Statement of Pat Waller
Cambia Health Solutions
On Behalf of America's Health Insurance Plans
to the
National Committee on Vital and Health Statistics'
Subcommittee on Standards
Regarding Proposed Phase IV Operating Rules
Prior Authorization
February 16, 2016

Introduction

My name is Pat Waller and I am a senior IT staff consultant with Cambia Health Solutions. I have over 30 years IT experience in healthcare related businesses and have been involved in healthcare EDI for the majority of my career.

Cambia Health Solutions is a health care solutions company headquartered in Portland, Oregon. With six health plans that serve members throughout Oregon, Washington, Idaho and Utah, our focus is to transform health care by exploring innovative, person-centered and economically sustainable models of care.

Cambia is building a family of companies to become a comprehensive health solutions organization. Holding a mix of wholly-owned and minority interest direct investments, Cambia's portfolio includes more than 20 companies in addition to its health plans. From information technology and retail health care to pharmacy benefit management and health insurance plans, our growing portfolio of innovative and diverse companies are helping to transform health care in the 21st century.

I am testifying on behalf of America's Health Insurance Plans (AHIP), whose members provide health and supplemental benefits to 200 million Americans through employer sponsored coverage, the individual insurance market, and public programs such as Medicare and Medicaid. Our industry processes millions of claims, eligibility requests, payments, and other administrative and clinical transactions on a daily basis.

My testimony will include Cambia's experience with adoption of the prior authorization (278) transaction as well as broader industry perspective of AHIP's members. Specifically, I will address:

- Current use of the 278 transaction across the health care industry;
- Status of the proposed Phase IV operating rules and the need for ongoing iterative development of operating rules; and
- Support for existing alternative solutions used by the industry.

Recommendations

At the June 2015 ACA Review Committee hearing, stakeholders from across the industry testified to the various factors leading to low adoption of the 278 transaction. Current adoption rates are not sufficient to drive true administrative simplification and are indicative of underlying shortcomings of the transaction. Prior authorization requires a level of conversation between provider and payer that the transaction cannot currently support. The current transaction does not support the needed level of clinical data documentation or sufficient automations to deliver value for providers. Thus, providers continue to rely on other manual alternatives such as phone or fax. Until the transaction can support the clinical data needs and automated authorizations, providers will have little incentive to adopt the transaction and will continue to use existing alternatives.

The proposed Phase IV operating rules emphasize infrastructure, which is a needed first step to build connectivity, but they are only a starting point. Ongoing iterative development is needed to rapidly develop content so that these transactions can begin to drive cost savings and administrative simplification. Soon after adoption of initial infrastructure operating rules, we should move quickly toward improvements to content. The industry as a whole cannot move together toward broader adoption and use without these developments. Further, iterative development of operating rules needs to bring the various pieces of the puzzle together. No standalone transaction will ease administrative burdens for payers, providers, and other stakeholders. For example, the 278 transaction on its own is not very user-friendly or useful for end users. Prior authorization needs to tie in with the eligibility (270/271) transaction as pre-certification and attachment standard to more comprehensively address clinical and administrative needs and reduce reliance on manual processes.

Finally, consistent with testimony provided by AHIP and other stakeholders at the June 2015 ACA Review Committee hearing, we encourage the Standards Subcommittee to consider the benefits of alternate solutions available to the industry. While standard transactions and operating rules are critical to connect providers and payers and drive efficiencies, they may also limit innovation. For example, existing alternatives such as web portals are able to better meet industry needs but can be challenging to use because of existing HIPAA restrictions. While we support ongoing development of the 278 transaction, we also support changes that would better support use of non-transaction alternatives. If both trading partners agree to use other approaches, they should have the flexibility to do so. The industry needs the ability to cultivate innovation in areas that are currently covered by HIPAA as well as those not under HIPAA so that we can meet the needs of multiple stakeholders and move the industry as a whole forward. If health plans and providers are limited to use of the 278 to convey prior authorization, the industry will struggle to move from a transaction-based process to a patient-centered approach. The industry needs the ability to develop alternate methods of interaction between stakeholders without being in violation of HIPAA.

Closing

In closing, we support ongoing development of the 278 transaction to bring additional efficiencies to administrative processes. However, current utilization of the transaction indicates

that much work is yet to be done. The proposed operating rules lay the groundwork but rapid, iterative development is needed to deliver content as well as coordination with other transactions and standards to fully meet the needs of the industry, improve adoption rates, and drive administrative simplification.

Thank you for the opportunity to provide feedback to the Subcommittee.