Testimony to National Committee on Vital and Health Statistics Subcommittee on Standards

5010/D.0 and 3.0 – Issues, Approaches to Solutions and Lessons Learned June 20, 2011

Introductory Statement and Emdeon Overview

Emdeon is pleased to offer the following comments to the Subcommittee regarding the issues, approaches to solutions and lessons learned during the implementation of version 5010. Emdeon has been instrumental in testing of the new transaction standards, so we hope that our experiences and observations will be helpful as you review the industry's experience with these critical initiatives.

Emdeon is a leading provider of revenue and payment cycle management and clinical information exchange solutions. Building on more than 25 years of government and commercial service, Emdeon provides powerful financial, administrative and clinical communication solutions that connect payers, providers and patients to improve healthcare efficiency. Emdeon processes over 5 billion healthcare transactions each year, and our industry-leading network connects 500,000 providers, 81,000 dentists, 60,000 pharmacies, 5,000 hospitals and 1,200 government and commercial payers. In effect, Emdeon can act as a representative sample of the entire U.S. commercial healthcare sector and a major portion of the U.S. government sector − giving us a unique, 360-degree view of the impact of these changes on the industry.

Today we would like to discuss our experiences in implementing 5010, the results of our early testing efforts and some important considerations for the industry as we look ahead to other administrative simplification initiatives. Our focus will be on the top three issues we experienced:

1) Need for a transition period
2) Too much at the same time − streamline
3) Acknowledgments

Public Laws 111-148&111-152 Sec. 1104 Administrative Simplification: Consolidated Print—39

1. Need for Transition Period

The main challenge that the Healthcare Industry faces is the number of regulations that must be adopted in a very tight timeframe. However, another challenge is the asynchronous way that the industry implements new versions. Typically the large providers and health plans are ready to begin testing long before their smaller counterparts are ready. This creates problems when trying to account for new, deleted and modified elements and code values. Much of the industry is dependent on clearinghouses and vendors to help them manage the transition from one version to another. It is also important to note that in order to complete testing and implementation with the vast numbers of healthcare entities, trading partners may choose to be early adopters going into production prior to the compliance date. This poses some challenges in the upward and downward compatibility of the transactions.

There are two common flows used by trading partners (certainly there are other variations, but these two flows are the typical exchange). The first is a direct approach and/or pass through, while the second provides up and down mapping from current versions to new versions. Each presents challenges during the transition period from one version to the next. The current approach to developing and implementing the new or modified business requirements assumes that the changes will be implemented all at the same time without consideration for the asynchronous way the industry handles these changes.

Direct Submission – Dual Path

In this use case, both the submitter and the receiver maintain a dual path for the transactions. The submitter's product must have rules built for both versions if the transactions are to be compliant. The receiver must be prepared in the back end process to allow for both the old and new versions. Some intermediaries allow for the dual path while others may not.

This requires the submitter to keep both versions running and send the appropriate version to the receiver. The burden of knowing which version a receiver is able to accept is placed on the submitter. In this case the receiver keeps both versions up allowing submitters to send transactions on either version.

Intermediary/Clearinghouse

The submitter and/or receiver of the transaction can only support the current version OR the future version but not both. In the case of a submitter, a file is transmitted to an intermediary (clearinghouse) containing transactions going to multiple receivers. The transactions are up converted when received in the older version going to the receiver on a newer version and down converted when received in the newer version going to a receiver on the older version. In the case of a receiver, a file is transmitted from an intermediary containing transactions from multiple providers. Again, the transactions are up converted or down converted depending on how they were received and what the health plan expects. This approach allows for implementers to go into production with the newer versions regardless of the where the submitter/receiver is in their implementation of the transaction thus supporting an asynchronous implementation over a longer period of time.

Recommended Guidance

To provide a smooth transition and allow the industry to implement in a staggered approach, there should be a 'grace period' to transition the change to span over two versions of the transaction. When adding or modifying an element the 'use' must take into account that the older versions cannot accommodate the new information until the software is updated and the data entry staff is properly trained. Deleting elements must consider the early adopters who will not have a place to put the information if it is removed. ***Translator***

products should build the edits and logic to take the transition period into account making the requirements date driven.

Emdeon has presented this concept to the ASC X12N Management team and it is under consideration as guidelines for future versions of the implementation guides (TR3s). See Appendix A for the detailed document under consideration.

2. Focus on one thing at a time

During the implementation of the first set of transactions named under HIPAA, the industry was faced with a new way to format the transactions –moving from flat file formats to the ASC X12 variable-length formats using qualifiers and syntax rules to govern the way the files are created. Many stakeholders recognized the need to implement the transactions in a phased approach making it easier to test and determine the root cause of any issues.

1) Formatting – ensure that the files are syntactically correct and that content is placed in the transaction according to the implementation guidelines.
2) Content – based on business needs, ensure that new content and codes are supported in the application systems and placed according to the implementation guidelines.
3) Edits/Logic - as the industry moved closer to the compliance date, trading partners began to enforce rules to align with the requirements outlined in the implementation guidelines. In many cases, edits were based on business needs rather than strict enforcement.

Focusing on each aspect independently allowed for the continued growth of EDI and reduced the risk to provider cash flow. With the implementation of 5010 the industry was faced with multiple changes being implemented simultaneously. Not only were there changes to formats (moving to a new version), there were also new policy changes introduced along with additional data requirements. To add to the complexity, the industry embraced the use of acknowledgments at the same time.

Recommendation

Regulations should establish milestones for new initiatives that allow the industry to stagger the implementation over a transition period focusing on one piece of the project at time.

Format Changes

It was our experience that the move to the new version 5010 of the transaction was fairly simple. The industry had learned the syntax of X12 transactions during the 4010 implementation making this a much easier transition. However, it is still important for trading partners to test the format to ensure that all syntax rules have been followed prior to implementing the transactions. For example, has the implementer used the correct code values and does the structure of the transaction follow the TR3.

Content and Edits

What we found during the implementation of the 5010 transactions was the rules around the use of the content were not always the same in the products used to support the EDI transactions. In some instances the products are not configurable by the customer and often times the user is not aware of the rules that are in place until testing begins. This strict enforcement did not allow for a transition period leading up to the compliance date and in some cases delayed the move to production. Allowing for a transition period would require the developers of the translation software to provide solutions that are transparent to the user and configurable in way that allows the user to support their business needs.

Recommendation
Allow the industry to move to the new format without strict enforcement of the content and rules around the content until the compliance date. This approach also allows entities to monitor the progress of the transaction and give the billers time to adjust to the new rules without interrupting cash flow.

Policy Changes
The major problems we encountered were the result of the transaction aligning with policy changes that occurred between the publications of the two versions. For example, the alignment of the rules to the NPI regulation caused issues around billing provider address. Unlike other changes, this change was not one that could be 'fixed' by the software vendor and required the provider to become actively involved in the resolution.

Recommendation
When policy changes go into effect, the transactions should be updated to align with the policy. For example, the 4010 guides did not fully support the regulations set forth under the NPI rule and the industry did not make all of the necessary changes. We encourage HHS to work with the standards development organizations to ensure that any changes to the transaction guides are implemented at the same time as the new policy. Although this will require errata, it will help the industry adopt the policy changes in the expected timeframe and make the next migration easier. What our experience showed was if the information is in the implementation guide the perception is the industry must abide by what is published. We will be facing this with the HPID and should learn from this experience.

3. Acknowledgments
Emdeon supports the use of acknowledgments and has always encouraged our trading partners to return acknowledgments for all transactions. Until the move to 5010, most of our customers used proprietary reports to provide some level of feedback on the transactions. We agree with the need for standardizing acknowledgments and encourage CMS to adopt standards moving forward. However, the industry must recognize that acknowledgments must be part of the analysis, development, and testing cycles for any future initiative. Our experience showed that many of our trading partners used the pre-packaged 999 in their translator software without testing the results internally before testing with their external partners. This added confusion to the issue resolution in trying to determine whether the transaction had errors or the 999 was at fault. During the 5010 testing phase, we found that errors in the 999 where mandatory data content was missing preventing us from parsing and distributing the acknowledgment to the providers. This issue had a negative impact to cash flow while we worked with the health plans to solve the problem. We also experienced inconsistent use of the 999 vs. the 277 Claim Acknowledgments. We also found that the 999 was used to reject files that contained claims that were not in error. Our implementation of the 999 for claims limited the rejection of files to catastrophic errors in the file and would encourage the industry to do the same. The inconsistent use of the acknowledgments required us to manually process many of the acknowledgments until coding could be implemented to account for the variety of uses slowing down the move to production in many cases.

Recommendation
We encourage CMS to adopt a standard approach to acknowledgments. When deliberating on certification, we encourage you to consider certification for translator products to ensure consistent use of the transactions. The industry guidance must stress the need for testing

of the acknowledgements as part of the implementation cycle. This testing should be done internally prior to external testing with trading partners to avoid delays.

Conclusion

In closing, we would like to thank the members of the Subcommittee for their time and attention. The changes being discussed today represent a major transformation for our industry. We appreciate all of your efforts to bring clarity and consensus to the process. We hope this information will be useful to you. Should you have questions or need any further information, please do not hesitate to let us know.

Thank you.

APPENDIX A
Transition Guidance to Implementation Guides (TR3's)

Under the Patient Protection and Affordable Care Act, there is a provision for Review and Amendment of Standards and Operating Rules. This provision requires the Secretary to establish a review committee, not later than April 1, 2014 and not less than biennially thereafter. The Secretary, acting through the review committee, shall conduct hearings to evaluate and review the adopted standards and operating rules.

Any recommendations to amend adopted standards and operating rules that have been approved by the review committee and reported to the Secretary shall be adopted by the Secretary through promulgation of an interim final rule not later than 90 days after receipt of the committee's report.[1]

Impact to the Standards Development Organizations

ASC X12 established a Special Appointed Committee (SAC) to review the current development processes and recommend a streamlining solution. This process was approved by the ASC X12 management and is currently being piloted for the next version of the Implementation Guides (TR3) 6020. These TR3's went out for public comment November 2011 with an anticipated publication of August 2014.

Once the TR3s are published, ASC X12 may recommend the adoption of these guides under HIPAA, as they represent changes requested by industry stakeholders since the publication of the 5010 TR3s. Work will immediately commence on the next version to be completed in the 2 year cycle.

Challenge to the Health Care Industry

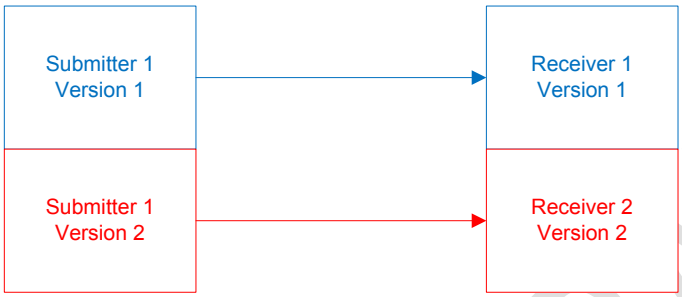
The main challenge that the Health Care Industry faces is the number of regulations that must be adopted in a very tight timeframe. However, another challenge is the asynchronous way that the industry implements new versions. Typically the large providers and health plans are ready to begin testing long before their smaller counterparts are ready. This creates problems when trying to account for new, deleted and modified elements and code values. Much of the industry is dependent on clearinghouses and vendors to help them manage the transition from one version to another. It is also important to note that in order to complete testing and implementation with the vast numbers of health care entities, trading partners may choose to be early adopters going into production prior to the compliance date. This poses some challenges in the upward and downward compatibility of the transactions.

There are two common flows used by trading partners (certainly there are other variations, but these two flows are the typical exchange). The first is a direct approach and/or pass through, while the second provides up and down mapping from current versions to new versions.

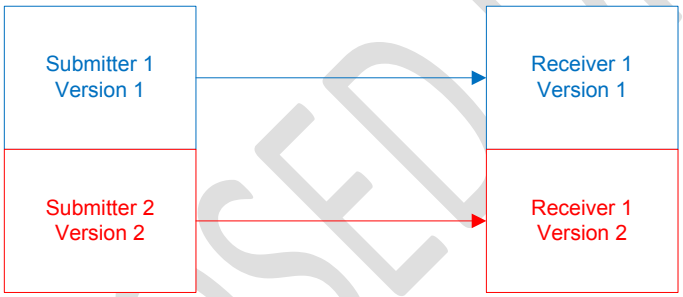
[1]Ppaca&Hcera; Public Laws 111-148&111-152 Sec. 1104 Administrative Simplification: Consolidated Print—39

Diagram 1 – Direct Submission – Dual Path

In this use case, both the submitter and the receiver maintain a dual path for the transactions. The submitter must know what version the receiver is capable of receiving. The submitter's product must have rules built for both versions if the transactions are to be compliant. The receiver must be prepared in the back end process to allow for both the old and new versions. Some intermediaries allow for the dual path while others may not.



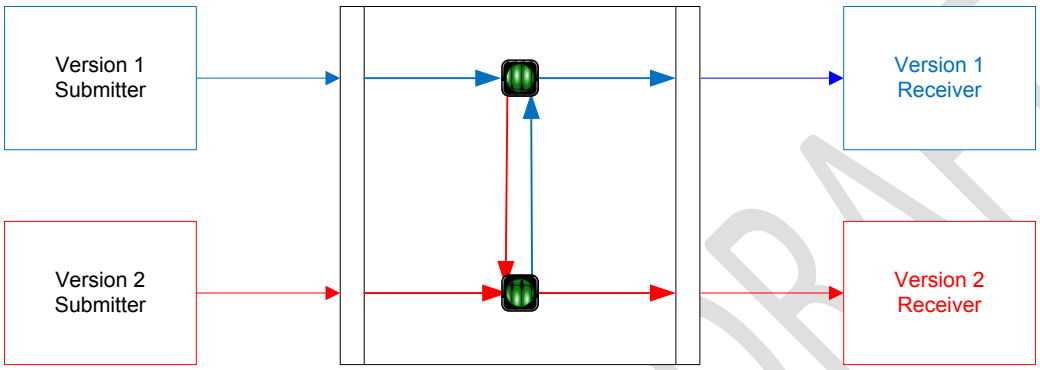
This first diagram shows how one submitter will keep both versions running and submit the appropriate version to the receiver. The burden of knowing which version a receiver is able to receive is placed on the submitter.



This second diagram shows how one receiver keeps both versions up allowing submitters to send transactions on either version.

Diagram 2 – Intermediary/Clearinghouse

The submitter of the transaction can only submit in the current version OR the future version but not both. A file is transmitted to an intermediary (clearinghouse) containing transactions going to multiple receivers. In this use case, the transactions are up converted when received in the older version going to the receiver on a newer version and down converted when received in the newer version going to a receiver on the older version. This approach allows for implementers to go into production with the newer versions regardless of the end receiver of the transaction.



Recommended Guidance

To provide a smooth transition and allow the industry to implement in a staggered approach, there should be a 'grace period' to transition the change to span over two versions of the transaction. When adding a new element the 'use' must take into account that the older versions cannot accommodate the new information until the software is updated and the data entry staff is properly trained. Deleting elements must consider the early adopters who will not have a place to put the information if it is removed. Translator products should build the edits and logic to take the transition period into account making the requirements date driven.

Changing the meaning of a data element, codes, segment or loop should be avoided as this causes downstream problems when analyzing, processing or mapping the data. It is preferable to create a new iteration of the content and obsolete the old if appropriate.

TGC will add rules in the front matter explaining that during the transition period the submitter can send new content but receiver may not be able to receive that new content. In this situation, the intermediary will not map to the older version.

Required New Element/Segment (not mandatory within the standard)

When a new loop/element is added it should never be REQUIRED on the first introduction to the TR3. Rather it should be SITUATIONAL and contain a 'transition' rule.

Situational Rule: Required after the mandated compliance date for this version of the TR3.

Situational New Loop/Segment/Elements (not mandatory within the standard)

When a new loop/element is added and is SITUATIONAL it should contain a 'transition' rule.

Situational Rule: Required after the mandated compliance date for this version of the TR3 when …..

Required Obsolete Loop/Segment/Elements (not mandatory within the standard)
When a required loop/element is no longer needed and is to be deleted, it should first be made situational and contain a 'transition' rule.
Situational Rule: Required prior to the mandated compliance date for this version of the TR3.

Situational Obsolete Loop/Segment/Elements
When a situational loop/element is no longer needed and is to be deleted, it should first be made situational and contain a 'transition' rule.

Situational Rule: Required prior to the mandated compliance date for this version of the TR3 when…

Situation Rule Modified for Loop/Segment/Element
When a Situational Rule changes for a loop/element the situational rule should contain multiple 'transition' rules. ***Situational Rule1: Required prior to the mandated compliance date for this version of the TR3 when…. AND***
Situational Rule 2: Required after the mandated compliance date for this version of the TR3 when…

Code Value/Qualifier
When a code value or qualifier that does not determine looping structure (i.e., NM101) is added or deleted in an element, consideration must be given to the transition period. This is especially critical when the element is a required element. Often there is a 'generic' value (one that is less granular or specific) that can be used to convert new/deleted code values when transitioning. For example there may be values such as 'other' or 'unknown' that can be used or another code value that has the same meaning to meet the element requirements.

New Code Value/Qualifier
When adding a new code/qualifier to an element and there is not a generic value available for converting, a Code Note should be added:
Code Note: Use of this code is only allowed after the mandated compliance date for this version of the TR3.

When adding a new code/qualifier to an element and there is a generic value available for converting a Code Note should be added:
Code Note: Prior to the mandated compliance date for this version of the TR3 this code should be converted to….

Obsolete Code Value/Qualifier
When a code value/qualifier is no longer needed and there is not a generic value available for converting, a Code Note should be added:
Code Note: Use of this code is only allowed prior to the mandated compliance date for this version of the TR3.

When a code value/qualifier is no longer needed and there is a generic value available for converting a Code Note should be added:
Code Note: Prior to the mandated compliance date for this version of the TR3 this code should be converted to….