Statement To

DEPARTMENT OF HEALTH AND HUMAN SERVICES

NATIONAL COMMITTEE ON VITAL AND HEALTH STATISTICS

SUBCOMMITTEE ON STANDARDS, AND SECURITY

Chairpersons and members of the subcommittee, I am Robert Barbour, Vice President Finance for Physician Services and Technology Development with Montefiore Medical Center. I currently serve on the WEDI Board of Directors as Vice Chair of Administration and Operations, and am here in that capacity today to share with you some of our major priorities for 2008.

Time does not permit me to provide you with an in-depth summary of our recent achievements and activities for 2007. A summary of those highlights, along with our current Mission, is attached for your review. What I would like to focus upon for the next few minutes are several initiatives which we deem to be of great significance to the healthcare industry. This is not an all inclusive list, but rather a sampling of some of the current issues facing our industry, and what actions we are undertaking to address these concerns.

WEDI Insights – topics impacting health IT in the 2008-2009 period.

WEDI is pleased to take this opportunity to address the subcommittee regarding the major topics impacting health IT during the next two years. Our members are keenly aware of both the opportunities that are available, and the barriers to achieving those opportunities.

WEDI has undertaken several major initiatives over the past year, that have attempted to both identify major issues and resolve specific problems. This has provided us with some unique insights into the immediate future of health care. I will be discussing several of those today.

1. Health industry timeline and 5010 implementation.

In response to previous questions raised by the Subcommittee on the implementation timeframes for revised X12 transactions, new and revised pharmacy transactions from the National Council for Prescription Drug Programs, and migration to ICD-10; WEDI has partnered with NCHICA to develop an overall industry health IT project plan. The purpose of the plan is to inventory current and upcoming health IT requirements, and determine specific implementation steps and timeframes to meet these requirements. Receiving input from across the healthcare industry is an essential part of this process.

Using the experience of our members, we began the effort by developing a timeline for the implementation of the revised X12 HIPAA standards, assuming that they would be the 5010 version. Under current conditions, we estimated that compliance with the standards would take 6 years to complete from the date the Notice of Proposed Rulemaking (NPRM) is published. Clearly, this is an unacceptable conclusion.

Recommendation: We urge the NCVHS to look at how to shorten the process.

Two issues have been raised in the timeline discussion. First, most industry participants will not begin their major planning and implementation efforts until after a final rule is published. There is too much uncertainty about both the timing for compliance, and the exact nature of the standards and policies before the final rule is published.

Recommendation: We urge the NCVHS to look at how we can move the industry forward on implementation before final rule publication.

Secondly, the time frame from NPRM publication to publication of the final rule is on the critical path to completion of the effort. Current estimates, based on previous experience, are that it will take well over a year between the two publication dates. This is time spent waiting and not productively used. Shortening this time period could move the industry faster towards compliance.

Recommendation: We urge the NCVHS to encourage the Centers for Medicaid & Medicare Services (CMS) to quickly publish the NPRM and then look at how we can shorten this time period before the final rule is released.

From an overall industry perspective, our timeline efforts are beginning to show that there is much overlap in time and effort even in contemplated HIPAA requirements. New and revised NCPDP HIPAA standards are expected. Final claims attachment standards are expected to be published sometime this year, adding to industry burdens. The CAQH CORE initiative is moving towards its Phase II rules to standardize communications and improve the eligibility and claims status transactions. ICD-10 continues to be an outstanding issue with unknown dates. E-prescribing continues to be an issue of discussion beyond the Medicare program. WEDI is also looking at real time adjudication and acknowledgement standardization.

The number of on-going and anticipated initiatives brings up the main issue of prioritization. There is little that has been said or done regarding the myriad of efforts and the need for entities to prioritize resources and staff. This may need return on investment information which continues to be difficult to identify. WEDI continues work on these issues and will be pleased to report further to the committee.

Recommendation: We urge the NCVHS to work with industry to determine priorities, and to set realistic industry deadlines so that we can avoid contingency plans and other complications.

2. Standardizing the Acknowledgement Process

In the health care industry today, there are hundreds of different systems that process data differently. As a result, differing requirements are imposed on electronic submissions from trading partners. There also are variances in the reporting mechanisms, which are intended to help submitters verify the compliance of their submissions with the electronic/business requirements of the receiving entity, and the acceptance/rejection of their submissions by the receiving entity.

While HIPAA standardized many of the transactions involved in the health care industry, acknowledgements were not included. Neither the legislation nor the regulations suggested that the acknowledgement transactions be standardized. Once the healthcare industry standardizes the acknowledgement reports, correction and resubmission of returned/errors transaction sets will be expedited. This should result in quicker error correction and easier implementation of claim, remittance, eligibility, referral and claim status transaction sets. Finally, standardized reporting will reduce the number of inquiries from trading partners regarding edits and reported information.

This problem becomes more critical as we continue to require more and more electronic exchange of information. Today, many providers send their transactions to health plans, and continue to be unaware of whether or not the plan received the transactions. This results in additional phone calls, duplicate transactions being sent, and other problems. Once clinical data is exchanged, the problem becomes even more acute.

WEDI has been working with X12 on standardizing the acknowledgement process for the past several years. X12 has now finalized their "999" transaction which enhances acknowledgement functionality. We are holding a Policy Advisory Group (PAG) session in March to gain approval for our proposed acknowledgement standardization efforts. Once that is achieved, we would hope that the industry would move voluntarily to adopt these standards rather than waiting for a regulatory requirement.

Recommendation: We urge the NCVHS to work with WEDI and X12 on approving these standards and looking for ways to encourage voluntary adoption. If we can use acknowledgements as a "pilot" for the voluntary adoption of standards, we may be able to find a way to avoid regulatory action on future new standards.

3. Real Time Transactions

Both WEDI and X12 have identified that electronic real time transactions are an area ripe with tangible ROI benefits to the healthcare industry. WEDI and X12 are focusing on the value of creating new standards that will enable real time transactions that support the revenue cycle process including the 837, 835, 270/271, 277, 275 and others. The need for real time transactions is clearly apparent in the area of consumer directed health care such as health savings accounts and health reimbursement arrangements.

The entire premise of this experiment is that patients will become consumers of the healthcare services they require or want if they have to pay for a portion of their care themselves. Knowing the costs of these services after they are delivered undermines the entire consumer concept.

Real time transactions allow providers to inform payers, in advance, the anticipated services that will be provided to a patient. The payers can respond to let the patient and provider know what the costs to the patient will be and the level of completeness/accuracy of the information that may follow in a downstream claim.. Payers can then send back to providers links to best practices, pay for performance expectations for that particular service and other data that is of ultimate value if know before services are provided.

In addition, when real time responses include the 835 payment response information, providers can immediately collect balances due from patients and/or respond immediately to denials or requests for additional information. For a large percentage of transactions, the revenue cycle can be completed before the patient leaves the office. These cited benefits flowing from real time transactions will have tangible ROI to the industry.

Recommendation: We are asking NCVHS to recommend that the Secretary explore how Medicare and Medicaid can also benefit from this next evolution in how information is exchanged.

4. Claims Attachments

During 2007, WEDI conducted its fourth Industry Forum on Claims Attachments. During this 2 day session we provided education on the current standards for transmitting claims attachments, education on the use and implementation of CDA, the standard used to collect, transmit and display or exchange the clinical data. We also reviewed other planned uses for CDA related to the work of HITSP. The presentation included information on pilots for Plan-to-Plan Personal Health Records (PHR) exchange, which are currently underway. This was a very full session, well attended, and received very positive reviews. WEDI also started a SNIP Sub-Work Group focused on Claims Attachments implementation issues that have been raised during our 4 previous industry forums. Also of importance is the spirit of collaboration. WEDI and HL7 signed an

MOU, discussed our first joint initiative and have begun preparations for claims attachments education in early 2008.

During 2008 one of the key projects planned by the Claim Attachments Sub Work Group is to develop some industry implementation strategies. Another key project is to work with the NCHICA Timeline Project to develop an industry representative implementation plan that will help define the implementation steps and issues that will need to be accounted for when planning an implementation timeframe for compliance. We also expect to develop several white papers on some of the key issues identified by the interactive forum sessions mentioned above. A webpage is being developed which will house a variety of information to assist implementers; including early implementer and pilot findings, a place where interested entities can see who else is interested in pilots, topics to be discussed prior to pilot testing, sample 275/CDA files to use for testing, and technical resources for standards assistance.

We believe the industry is ready to move forward with implementation of the claims attachments standards.

Recommendation: We urge NCVHS to encourage CMS to expedite the publication of the claims attachments final rule as quickly as possible.

5. Health Identification Cards

Over the past several years, WEDI has focused significant attention on developing an implementation guide for a standard health identification card. The work was formally addressed through an assigned work group under the oversight of the WEDI Board of Directors. The work group included representatives from a wide variety of industry stakeholders, including providers, payers, clearinghouses, technology vendors, medical associations, standards organizations, government and financial institutions. In November 2007, the WEDI Board of Directors gave final approval to the *Health Identification Card Implementation Guide.* A copy of the guide is attached to this testimony.

The intent of the WEDI *Health Identification Card Implementation Guide* is to enable automated and interoperable identification for health care and benefit purposes, using standardized identification cards. The guide is intended to standardize present practices, and brings uniformity of information, content and technology to over 100 million cards now issued by providers, health plans, government programs and others.

Health cards serve as an access key to obtain information and initiate transactions. They can be used by consumers to convey information to providers and others. They may convey insurance coverage information for multiple benefits involving different administrators on a single card, and may also include bank and financial data. The health card is also a key element in triggering the real time adjudication process when it is presented at the point of service in a physician's office.

Recommendation: We would urge the NCVHS to encourage CMS to consider implementing the standard health card concept in its Medicare and Medicaid operations.

The current strategy is one of voluntary adoption by the healthcare industry. As with most voluntary strategies, industry adoption could be a challenge. WEDI will continue to provide technical and educational support to the industry on this topic. Adoption by both government and the private sector will be necessary to obtain the long term value with regard to efficiencies in administration. WEDI is currently seeking opportunities to partner with organizations willing to conduct pilot programs using the new *Health Identification Card Implementation Guide*.

6. National Provider Identifier Outreach Initiative (NPIOI)

WEDI's NPIOI project, in collaboration with CMS, was instrumental in educating large numbers of providers on the value of securing their NPI, and in moving the overall industry towards a successful compliance and implementation process by May, 2008. We will be continuing this initiative during the first half of 2008 with new education and information dissemination. We also plan to conduct an additional "readiness survey" in the spring to determine where the providers and industry are in terms of meeting the compliance deadline. A copy of the results from our most recent survey, are attached as an addendum to this testimony.

I would like to thank the members of the Sub-committee for the opportunity to present this information today, and would be pleased to respond to any questions or points of clarification that you might have.