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NATIONAL COMMITTEE ON VITAL AND HEALTH STATISTICS

Subcommittee on Standards
Review Committee

OPERATING RULES on PRIOR AUTHORIZATIONS

Comments from
Department of Veterans Affairs (VA)
as Health Care Provider

These remarks address the questions posed by NCVHS for Operating Rules on Prior Authorizations and are organized in two main sections:

1. **VA's successes and challenges with the Operating Rules**
2. **VA's view on efficiencies moving forward with future Operating Rules**

VA's successes and challenges with the Operating Rules

As the largest integrated healthcare system in the United States, VA sent and received over 65 million healthcare transactions in 2014. VA is committed to implementing HIPAA mandated electronic transactions ensuring the benefits of administrative simplification are met across the healthcare industry. These benefits are then passed on to our Nation's Veterans.

VA's experience with implementing electronic transactions under HIPAA shows VA is typically ahead of the curve in developing internal software solutions to meet electronic standards, so until the standard is mandated and ultimately enforced, VA's success is limited.

VA started development work on Prior Authorizations in 2014. But developing software solutions before a final operating rule is in place is difficult. VA started developing a transaction template, based on the initial X12 transaction information, which hopefully would fit with further clarification of the operating rule.

The biggest challenge VA has is finding healthcare payers with which to test. There are only a limited number of payers who offer the 278 transaction to providers. Of

nearly 700 payers with which VA exchanges electronic transactions, only six payers offer the 278 transaction through our clearinghouse. VA could be ready to send and accept 278 transactions, but with limited partners to exchange the transactions with, the efficiency is limited.

Of the six payers who do offer the 278 transaction, several have delegated authorization for certain specialty services to Utilization Management Organizations (UMOs). In these circumstances, VA must first exchange a 278 with the payer to receive a rejection message, referring to the UMO for clarification. However, the UMO does not utilize the 278 transaction. Instead, VA must revert to a manual process by phone or fax, or other online systems to acquire the authorization. This creates additional manual work.

In addition, when VA does exchange 278 transactions with payers and responses are returned using reject reason codes found in the AAA segments of various loops, there is a great deal of investigation needed to uncover the actual reason for the rejection. Our experience shows there is still a need to call the payer or the clearinghouse to uncover the specifics of why the request is rejected. This adds burden to an already cumbersome process, making it far easier to obtain authorization for these services by phone. In fact, when the payer is contacted to understand the rejections, typically the authorization itself discussed and approval obtained during this contact, making the electronic transaction redundant in these instances. Without clear operating rules and industry enforcement, VA has difficulty implementing a successful transaction.

VA's view on efficiencies moving forward with future Operating Rules

Perhaps the most frustrating aspect of the operating rules is that they continue to allow too much discretion on the part of the payer and health care clearinghouses. Until the rules are finalized, payers can continue to use their discretion and potentially create further work for the provider. Delays in the operating rules place providers in a difficult position, as they are required to utilize multiple processes in securing prior authorizations. This contradicts administrative simplification under HIPAA and necessitates additional manual intervention to secure prior authorization.

The other critical item is the timeline. Because of the need to secure development funding years in advance, VA often begins development of software solutions blindly, building to rules that aren't fully developed. If a timeline with milestones could be outlined from the start, VA's funding schedule and development efforts could be better streamlined.

VA remains committed to the benefits of HIPAA's electronic transactions and will continue to support the prior authorization electronic transaction. Until other business partners realize the benefits of this electronic transaction and it becomes more widespread, VA is once again caught in the middle of implementing multiple processes to secure prior authorizations for payment for services delivered to Veterans.

I hope these remarks have been helpful, and I thank you for the opportunity to submit these comments.

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