



**CAQH CORE
Testimony to
National Committee
on Vital & Health
Statistics,
Subcommittee on
Standards –
Phase IV Operating
Rules**

February 16, 2016

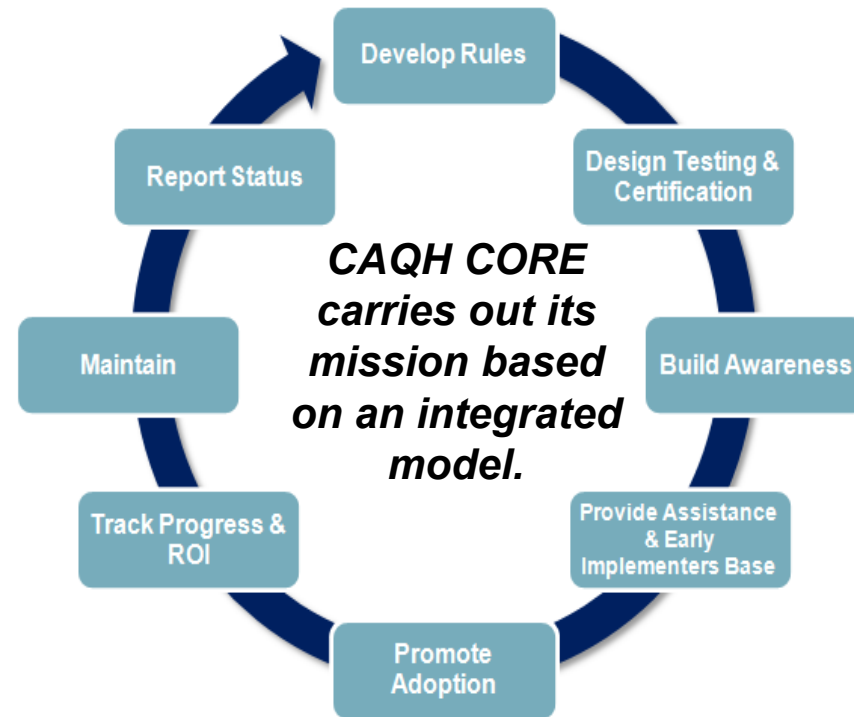
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Testimony Overview

- Level Set on CAQH CORE
 - Integrated Model Structure
 - Guiding Principles, Scope and Vetting Process
- Phase IV CAQH CORE Operating Rules
 - Approach: Development and Support
 - Requirements and Market Impact
 - Incorporation of Lessons Learned
- Implementation Support
 - Enforcement and Measurement
- Recommendations to NCVHS

CAQH CORE

- Multi-stakeholder, non-profit collaboration with over 130 participants.
- Executive-level Board. Current Chair is CIO from CHRISTUS Health, a large health system.
- Voluntarily launched pre-ACA based on market need. Became HHS-designated operating rule author.
- In less than 10 years, created four phases of rules with associated education, certification, measurement and maintenance.
- Public-private involvement in all parts of the integrated model. Medicare, Medicaid, Veterans Affairs, and other agencies are participants.
- CORE/non-CORE participants both present on CORE education sessions to share adoption learnings/benefits, and become CORE-certified and/or ask their vendors/PMSs to become CORE-certified. Over 250 certifications awarded; recently includes over 15 Medicaid.



CAQH CORE Operating Rules

Guiding Principles, Scope, and Vetting

- **All operating rules follow a common set of guiding principles such as:**
 - Enable providers to submit transactions from the system of their choice (vendor agnostic).
 - Work in unison and support recognized standards – both HIPAA and industry neutral standards; no repetitive or conflicting requirements.
 - Incorporation of agile maintenance based on an established, public process that addresses three types of maintenance: substantive, non-substantive and ongoing.
 - Based on best practices and market-tested results that drive return on investment (ROI).
 - Have an affiliated, yet separate, voluntary set of CAQH CORE Certification requirements.
- **Per HHS regulations, the scope of the operating rules can address:**
 - Data content.
 - Infrastructure.
- **The vetting process for all CAQH CORE rules is extensive and multi-layered:**
 - Rule focus/priorities are set by participants based on public input and research.
 - Development by Sub and Work Groups; draft rule iterations are publically available for free.
 - Required Quorums and Approval rates must be met throughout each stage of the process.
 - Final vote is on entire rule package and is cast by implementers-only (entities that can adopt the rules – providers, PMS/vendors, clearinghouses, health plans).

Phase IV Vetting Process

Transparent, Fact-based, Collaborative and Benefit-focused

- ✓ **Approximately two and a half year development time** from initial public outreach to issuance.
- ✓ Formal outreach to industry to build awareness and priorities began **less than three months** after CORE was named by HHS Secretary as author. **Nearly 100 non-CORE participants participated** in public surveys seeking ideas with greatest return and then rating of options.
- ✓ **Over 70 teleconferences** held by the various Sub/Work Groups during rule development. Groups had multi-stakeholder Chairs. **Minutes and other required documentation** (research, criteria rating, straw poll ballots and comment adjudication, etc.) available to all participants and highlights shared on public Town Hall calls.
- ✓ Upon creation of initial draft, **draft rules were made available for free** on website throughout process; high level requirements also reviewed on Town Hall calls.
- ✓ Required quorums and participation rates **exceeded** at all stages. Over 130 HIPAA and non-HIPAA covered entities involved representing Medicare, Medicaid, provider-facing vendors, providers, clearinghouses, TPAs, health plans, etc.
- ✓ Final vote on the full Phase IV package garnered **90% participation and 88% approval**. CAQH CORE Board had **unanimous approval**.
- ✓ NCVHS updated mid-point via testimony and formal letter sent to NCVHS from CAQH CORE **a month after final rule approval** asking for NCVHS' consideration of Phase IV.

Phase IV CAQH CORE Operating Rules Recommended Formal Letter Submitted to NCHVS in October 2015

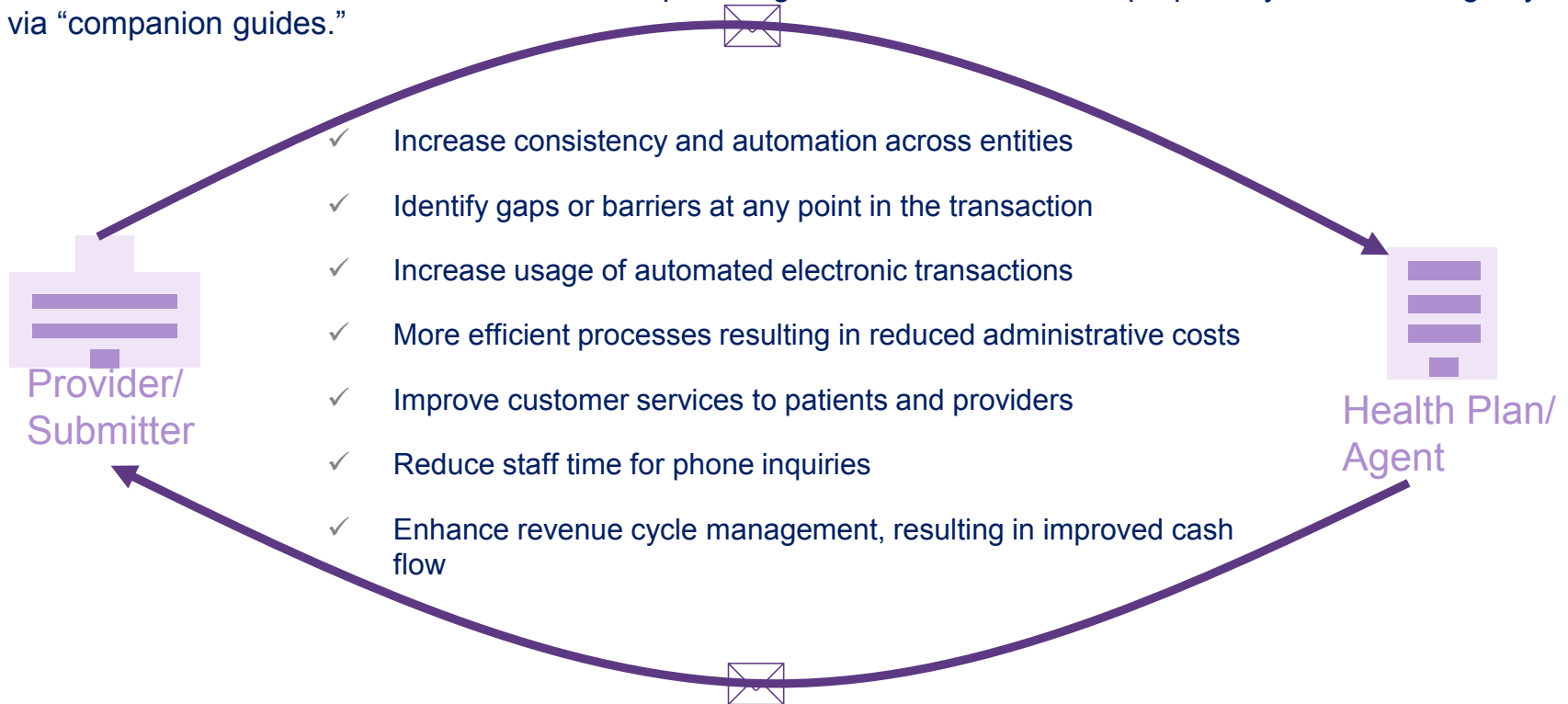
Infrastructure Requirement	Prior Authorization	Claims	Enrollment/ Disenrollment	Premium Payment
Processing Mode	<i>Batch OR Real Time Required</i>	<i>Batch Required; Real Time Optional</i>	<i>Batch Required; Real Time Optional</i>	<i>Batch Required; Real Time Optional</i>
Batch Processing Mode Response Time	<i>Required <u>If</u> Batch Offered</i>	X	X	X
Batch Acknowledgements	<i>Required <u>If</u> Batch Offered</i>	X	X	X
Real Time Processing Mode Response Time	<i>Required <u>If</u> Real Time Offered</i>	<i>Required <u>If</u> Real Time Offered</i>	<i>Required <u>If</u> Real Time Offered</i>	<i>Required <u>If</u> Real Time Offered</i>
Real Time Acknowledgements	<i>Required <u>If</u> Real Time Offered</i>	<i>Required <u>If</u> Real Time Offered</i>	<i>Required <u>If</u> Real Time Offered</i>	<i>Required <u>If</u> Real Time Offered</i>
Safe Harbor Connectivity and Security	X	X	X	X
System Availability	X	X	X	X
Companion Guide Template	X	X	X	X
Other	N/A	Include guidance for COB in companion guide	Timeframe requirements to process data after successful receipt and verification of transaction	Timeframe requirements to process data after successful receipt and verification of transaction

X = Required

See Appendix for Phase IV infrastructure requirements unique to Phase IV

Impact and Benefit of Phase IV CAQH CORE Operating Rules

- Offering at least one common method of **connectivity** (i.e., a “safe harbor”) among entities transmitting data electronically.
- A minimal amount of time for **system availability** to receive and send data.
- An **acknowledgement** to ensure the transaction has been received, has not been lost between entities, and will be addressed. (See Appendix for example.)
- Required **response times** for acknowledgement and processing for both real-time and large record “batch” submissions.
- A common format that entities must use when providing information about their proprietary data exchange systems via “companion guides.”



Incorporation of Lessons Learned from *Existing Operating Rules and ACA Review Committee*

- **Drives efficiency and cost reduction, yet achievable.**

- The public at large and the CAQH CORE participants prioritized starting with common infrastructure operating rules for the standards addressed in Phase IV (rather than infrastructure AND data content). Industry analysis determined Phase IV is a *significant step in meeting industry needs to drive well-documented cost reduction opportunity, yet is achievable* resource-wise and technically. A common infrastructure for the Phase IV transactions will require trading partners to improve the efficiency and effectiveness of these transactions. Existing best practices and the CAQH Index data demonstrates significant savings can be achieved by providers and health plans if they implement Phase IV.

- **Flexible in key ways.**

- The Phase IV operating rules are *payload agnostic* and thus they can be used with any version of the ASC X12 standards (or data content operating rules for any ASC X12 version), industry neutral standard such as PDF/JPEG, or other content-focused standards such as HL7 CCDA. In 2015 CAQH CORE Board publically stated its commitment to add content (whether by CAQH CORE rules requiring more data using v5010 or supporting a future ASC X12 version) as well as CAQH CORE plans to conduct a pilot of various attachment options that could highlight different content options.
- The Phase IV rules -- similar to Phase III CAQH CORE – incorporate *ongoing, transparent maintenance* as needed (in Connectivity rule), rather than waiting on mandates to address basic maintenance needs. Such flexibility sets the expectation that industry must collaborate on evolving with industry needs.

Incorporation of Lessons Learned (cont'd)

Existing Operating Rules and ACA Review Committee

- **Embraces consistency and compatibility.**

- Phase IV Operating Rules mirror and were built upon the operating rules previously implemented. All the transactions in Phase IV will strongly value from following what industry now considers the need to have a common set of national “rules of the road” for HIPAA transactions. According to the CAQH Index, which is based on analysis of over 4.2B transactions, the adoption levels for Phase IV transactions are low, except for claims, which still has specific challenges like COB. The Phase IV rules require trading partner collaboration to meet basic data exchange expectations: flow, receipt, timing, etc.
- A few targeted additional requirements to the previously mandated CAQH CORE Operating Rules were approved while applying these previous requirements to Phase IV. These additions address the uniqueness of the transactions in Phase IV (see Appendix), but consistency and compatibility is solid. Additionally, one rule area – Connectivity – removed optionality allowed in earlier Connectivity, yet Phase IV Connectivity is still compatible with earlier phases.
- As with the Federally mandated Phase III Operating Rules, the Phase IV Operating Rules and the voluntary Phase IV Certification requirements are separate documents. Both documents achieved overwhelming approval. This separation allows HHS to consider mandating the Phase IV Operating Rules, while CAQH CORE can continue to drive voluntary Certification among public/private health plans, practice management systems (PMSs), other non-HIPAA covered entities, clearinghouses and large providers as each of these stakeholders are critical to Phase IV. Many entities – of different stakeholder types – already have stated their intention to become Phase IV certified.

Incorporation of Lessons Learned (cont'd)

Existing Operating Rules and ACA Review Committee

- **Effectiveness and the CAQH CORE guiding principle to align with other HHS efforts called for enhanced security.**
 - Where a few entities expressed concern about cost to implement stronger security, the overwhelming majority of participants recognized that the cost to manage a breach, which is increasingly likely, is a much higher risk than the cost to implement. With this in mind as well as other criteria such as the guiding principle to align with other Federal efforts, Phase IV Connectivity removed the option to offer either passwords or digital certificates, and requires only digital certificates (X.509/TLS 1.2). This higher security aligns with the Federal Information Processing Standards (FIPS) and clinical data exchange requirements. Given all CAQH CORE Connectivity rules are Safe Harbor (meaning other connectivity methods can be used), these requirements are compatible with earlier Connectivity both technically and policy-wise. Moreover, maintenance allows for evolution. See [CAQH CORE FAQs](#) for more details.

Incorporation of Lessons Learned (cont'd)

Existing Operating Rules and ACA Review Committee

- **Piloting/best practice and effectiveness called for the inclusion of Acknowledgements.**
 - There is broad industry agreement on need for acknowledgements, with NCVHS having recommended adoption to HHS Secretary numerous times. Acknowledgements are already required in the health insurance exchanges (CAQH CORE study on HIXs demonstrated that many plans use same platforms for HIX and non-HIX offerings.), used by some managed Medicoids and required by CORE certification. Plus some in industry already apply Acknowledgements as best practice for the standards in Phase IV. Some have stated that adopting Acknowledgements as part of operating rules would be out of compliance; however, per ACA definition of operating rules, this suggestion is inaccurate. Acknowledgements are not standalone transactions.
 - Legally CAQH CORE Operating Rules can and should include Acknowledgements. (See CAQH CORE February 2015 NCVHS testimonies; detailed legal analysis shared with ASC X12.)
- **Ensuring there is no ambiguity called for outlining real time and batch processing expectations.**
 - A few believe operating rules should not even address real time processing as the transactions in Phase IV were designed for batch processing. However, industry was clear that real time processing is occurring and there is a need for establishing basic response time and time stamping IF used. Thoughtful industry dialog occurred in order to establish some expectations of *real time* processing but not requiring it; also the Operating Rules explicitly do not apply to real time adjudication (RTA).

Phase IV Implementation/Education

A Multifaceted Effort to Drive Adoption and Meet Industry Needs

All Tools are FREE

Implementation and Tracking Tools

- [Phase IV CAQH CORE Analysis & Planning Guide](#) published in December 2016, includes popular tools such as Stakeholder & Business Type Evaluation, Systems Inventory & Impact Assessment, and Gap Analysis Worksheet.
- More than 100 [Phase IV FAQs](#) recently posted on new searchable FAQ web platform; more to be added. FAQs based on free Request Process for entities that sends question/request to core@caqh.org; response time tracked.
- [The CAQH Index](#), an annual report that tracks transaction cost & adoption, analyzes over 4.2B transactions; report now tracks all HIPAA transactions, including those in Phase IV.
- Upcoming: A range of other implementation tools such as cheat sheet summaries on key topics such as Connectivity, project plans templates, early adopter case studies, etc.

Frequent FREE Webinars

Education

- Two Phase IV CAQH CORE education sessions held last few months provided an introduction to each rule; average attendance was 250 individuals.
- Quarterly CAQH CORE Town Halls have and will continue to provide the industry ongoing updates including on Phase IV; average registrants is more than 400 individuals.
- Throughout 2016 CAQH CORE will host webinars, e.g. [upcoming webinars](#) in February and March address the Phase IV Operating Rules including drill-down on the Connectivity and Infrastructure Rule requirements and an open mic Q&A session.

Available Summer 2016

Voluntary CORE Certification *(Voluntary enforcement and tracking tool)*

- The CORE-authorized Testing Vendor is currently building Test Site to automate the approved [Phase IV CAQH CORE Certification Test Suite](#) and its required test scripts.
- Beta testing of the interactive Phase IV Test Site is scheduled for spring 2016; range of stakeholder volunteers have already offered to conduct beta testing of site.
- Entities can apply for the Phase IV CORE Certification Seal starting in late summer 2016; testing must occur first with authorized vendor, application then submitted to CAQH CORE that includes testing results as well as other required documentation.

CAQH CORE Recommendation

- With regard to Phase IV, NCVHS should communicate to HHS:
 - Your support for the Phase IV CAQH CORE Operating Rules. Phase IV meets the ACA mandate. Be specific that your support includes all the Phase IV Operating Rules, especially the Acknowledgements.
 - Time is of the essence. Experience shows that after a regulation's adoption date in the health data exchange arena, it can take the healthcare market two years to fully move towards compliance. Basic foundational needs such as Phase IV must be in place throughout the US as the industry tackles new challenges like value-based arrangements.
 - There is a need for HHS to support industry-wide education and tracking efforts for all the regulatory requirements that were issued in response to the ACA mandates regarding HIPAA transactions.
- As already occurring with the existing Phase I – III CAQH CORE Operating Rules, CAQH CORE is moving forward with extensive efforts to educate, support and track Phase IV market implementation.
 - CAQH CORE would welcome NCVHS and HHS collaboration in this work.

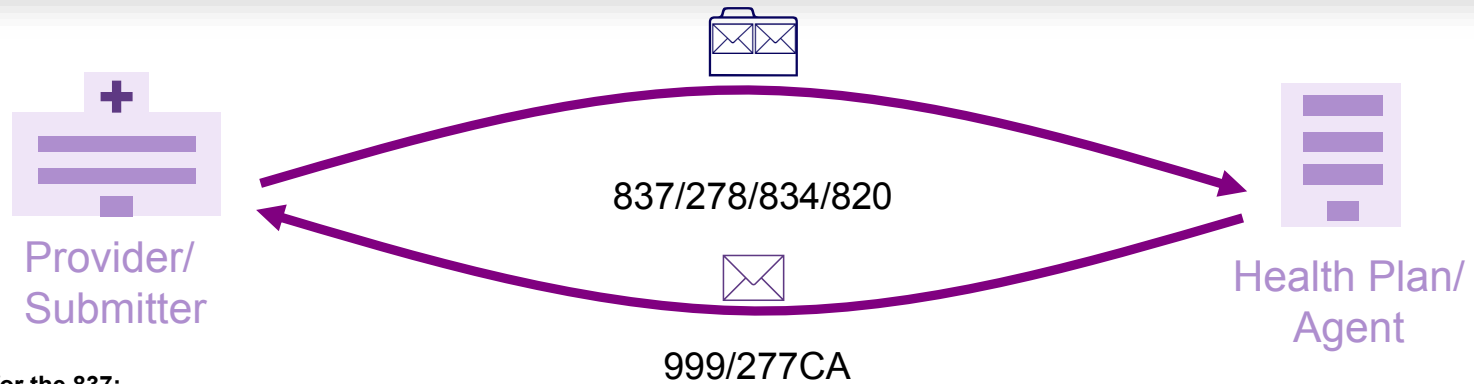
Appendix

Phase IV Requirements Unique to Specific Transactions

Otherwise Same as Applied to All Transactions

Phase IV Operating Rule	Rule Section	Unique Phase IV Infrastructure Requirement (e.g. not included in previous CAQH CORE Rules)	Benefit of Targeted Requirement
Phase IV CAQH CORE Health Care Claim Infrastructure Rule v4.0.0	Section 4.6: Health Care Claim Companion Guide	A HIPAA-covered entity or its agent's Companion Guide covering the ASC X12N v5010 837 Claim transaction must include the entity's requirements for coordination of benefits in Section 7 and Section 10 as appropriate.	These requirements help transparency with claims that have coordination of benefits (COB). Non-automated COB is annually costing the industry (providers and health plans alike) triple digit millions in administrative waste/bad debt given the electronic adoption rate is about 50%. (See June 2015 ACA Review Committee testimonies.)
	Section 4.5: Basic Requirements for Receivers of Acknowledgments	The receiver (defined as the HIPAA-covered provider or its agent) of an ASC X12C v5010 999 transaction and an ASC X12N v5010 277CA transaction is required to: <ul style="list-style-type: none"> Process any ASC X12C v5010 999 or ASC X12N v5010 277CA transaction <i>within one business day</i> of its receipt. <i>Recognize all error conditions</i> that can be specified using all standard acknowledgements named in this rule and to <i>pass all such error conditions</i> to the end user as appropriate OR to <i>display to the end user</i> text that uniquely describes the specific error condition(s), ensuring that the actual wording of the text displayed accurately represents the error code and the corresponding error description specified in the related ASC X12 acknowledgement specification without changing the meaning and intent of the error condition description. 	
Phase IV CAQH CORE Benefit Enrollment and Maintenance Infrastructure Rule v4.0.0	Section 4.8: Elapsed Time for Enrollment System Processing of Received Benefit Enrollment Data	A HIPAA-covered health plan or its agent must process the benefit enrollment and maintenance data by its enrollment application system <i>within five business days</i> following the successful receipt and validation of the data.	These requirements require the health plan to update their internal systems on a more timely basis so that when a provider tries to verify eligibility, the health plan will base its response on more accurate and timely data, which can assist with COB as well as overall eligibility.
Phase IV CAQH CORE Payroll Deducted and Other Group Premium Payment for Insurance Products Infrastructure Rule v4.0.0	Section 4.8: Elapsed Time for Internal Application System Processing of Received Premium Payment Data	A HIPAA-covered health plan or its agent must process the Payroll Deducted and Other Group Premium Payment for Insurance Products data by its internal application system <i>within five business days</i> following the successful receipt and validation of the data.	

Batch Acknowledgement Requirements



Requirements for the 837:

- A health plan must return an ASC X12C v5010 999 for each Functional Group of any ASC X12N v5010 837 Transaction Set to indicate that the Functional Group was either accepted, accepted with errors, or rejected and to specify for each included ASC X12N v5010 837 Transaction Set that the Transaction Set was either accepted, accepted with errors, or rejected
- A health plan must acknowledge each claim received in any institutional, professional, or dental ASC X12N v5010 837 Transaction Set using the ASC X12N v5010 277CA unless previous processing resulted in a rejection of the Interchange or a Transaction Set in a Functional Group

Requirements for the 278:

- An entity must return an ASC X12C v5010 999 for each Functional Group of ASC X12N v5010 278 Request or Response transactions to indicate that the Functional Group(s) was either accepted, accepted with errors, or rejected to specify for each included ASC X12N v5010 278 Request or Response transaction set that the transaction set was either accepted, accepted with errors, or rejected

Requirements for the 834 & 820:

- A health plan must return an ASC X12C v5010 999 for any Functional Group of any ASC X12N v5010 834 Benefit Enrollment & Maintenance Transaction Set or 820 Health Plan Premium Payment & Remittance Advice Transaction Set to indicate if the Functional Group is accepted, accepted with errors, or rejected

Applicability of Requirements

Infrastructure Requirement	X12N v5010 837	X12N v5010 278	X12N v5010 834	X12N v5010 820
Batch Acknowledgement	X	If Batch Offered	X	X