest that any information technology (IT) requirements, including these operating rules, must be considered in the context of the broader environment of mandates and requirements with significant IT implications.

The proposed Phase IV Operating Rules do address the exchange of transactions and connectivity between trading partners. Plans indicate that the operating rules in general are likely to increase the reliability and performance of data exchange without affecting the data content of the standard. Plans have identified, however, concerns that these operating rules are likely to add to administrative costs for both Plans and their providers. Plans anticipate that the connectivity provisions, which limit submitter authentication to a single method of digital certificates, will be costly to implement with little return on investment. The total costs to implement will vary depending on the submitter authentication methods Plans have implemented currently. Most providers continue to opt for the login/password option from

earlier phases of operating rules. The safe harbor provisions of Phase IV allow providers to continue to use other methods even when Plans must implement digital certificates to be in compliance. Plans are then faced with using contracts or participation agreements to move providers towards the newer method. Providers choosing to move to this methodology for some or all transactions will need system changes also. Maintaining multiple methods as they vary across Operating Rule Phases creates additional system impacts for all trading partners. We suggest that further, broader research on the timing and costs associated with all stakeholders moving to an admittedly more secure methodology for all transactions, needs conducted. While this is ultimately preferable to better address security concerns, it is essential that such a move is orchestrated across all standards and all trading partners rather than applying to some of the parties and a few transactions.

Plans continue to face a multitude of health information technology imperatives, both from federal mandates and programs as well as from their own strategic goals. Plans indicate that implementing administrative simplification standards requires time and resources that are incommensurate with the business value achieved (in part, because business partners are not required to use the standards, and sometimes interpret standards differently). To free up resources while accelerating other standards/specifications, which enable greater interoperability and the exchange of clinical data, time should be extended beyond five years for all upcoming provisions of administrative simplification except for Health Claims Attachments.

While Plans do see the potential to improve usage and efficiency, i.e. increase productivity and decrease errors, they are concerned there will be a negative return on investment impact if connectivity and infrastructure changes are made that are never utilized. The ROI is limited when the connectivity standards differ across the transactions. The proposed operating rules do facilitate moving towards a more secure method of submitter authentication. The limitation to only some standards and not all, coupled with the safe harbor provisions, does not in the end facilitate moving the industry to this more secure methodology. At the point in time where all trading partners are moved to this methodology for all transactions, it will improve the infrastructure of health information exchange. Movements towards these methodologies across all stakeholders support greater privacy and security of the data.

BCBSA supports the adoption of operating rules for claims, enrollment, premium payment, and authorization/referrals. We recognize their value in achieving the overall goal of quality and affordable healthcare. Affordability and quality necessitates the exchange of patient information. We and the Plans, however, see the need to push out additional administrative simplification provisions beyond five years so that resources can be used for other initiatives, which accelerate greater interoperability and the exchange of clinical data. This includes not only new operating rules, but new versions of currently mandated standards and operating rules.

It is important, however, to avoid using operating rules to resolve problems created by use of non-compliant transactions. Such problems need to be resolved through education, the enforcement process, or both. Moreover, the value of such standards and operating rules would be enhanced if the industry developed a timelier and more predictable maintenance cycle. Future predictable cycles would also facilitate the coordination and communication that will be essential to keep standards and operating rules consistent with one another as we move forward.

Given the number of mandates with implementation dates in the next few years, we continue to encourage CMS to consult the National Committee on Vital and Health Statistics to develop a strategic road map for Administrative Simplification provision implementations. This road map should balance all mandates from the ACA, not just Administrative Simplification provisions, along with other ARRA/HITECH mandates, to work towards avoiding bottlenecks and overlapping resource commitments. We would also request that the NCVHS work with industry stakeholders in developing such a road map.

We appreciate the opportunity to testify and I would be happy to answer any questions.