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Written Testimony
by
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to the
National Committee on Vital and Health Statistics
Subcommittee on Standards
Hearing titled:
Administrative Simplification under the Patient Protection and Affordable Care Act

National Health Plan Identifier and Operating Rules for Eligibility and Claims Status

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HIMSS is pleased to submit written testimony regarding the administrative simplification provisions (section 1104) outlined in the Affordable Care Act. We are providing this testimony on behalf of our more than 30,000 individual members, 85 not-for-profit affiliate members and over 450 corporate members that frame and lead healthcare practices and public policy through content expertise, professional development, and research initiatives designed to promote information and management systems' contributions to improving the quality, safety, access, and cost-effectiveness of patient care.

HIMSS is a cause-based, not-for-profit organization exclusively focused on providing global leadership for the optimal use of information technology (IT) and management systems for the betterment of healthcare. Founded in 1961, HIMSS has offices in Chicago, Washington D.C., Brussels, Singapore, Leipzig and other locations across the United States and the globe.

Section 1104 of the Act outlines a series of much-needed electronic process measures that the Secretary of Health & Human Services must implement. Congressional intent is for these measures to enable the business side of healthcare to greatly improve system efficiency. While these measures impact cash flow (an area of considerable importance to healthcare providers), if regulations are well-written and

executed appropriately within the private sector, the savings will far outweigh the cost. For example, a Medical Banking Road Map for America published in 2001, provided a research document that calculated $35 billion in annual savings are possible through the transformation of paper-intense payment processes[1]; others estimate $30 billion (US Healthcare Efficiency Index).[2] By these standards, this is a worthwhile endeavor and section 1104 lies at the very heart of making this possible.

Our primary intent today is to offer HIMSS' educational resources and experience to assist the Department as it engages the critical areas outlined in section 1104. We will discuss our work in the area of administrative simplification, address the ever-evolving importance and impact of privacy and security as electronic business processes are adopted and briefly discuss the concept of transactions governed by operating rules as specified in the regulation. We will outline lessons learned and insights gained in creating broad, cross-market initiatives (Medical Banking Project, Healthcare Information Technology Standards Panel (HITSP) and Integrating the Healthcare Enterprise (IHE)), and finally, we will place section 1104 within the context of an emerging global healthcare marketplace and the potential need to understand cross-geographic rules, regulations, technologies and processes for forming electronic operating rules in healthcare.

Background

In 2001, the Medical Banking Project founded a multi-stakeholder effort that created a community of private sector, government and academic individuals who strongly believed that administrative efficiency needed to be addressed with a new strategy. Called "medical banking," it refers to the electronic integration of banking and healthcare financial systems to reduce the cost of managing healthcare claims by changing from paper-based, error-prone processes to electronic systems.[3]

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[1] A Medical Banking Road Map for America, The Medical Banking Project, 2005, p 17.

[2] US Healthcare Efficiency Index®, see: www.ushealthcareindex.com.

[3] Casillas, J., Measuring Return on Investment Utilizing a Medical Banking IOS, A Value-Driven Guide for Banks and Medical Providers, pp 3-5.

Section 1104 directly addresses the area of medical banking, particularly in the areas of improving and facilitating the use of electronic funds transfers and electronic remittance advice within claims management. The industry has achieved substantial progress moving the healthcare claim electronically from the provider to the payer, but the payment of the claim happens across diverse systems, actors, processes and paper-based channels – both in terms of third-party payments and patient payments. This creates considerable friction. The Project sought to address this with better industry practices that were developed through stakeholder consensus.

A Common Policy Framework

After enactment of the HIPAA Privacy Rule in 2001, the operational impact began to be manifested across multiple industries. The Medical Banking Project focused on the impact of HIPAA on banking and financial institutions. It was this issue that helped to draw all the stakeholders together.

The Project assessed the impact through multiple meetings with some 245 banking executives, healthcare administrators, policy makers that included the Centers for Medicare and Medicaid Services (CMS), Office of Civil Rights, NACHA – The Electronic Payments Association, Federal Reserve Bank officials and many others[4]. In 2004, this committee – the National Committee on Vital and Health Statistics (NCVHS) – drafted a letter that made three primary observations and recommendations around the impact of HIPAA on banking and financial institutions.[5] [6] These observations form the principles for implementing HIPAA-specified data protection policies and procedures across banking and financial institutions. Since the drafting of this letter, we are not aware of additional comment by public advisory bodies or federal agencies on the issue of HIPAA's impact on banking and financial institutions.

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[4] See record of programs and speakers at: www.mbproject.org/programs-institutes.php, www.mbproject.org/programs-roundtables-history.php, and, www.mbproject.org/programs-telebriefings-history.php.

[5] For previous NCVHS testimony by John Casillas regarding this topic please see: www.wedi.org/cmsUploads/pdfUpload/eventsPresentationInformation/pub/MedicalBankingProject.pdf.

[6] For the June 17, 2004 NCVHS letter to the Honorable Tommy G. Thompson, Secretary, US Department of Health and Human Services, please see: www.ncvhs.hhs.gov/040617l4.htm.

In June 2010, the HIMSS Board of Directors affirmed the 2004 NCVHS letter to the Department of Health and Human Services in setting a policy framework around privacy and security as the industry moves from paper-based business processes in healthcare into electronic venues, as envisioned by section 1104 of the Affordable Care Act. We support the NCVHS recommendations that this is a critical policy area inasmuch as it sets the ground-rules for building out a new "electronic ecosystem" that instills public trust and that will offer a valuable resource to improve healthcare for consumers as well as providers, banks and payers who regularly transact the business side of healthcare.

Just as SABRE[7], a system that linked the administrative backbone of airline ticketing and banking networks and thereby changed how we as consumers do our travel by enabling us to use the Internet, Section 1104's focus on the use of transactions with governing operating rules could speed electronic integration across banking and healthcare systems. As this occurs, the consumer could experience a much more robust menu of online options for managing their healthcare. Such benefits could include requesting and receiving electronic copies of their healthcare records, managing their spending in healthcare with online access to explanation of benefits, voluntary and convenient access to many free and fee-based sources of information that help families to manage their healthcare (160 million Americans go online for healthcare information leading one national news organization to call us a nation of "cyberchondriacs" [8]; a Pew study confirmed that more consumers consult with online healthcare information sources before they call their primary care physician[9]), and even setting up appointments for telemedicine.

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[7] Siau, K, Interorganizational Systems and competitive advantages – lessons from history, The Journal of Computer Information Systems, 2003; see: www.allbusiness.com/technology/1151346-1.html

[8] Harris Poll shows number of "Cyberchondriacs" increases to 160 million nationwide, 2007; see: www.901am.com/2007/harris-poll-shows-number-of-cyberchondriacs-increases-to-160-million-nationwide.html; also; Internet leads as primary source for household healthcare information, 2007; see: www.901am.com/2007/internet-leads-as-primary-source-for-household-healthcare-information.html

[9] 61% of American adults look online for health information, Pew Internet & American Life Project (a project of the PewResearchCenter), June 11, 2009; see: www.pewinternet.org/reports/2009/8-The-Social-Life-of-Health-Information.aspx

SABRE may teach us that implementing the electronic business processes outlined in section 1104 can eventually transform how consumers engage in healthcare. It clearly shows that many of the paper-intensive and redundant administrative activities that affect cash flow for the healthcare business stakeholders – including providers, banks, health plans, employers and others – can be significantly improved and replaced with new tools that offer exceptional value for managing healthcare operations.

As we move towards electronic healthcare programs as a nation, it is vital that the privacy and security principles espoused under HIPAA and HITECH are implemented across the supporting systems. These are common issues bringing together cross-industry stakeholders. Collectively, they are evolving best practices that improve the business layer of healthcare through electronic integration of banking and healthcare financial systems.

HIMSS focuses on three primary business-centered content areas: medical banking, healthcare financial systems and payer administrative systems. Our work in this area is conducted by convening thought leadership on issues like the impact of Section 1104 on healthcare, 5010 compliancy, ICD10 transformation, medical banking and more. We actively work with other groups like the NACHA – The Electronic Payments Association™, CAQH/CORE, X12, WEDI (the Workgroup for Electronic Data Interchange), EHNAC (the Electronic Healthcare Network Accreditation Commission), AAHAM (the American Association of Healthcare Administrative Management) and many others who identify with our mission to use information technology to improve the quality, safety, access, and cost-effectiveness of healthcare.

Transactions Governed By Operating Rules

To bring healthcare to this level of productivity requires intense focus on the business layer of healthcare. The creation of a platform of efficiency can either drive better use of our resources or direct those resources into non-productive activity. Section 1104 speaks directly towards this by creating transactions governed by operating rules. We hope these rules drive towards one harmonized companion guide, so to speak, as opposed to the many hundreds that we have today.[10]

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[10] "Companion Guides" are typically developed by organizations to assist their trading partners to implement HIPAA-compliant EDI transactions. Non-standardization of certain data elements within the EDI transaction has

In pursuing this initiative we believe it is vital to prioritize interoperability across all the transactions and new business processes specified in Section 1104. The transactions collectively represent a continuum, from eligibility for healthcare services to final account disposition with claim status, payment, remittance management and other mission-critical processes in between. Thus, there are critical dependencies in constructing operating rules across all the specified transactions that create urgency to move through development of the rules in order to optimize industry outcome. For instance, it is important to begin the discussion around operating rules for electronic funds transfers and electronic remittance advises now, even as work is engaged for eligibility and claim status.

Towards the goal of interoperability, HIMSS supports the CORE eligibility and claim status operating rules. We also offer our full support for the subsequent development of operating rules for the other transactions that are outlined in Section 1104. We believe this effort can drive common electronic business processes that move billions of dollars in waste and inefficiency out of our healthcare system and place more resources into the hands of healthcare providers who serve our families and communities.

Along these lines, as healthcare drives operating rules adoption for eligibility and claim status, we support the Department of Health and Human Service's intent to adopt better electronic business processes for electronic funds transfer (EFT) and electronic remittance advices (ERA). Among the transactions that are the highest value for providers, we believe that these two are prominent. While EFT is critical, and the mechanisms put in place by NACHA will create trust, integrity and stability, the ERA is central to improving operational performance. The reason: once a claim is submitted, the provider of care really doesn't know how to respond to potential denial or other claim issues without an explanation of payment or benefits. The remittance information is literally the road map for payment for the provider's business office. As such, electronic integration of the ERA holds the potential for significantly improving the revenue cycle, expediting secondary claims, denial and contract management and even fueling enterprise business-wide intelligence that supports the mission of the provider or healthcare institution.

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lead to widespread use of companion guides and there is a need to contain this activity to drive a true, common standard among trading partners.

Thus, it should be noted that the sooner we can move EFT and ERA together through our healthcare financial networks, the sooner we can expect to extract significant cost-efficiency benefits. Today, these two transactions often move in separate venues – one exclusively in financial clearinghouses and the other mostly in health data clearinghouses – and this creates "friction" in the system due to complexity in linking them back up for purposes of reconciliation and keeping the books updated and clean. Some banks have developed sophisticated re-association techniques to reconcile the EFT with the ERA in healthcare yet the preferred "modus operandi" is moving both EFT and ERA together. Towards this end, financial clearinghouses offer great promise. We believe groups like NACHA, The Clearing House, the Federal Reserve, SWIFT (the Society for Worldwide Interbank Financial Communication) and others will take a lead in this important area, in conjunction with the significant body of expertise in the healthcare financial systems community that will operationalize these transactions.

Education

HIMSS is a premier provider of professional development and education. We combine the best educational methods with timely knowledge to equip learners to solve real-world challenges. The range of HIMSS educational programming is robust, leading to enhanced professional development. HIMSS 2010 Annual Conference had a total attendance of 27,500+ healthcare professionals of which over 70% work actively as healthcare providers. We presented 300+ educational sessions across 22 categories of topics such as ARRA/HITECH, meaningful use, compliance EHR adoption, privacy and security, quality, patient safety and others, pre-conference education that attracted over 1,900 attendees focusing on healthcare specific curriculum.

The semi-annual HIMSS Virtual Conference & Exhibition attracts more than 3,000 learners per event, while HIMSS's Government Health IT Conference & Exhibition annually attracts some 600 learners. An eLearning Academy offers 16 courses and 400 sessions of HIT-focused content available "on demand" through a self-paced learning management system. Course content is developed by health IT and management systems subject matter experts under the direction of HIMSS through an agile course development methodology.

For our programming, we offer continuing education including Certified Professional in Healthcare Information and Management Systems (CPHIMS), and continuing medical & nursing education professional development units (PDUs) approved by the Project Management Institute. The HIMSS

Professional Development department uses proven adult learning methodologies that includes calls for presentation proposals, peer reviewed content for selection, assignment of continuing medical education (CME and CNE), and post-evaluation of learning events.

Over the next 12 months, HIMSS plans an ICD-10/5010 Symposium, Webinars, and virtual education to equip learners with information and tools they need. And, HIMSS volunteer Work Groups are focused on educational tools that address multiple levels of educational needs from provider CIOs to provider IT management.

Finally, the combination of HIMSS and NACHA, a prominent banking organization that oversees operating rules for the financial system through work groups that include The Federal Reserve Board, US Treasury, Fed Retail Payments Office and others, will be able to effectively reach out to the provider-based healthcare stakeholders that HIMSS supports, as well as to the thousands of financial institutions that are members of, and receive education from, NACHA and its Regional Payment Associations.

Insights Gained Organizing Other Multi-Stakeholder Initiatives

HIMSS has organized prominent multi-stakeholder initiatives to facilitate cross-industry education and operational changes in the marketplace that are focused on standards harmonization and the optimum use of information technology in healthcare. We present three of these initiatives in order to share insights gained in this process: (1) The Medical Banking Project; (2) The Healthcare Information Technology Standards Panel (HITSP); and, (3) Integrating the Healthcare Enterprise (IHE).

Medical Banking Project: In 2001, the Project convened a cross-industry community of healthcare stakeholders that specifically included banking and financial institutions. In doing so the Project sought to create new value for providers, plans, employers, consumers and others by linking payment networks and healthcare financial systems. The community focused on the payment areas that are covered in section 1104, however, the leadership felt it was important to first address the impact of HIPAA on banking and financial institutions. Leveraging this common cause, the Project then advanced the dialogue by creating education and thought leadership around administrative efficiency through the electronic integration of banking and healthcare financial systems. Capturing community ROI early on was vital. The federal government was invited into the dialogue

and this elevated awareness of the effort. As the medical banking community grew and experimented with ROI formulas, isolating and documenting best practices helped more industry groups to recognize the importance of administrative simplification. This in turn brought investment into medical banking and helped the area to grow. These steps: (1) convening around a common cause; (2) education and thought leadership with government involvement, and; (3) early demonstration of community ROI that encouraged increased investment, helped the Project to focus industry stakeholders on the often-misunderstood, back-room administrative processes and to create new thinking, education and industry action around the business of healthcare.

Healthcare Information Technology Standards Panel (HITSP): The American National Standards Institute (ANSI) in cooperation with HIMSS, ATI and Booz Allen Hamilton, convened an unprecedented, healthcare-wide forum across 900 organizations called HITSP. HITSP provided thought leadership for the technical direction that evolved harmonized standards leading to the industry-wide adoption of electronic business processes and other standards for supporting interoperability across and between systems and Healthcare Information Exchanges (HIEs). HIEs are expanding across the healthcare landscape and may catalyze the adoption of electronic standards across many aspects of healthcare, including electronic process for business transformation in healthcare. HITSP developed interoperability specifications that provide the healthcare community with instructions on the standards selected to meet the requirements of specific use cases. Multiple constituencies were able to participate and provide guidance in this common effort. The process of convening and adopting rules that lead to this common framework provides a rich source of experience that may be applicable to the effort to create operating rules under Section 1104.

Integrating the Healthcare Enterprise® (IHE): IHE drives the adoption of standards-based interoperability to improve patient care through innovation, profiling, testing, education, and collaboration. IHE uses an open, consensus-based process to engage users, providers, and suppliers of health IT solutions to identify and solve interoperability problems which fosters innovation, provides guidance for the consistent implementation of standards to relieve public burden created by the inaccessibility and inconsistency of health information, and to improve the quality outcomes and enhance the performance of our healthcare system.

The HIMSS Interoperability Showcase™ features live demonstrations showing standards and technology working seamlessly across diverse systems with strong healthcare community support from government agencies, vendors, hospitals and other stake key stakeholders. The Interoperability Showcase, in which the federal government's CONNECT program participates, offers an exciting venue for demonstrating in real-time the operating rules that are envisioned under Section 1104. Indeed, one of the Interoperability Showcase programs featured at the HIMSS Annual Conference in 2010 was the CORE operating rules for eligibility. The Interoperability Showcase occurs across the globe and can be used to show electronic business processes across geographical boundaries, an important aspect for developing business-level electronic processes in healthcare as globalization of healthcare ensues from consumers seeking care beyond our borders ("medical tourism"). The current estimate of this annual expenditure is $60 billion - $100 billion.[11]

Leadership

Our experience suggests that in order to facilitate change in healthcare it is essential to convene the private and public sector and develop a leadership structure. We believe that for the purposes set forth in Section 1104 that are under consideration today, the CORE process – as well as the established system for operating rules development managed by NACHA – offer a significant leadership platform. To support the process for operating rules development, that will affect cross-industry structures and organizations, we will make our educational resources available within a CAQH CORE-NACHA-HIMSS framework. In addition to this collaboration, HIMSS will continue its active engagement with other important groups like X12, AAHAM, HFMA local chapters and many other professional societies and associations across the country in order to advance the quality, safety, access, and cost-effectiveness of care.

We want to point out that the electronic business processes we adopt within our nation will affect organizations, processes and systems outside of the country. We live in a world that is increasingly connected electronically and when it comes to cash flow and claim processes – the business layer of

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[11] Medical tourism: Consumers in search of value, Deloitte Center for Health Solutions, Deloitte & Touche, 2007; see: www.deloitte.com/assets/Dcom-Slovenia/Local%20Assets/Documents/si_Medical_tourism(1).pdf

healthcare – we have to be mindful of similar and/or affected programs in Europe, China, Brazil, India, Australia, South Africa and many other emerging digital economies. Data increasingly flows across geographical boundaries and carries unique privacy and security requirements, money exchange guidelines, operating issues across systems that affect adoption and more.

As a global cause-based Society, HIMSS brings this perspective to the process of electronic business transformation in healthcare. HIMSS, now a World Bank certified "civil society organization", is engaging discussions with multiple "world view groups", like the United Nations Foundation and others who have an interest in our work. We believe that the interconnectedness that we are finding, for instance in the area of ICD10 transformation that is global in context, invites us to engage a "world view" perspective in creating electronic processes for the business of healthcare, and this may impact the Department's direction in implementing Section 1104 of the Affordable Care Act.

Conclusion

Given the time requirements for passage of operating rules under Section 1104, we recommend decisive action for implementing a platform for transforming the business processes within healthcare. This area is within the scope of our mission and accordingly, HIMSS stands ready to provide a robust set of tools, resources and educational offerings to support healthcare providers, payers, healthcare information technology firms, banks and financial institutions, policy makers and others.

HIMSS maintains its commitment to engaging with CMS as it pursues the objectives set forth under Section 1104 and other areas around administrative simplification, such as 5010 and ICD10 education, as well as broader educational needs in the quickly emerging fields of technology adoption and transformation to improve healthcare as supported by ARRA and other healthcare regulations. We wish to extend our full support to improving our healthcare system by implementing rules around the use of information technology that can positively impact our healthcare financial network. Thank you very much for allowing us to be part of the discussion.