Administrative Simplification and Health Reform

June 2011 Meeting of the
National Committee on Vital and Health Statistics
NCVHS

Walter Suarez, MD, MPH
Director of Health IT Strategy
Co-Chair, Sub-Committee on Standards
NCVHS

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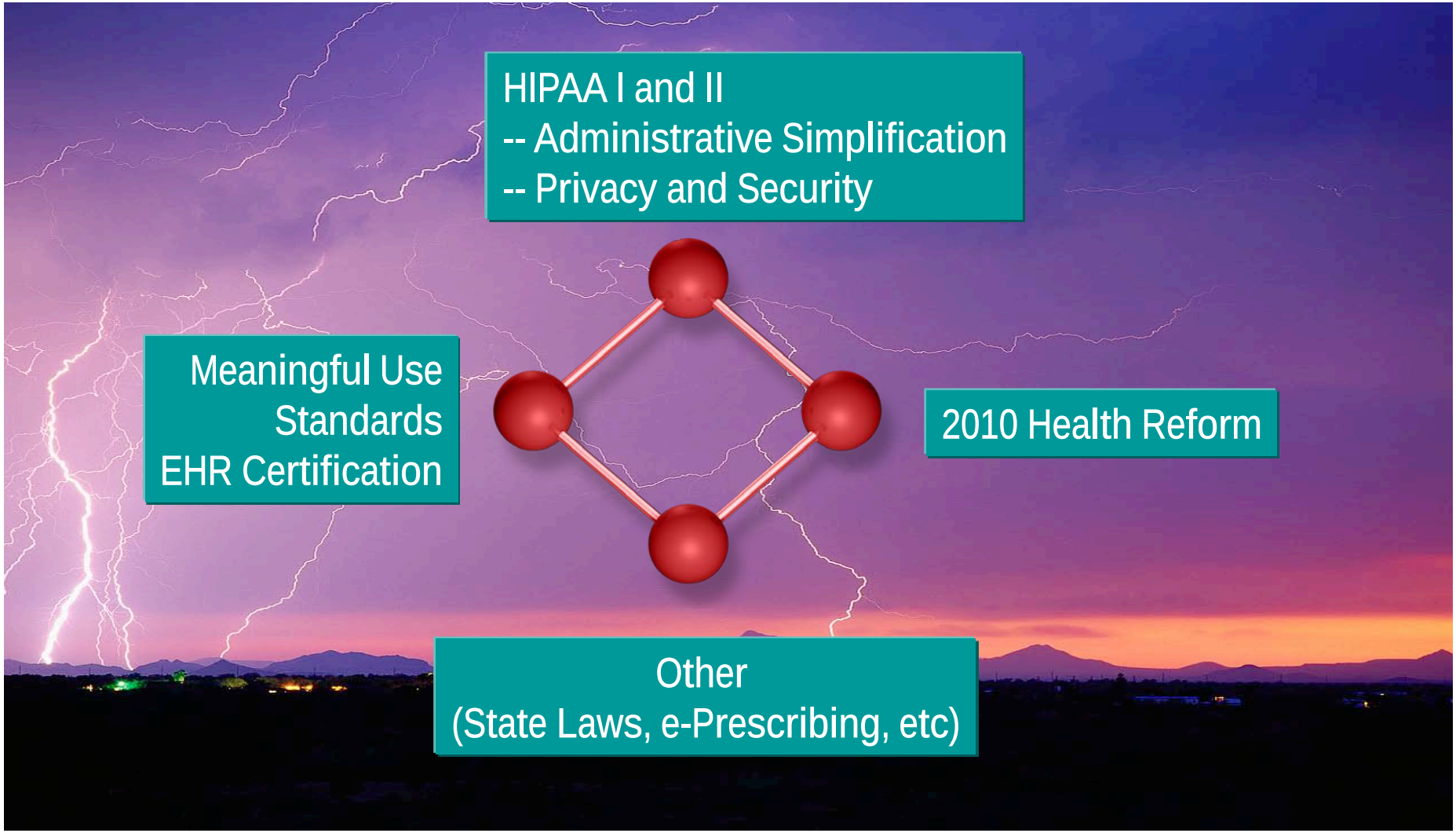
Outline

- The US Health IT Regulatory Landscape through 2016
- The 2010 Affordable Care Act Administrative Simplification Provisions ("HIPAA II")
  - Process and Timeline
- Operating Rules – What Are They and Why Are They Important?
- Status of Standards and Operating Rules Work
  - NCVHS Role and Process
- Sub-Committee on Standards 2011-2012 Workplan

A “Persistent Storm”



Regulatory Ecosystem | 2010-2016 (1)

- **HIPAA Transactions, Codes, Identifiers**
  - New versions of HIPAA Standards
  - Implementation of ICD-10
  - New Identifier - National Health Plan ID
  - New Transactions – EFT, Claims Attachments, Acknowledgements
  - New Operating Rules for all transactions
  - Possible future areas for standardization
    - Provider enrollment, applicability of standards and operating rules to auto insurance and Workers Comp., claim edits, financial audits

Regulatory Ecosystem | 2010-2016 (2)

- **HIPAA Privacy and Security**
  - Breach Notification (interim final rule in effect)
  - NPRM on HITECH Act Modifications to Privacy/Security (i.e. business associates, prohibiting sale of PHI, expanding individual's rights to access)
  - NPRM on Accounting of Disclosures (2011)
  - Guidance on Minimum Necessary, De-identification (2011)
  - Final rules on Breach Notification, HITECH, Enforcement, GINA (2011)

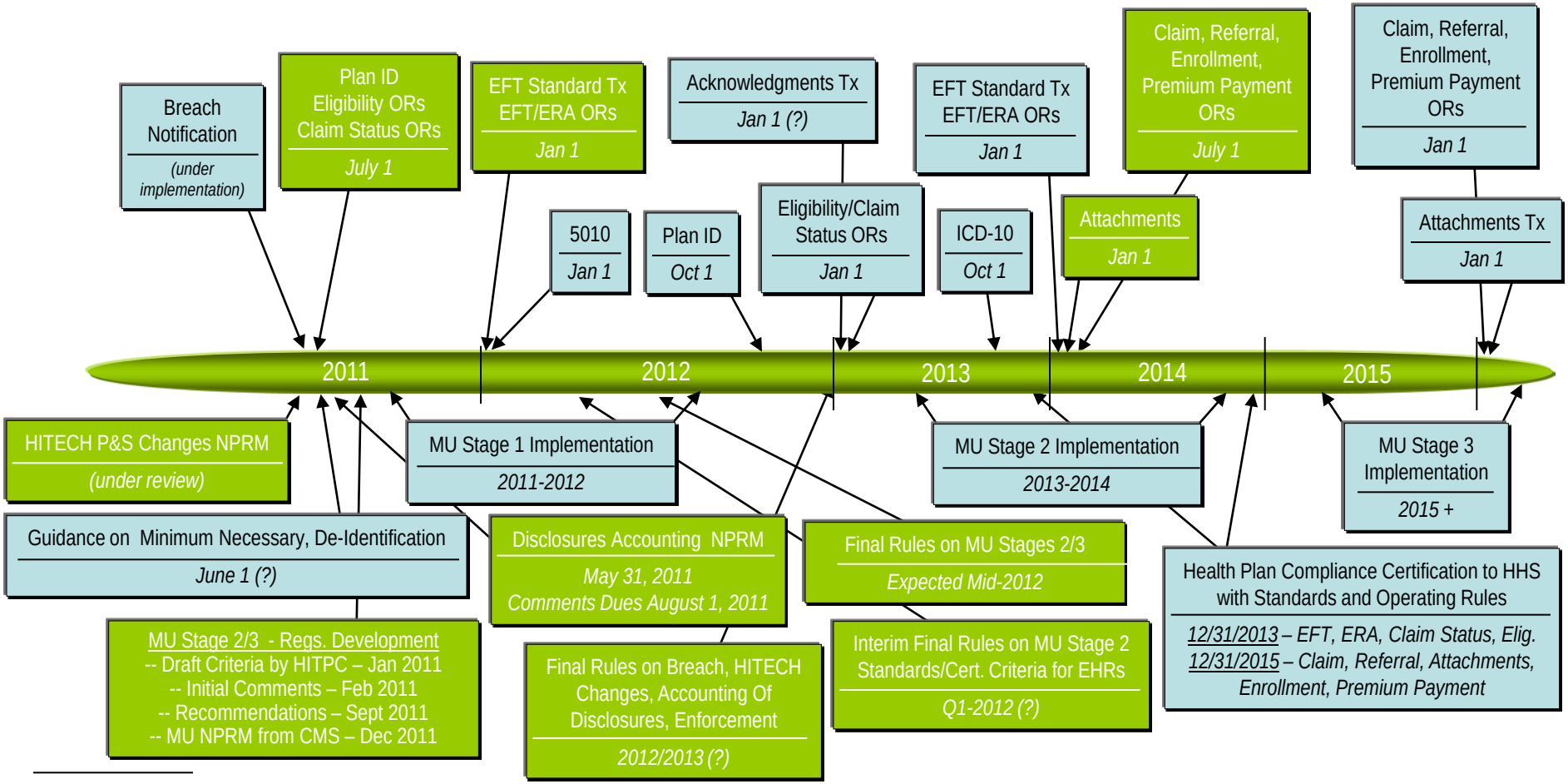
Regulatory Ecosystem | 2010-2016 (3)

- **Meaningful Use of EHRs Program**
  - Meaningful Use requirements
    - Stage 1 – 2011 /2012
    - Stage 2 – 2013/2014
    - Stage 3 – 2015 +
  - Standards and Certification Criteria
    - In support of Stage 1
    - In support of Stages 2 and 3
- **Health Information Exchanges**
  - State and regional HIE developments

Regulatory Ecosystem | 2010-2016 (4)

- **Health Reform**
  - Health Insurance Exchanges and Essential Benefit Plans
  - Essential Community Providers
  - Accountable Care Organizations
  - Many other provisions…
- **Other**
  - State regulations (all-payer claim databases, privacy/security, health reform, other)
  - E-Prescribing and other drug-related regulations
  - Medical device regulations
  - And more…

Regulatory Ecosystem: Timeline for HIPAA and Meaningful Use



Notes:
-- Tx = Transaction; ORs = Operating Rules; NPRM = Notice of Proposed Rule Making; MU = Meaningful Use; HITPC = HIT Policy Committee
-- Acknowledgments Transaction: Not part of ACA. Being considered by NCVHS for possible adoption and implementation by sometime in 2013

Color code for Regulations Publication and Comment Process

Color code for Compliance Date

Administrative Simplification Provisions in the 2010 Affordable Care Act

ACA Administrative Simplification Provisions (1)

Sec 1104 – Administrative Simplification

- Operating Rules (definition, requirements, timeline)
- Health Plan Certification Requirements
- Unique Health Plan Identifier
- Electronic Fund Transfer
- Claim Attachments
- Provisions on Penalty Fees
- HHS Review Committee

ACA Administrative Simplification Provisions (2)

Sec 10109 – Development of Standards for Financial and Administrative Transactions

- Consultation with NCVHS, HIT Policy Committee, HIT Standard Committees, SDOs, others
- ICD-9 / ICD-10 Crosswalk – to be revised and treated as a code set under HIPAA
- Next Round of Standardization – Areas to Consider:
  - Provider enrollment
  - Applicability of standards and operating rules to worker's comp and auto insurance
  - Standardization of financial audits in health care
  - Consistency in claim edits across health plans

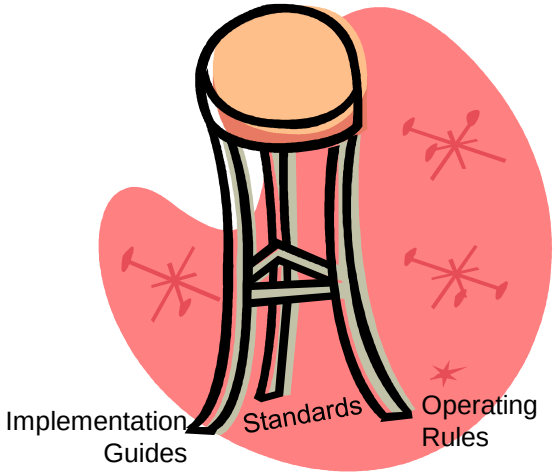
ACA Administrative Simplification Timeline (1)

	2011	2012	2013	2014	2015	2016
UNIQUE IDENTFIERS						
Unique Health Plan Identifier	July 1: Adopt Rules (expected)	Oct 1: Effective Date				
OPERATING RULES						
Eligibility and Claim Status	July 1: Adopt Operating Rules		Jan 1: Effective Date			
EFT and Claim Payment / Remittance Advice		July 1: Adopt Operating Rules		Jan 1: Effective Date		
Health Care Claim/Encounter; Plan Enrollment/Disenrollment; Plan Premium Payment; Referral Authorization				July 1: Adopt Operating Rules		Jan 1: Effective Date
NEW TRANSACTION STANDARDS						
EFT Standard		Jan 1: Final Rule		Jan 1: Effective Date		
Claim Attachment Standard AND Operating Rules				Jan 1: Final Rule		Jan 1: Effective Date
HEALTH PLAN ADMINISTRATIVE REQUIREMENTS						
Health Plan Certification for EFT, Eligibility, Claim Status and Claim Payment / Remittance Advice			Dec 31: File Statement			
Health Care Claim/Encounter; Plan Enrollment/Disenrollment; Plan Premium Payment; Referral Authorization AND Claim attachments					Dec 31: File Statement	

ACA Administrative Simplification Timeline (2)

	2011	2012	2013	2014	2015	2016
ADVISORY PROVISIONS						
Review Committee (can be NCVHS)				Jan 1: Establish April 1: hearings (biennially) July 1: Report (biennially)		
Input from NCVHS, HIT Policy and Standards Committees, SDOs		Jan 1: Solicit Input on additional transaction standards, operating rules, other items				
ICD-9 – ICD-10 Crosswalk	Jan 1: ICD-9 Coord. & Maint. Committee convenes hearing					

Operating Rules – The Third Leg of Administrative Simplification



Operating Rules – What Are They? (1)

"…the necessary business rules and guidelines for the electronic exchange of information that are not defined by a standard or its implementation specifications as adopted for purposes of this part…" (ACA)

Operating Rules – What Are They? (2)

Standards and associated Operating Rules shall:

- enable determination of an individual's eligibility and financial responsibility for specific services prior to or at the point of care;
- be comprehensive, requiring minimal augmentation by paper or other communications;
- provide for timely acknowledgement, response, and status reporting that supports a transparent claims and denial management process (including adjudication and appeals); and
- describe all data elements in unambiguous terms, require that such data elements be required or conditioned upon set values in other fields, and prohibit additional conditions

(ACA)

Operating Rules – What Are They? (3)

Help define a series of business exchange conditions, including

- Performance and system availability requirements
- Connectivity and transport requirements
- Security and authentication requirements
- Business scenarios and expected responses
- Data content refinements (i.e., situational data elements and codes used within specific data elements)

Play a role in filling “gaps” created by the flexibility or lack of definition in the standard

Help fill these “gaps” between the time changes are requested, incorporated into new versions of standards, and new standards adopted in regulation

Benefits of Operating Rules (1)

Operating Rules can:

- Reduce staff time spent on phone calls and websites to reconcile transactions (i.e., payments with remittance advices)
- More accurate and efficient transaction processing and better understanding of transaction processing issues (rejects, denials, etc)
- Increase ability to conduct targeted follow-up on transactions (i.e., payments that do not match claims)
- Facilitate the health care industry's momentum to increase use of the HIPAA-adopted administrative transactions
- Enhance the clarity and specificity of a given field or data element in the standard/implementation specification

Benefits of Operating Rules (2)

Operating Rules can:

- Serve as an intermediate, transitional step between consecutive versions of standards
  - Fill gaps and correct deficits in a current version of a standard while next version is being developed, finalized, vetted and adopted
  - As the new version of the standard is being updated, some operating rules in use can become part of the new version
  - Once the new version is adopted, those operating rules incorporated into the standard would be deprecated
  - New operating rules for the new version of the standard would be developed
  - There will always be a need for some core operating rules for transactions (i.e., infrastructure, testing, communications, etc)
- This way, standard will be improved, operating rule would serve its purpose, and it will enable industry to achieve greated administrative efficiency in almost ‘real time’

Companion Guides

[Per 45 CFR §162.915] companion guides cannot:

- (a) Change the definition, data condition, or use of a data element or segment in a standard.
- (b) Add any data elements or segments to the maximum defined data set.
- (c) Use any code or data elements that are either marked “not used” in the standard’s implementation specification or are not in the standard’s implementation specification(s).
- d) Change the meaning or intent of the standard’s implementation specification(s).

Operating Rules and NCVHS

NCVHS Responsibility under ACA

- NCVHS to select and inform HHS on the entity/entities selected to be operating rules authoring organizations
- NCVHS to select and inform HHS on the operating rules to be adopted for HIPAA transactions

Status of NCVHS Work on Administrative Simplification 2010-2012

Status of Unique Health Plan Identifier

NCVHS Steps:

- Completed environmental scan — June-July, 2010
- Hearings — July 19-21, 2010
- Letter to HHS — September 30, 2010

Recommendations:

- 1) Definitions and entities eligible for enumeration with an HPID; 2) levels of enumeration; 3) format and content of HPID; 4) directory database to support the HPID; 5) pharmacy industry use of the HPID; 6) implementation process and timing; 7) HPID enumeration process; 8) use of the HPID on a health plan identification card; and 9) Standards and operating rules to include HPID

Rulemaking process underway; rules expected July, 2011

Status of Eligibility and Claim Status Operating Rules

NCVHS Steps:

- Completed environmental scan — June-July, 2010
- Hearings — July 19-21, 2010
- Letter to HHS — September 30, 2010

Recommendations:

- 1) Name CAQH/CORE and NCPDP as authoring entities for non-pharmacy and pharmacy Eligibility and Claim Status Operating Rules; 2) Adopt CAQH/CORE Phase I and II operating rules for non-pharmacy Eligibility and Claim Status; 3) Adopt for retail pharmacy eligibility transactions the operating rules incorporated by NCPDP in the D.0 standard; 4) Require that companion guides that might deemed to still be needed by payers do not conflict with operating rules, Standards or IGs and follow a standard format and content; 5) CMS to develop a certification process for all standards, IGs and Operating Rules

Rulemaking process underway; rules expected July, 2011

Status of EFT and ERA (1)

NCVHS Steps:

Completed environmental scan	Oct-Nov, 2010
Hearings	December 3, 2010
First Letter to HHS	February, 2011
Applications from Authoring Entities	Jan-Feb, 2011
Second Letter to HHS	March, 2011

Observations/Recommendations – First Letter:

- Observations: 1) Establishing active, open process for ORs development; 2) Transition path needed for health plans, providers to adopt new Standards/IGs/ORs and changes in existing ones; 3) Value in ensuring consistency in certain aspects of ORs across all transactions
- Recommendations: 1) Definition of health care EFT transaction; 2) Adopt NACHA's CCD+ format as the standard *format* for EFT; 4) Identify NACHA as the SDO responsible for maintenance of the EFT standard; 5) Adopt as the implementation specification for *content* of EFT the requirement specified in the X12 835 – 5010 IG

Status of EFT and ERA (2)

Observations/Recommendations – Second Letter:

- Observations: 1) Greater, more visible collaboration among SDOs, OR Entities and stakeholders is imperative; 2) Further guidance on the roles and relationships between standards, IGs and ORs needed; 3) Process for preparing application to become authoring entities, submit ORs need to be understood; 4) ORs must be separate and distinct business rules from those found in the Standards and IGs; 5) ORs document for any given transaction must be a separate, self-contained, easily referenced document; 6) ORs must be directional, specific, unambiguous and clear about what entities subject to comply with them must do
- Recommendations: 1) Name CAQH/CORE + NACHA as authoring entity for ORs for all health care EFT and ERA transactions; 2) Require CAQH/CORE to engage X12, NCPDP, HL7 and other SDOs at a high level and workgroup level; 3) Call on X12, NCPDP, HL7 and other SDOs to actively engage with CAQH/CORE in developing EFT/ERA ORs; 4) Further clarify scope, focus and limitations between ORs and standards/IGs and define a framerowkr for how ORs will relate to standards/IGs

Rulemaking development to start summer, 2011; rules expected July, 2012

Status of Acknowledgments

NCVHS Steps:

- Completed environmental scan — March-April, 2011
- Hearing — April, 2011
- Expected Letter of HHS — June, 2011

Preliminary Hearing Findings:

- Clear sense of need to adopt standards for Acknowledgments
- Consistent understanding of which type of Acknowledgments to focus on (TA1, 999, 277CA)
- Agreement on which standards to use (X12); some questions about which version (5010? 6010? 6020?)
- Sense of urgency: adopt quickly the standards and requirements to use Acknowledgment transactions, during the implementation of the new 5010 standard (not wait until next version…)
- Issues with Pharmacy transactions – how much are Acknowledgments needed in Pharmacy?
- Issues with 835 transaction –277CA not intended to replace 835s
- The main issue: defining the specific triggers for acknowledgments: Always? Only when inbound transaction rejected?

Improvements to National Process for Standards/Operating Rules Development and Adoption

NCVHS Steps:

- Hearing — April, 2011
- Expected Letter of HHS — June, 2011

Preliminary Hearing Findings:

- Purpose: understand current status of standards and operating rules development, adoption and maintenance; discuss challenges and issues with current process; identify opportunities for improvement
- Industry "clamoring" for a new, dependable, orderly, coordinated, structured and predictable process for standards adoption and maintenance
  - When to expect next version of standards/operating rules; When to expect adoption of new versions
  - 'Supra-DSMO' organization that brings together SDOs, Data Content Committees, Operating Rules Authoring Organizations, Code/Terminology/Vocabulary Maintenance Organizations to cross-coordinate efforts more efficiently
- Need to come-up with:
  - Set of guiding principles for new standards development, adoption and maintenance process
  - Clearly delineate the differences and relationships between operating rules and standards
  - Establish a new 'place' for convening all groups, serve as coordinating body
  - Establish a defined timeline for adoption and maintenance (including testing, emergency process, regulations)

NCVHS Sub-Committee on Standards
Activity Agenda for 2011

NCVHS Plans for 2011

Letters on EFT/ERA	
▪ Recommendation on EFT Standard	February 2011 ✓
▪ Recommendation on Operating Rules Authoring Entity	March 2011 ✓
▪ Recommendations on Operating Rules (ORs)	Sept 2011
Hearing on Acknowledgments, ORs Process	April, 2011 ✓
DSMO Report to NCVHS	June 2011 ✓
Hearing on Status of 5010/ICD-10 Implementation	June, 2011
Tenth HIPAA Report to Congress	Sept 2011
Hearing on Section 10109 (Next Areas for Standardization)	Q4, 2011
Hearing on Claim Attachments – Part 1 (Overview, Status of Standards, Directions)	Q4, 2011

Coming up in 2012…

- Industry Status of:
  - Initial implementation of 5010/D.0
  - ICD-10 planning and transition
  - Preparation for Operating Rules for Eligibility, Claim Status
  - Preparation for Health Plan ID implementation
- DSMO Report
- Eleventh HIPAA Report to Congress
- Begin work on Operating Rules for health care claim/encounter, plan enrollment/disenrollment, premium payment, referral authorization
- Begin work on identification and selection of standards and operating rules for claim attachments