TESTIMONY

of the

American Medical Association

and

The Medical Group Management Association

before the

National Committee on Vital and Health Statistics

Subcommittee on Standards

Re: Standards and Operating Rules for Claims Attachments

Presented by: Mari Savickis

February 27, 2013

Division of Legislative Counsel
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TESTIMONY BY THE AMERICAN MEDICAL ASSOCIATION

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THE MEDICAL GROUP MANAGEMENT ASSOCIATION

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Presented by: Mari Savickis
Assistant Director, Federal Affairs
American Medical Association

Uniform Standard and Operating Rules for Claims Attachments

The American Medical Association (AMA) together with the Medical Group Management Association (MGMA) would like to thank the National Committee on Vital and Health Statistics' (NCVHS) Standards Subcommittee (Subcommittee) for the opportunity to provide comments on standards and operating rules for electronic claims attachments.

Adopting Accredited Standards Committee (ASC) X12 275 and Improving ASC X12 277 Use

We continue to believe that the adoption of the ASC X12 275, Additional Information to Support a Health Care Claim or Encounter (hereinafter referred to as the 275), will make significant inroads towards the goal of administrative simplification. We have already provided numerous testimonies to NCVHS regarding the need for and value of adopting uniform standards and operating rules for claims attachments. **While our recommendations remain the same, we would like to take this opportunity to:**

- Emphasize the importance of adopting 275 as the uniform standard for claims attachments so that all health care industry stakeholders will be able to build and consistently send and receive the 275 structured payload envelope to carry the information either in structured or unstructured format necessary to adjudicate health care claims, and support prior authorizations, predetermination of benefits, coordination of benefits, workers' compensation, referrals, pre and post payment audit situations, and consent/authorization forms.
- Recommend the adoption of supporting operating rules for the ASC X12 277 Health Care Claim Status Response (hereinafter referred to as 277) to facilitate solicited attachment requests by the payer for specific documentation.

- Recommend that the business use for the 277 and 275 be the request for additional documentation sent to the provider and the corresponding response received by the provider from the payer referencing the documentation. Further, the business rules should be applied in a consistent manner across all provider/payer information exchanges when any type of "additional information" is required by either party. These recommendations apply to both solicited and unsolicited patterns of business use. We believe that this approach aligns well with the conclusions cited by this Subcommittee in 2012, whereby it recognized the utility of managing all attachments "for claims, prior authorizations, predetermination of benefits, coordination of benefits, workers' compensation, referrals, pre and post payment audit situations and consent/authorization forms using a common, scalable approach."

Automating Prior Authorization (PA)

As mentioned in our previous testimony, the AMA and MGMA have continually encouraged the health care industry to begin asking how to solve burdensome business processes instead of just looking to adopt another standard transaction and operating rules under the Health Insurance Portability and Accountability Act (HIPAA). **We believe that a uniform standard and operating rules for attachments would bring significant value and efficiency to the PA process as physicians are increasingly being required to obtain PAs for all types of health care services, including medical, pharmacy, laboratory, radiology, and durable medical equipment (DME) services.** The current system is all too often manual, time-intensive, and confusing for providers in the wide variety of clinical settings, and is very costly for payers, which translates into higher premiums for patients.

If PA is used it must be less burdensome and incorporated within the provider workflow. We assert that significant cost savings will be available to both physicians and payers when the current burdensome PA processes are replaced by an automated, end-to-end workflow that is integrated within the practice management/electronic health record (PM/EHR) systems. We believe that the best automated solution for PA would be a single, standard electronic PA process that utilizes the ASC X12 270/271 Health Care Eligibility Benefit Inquiry and Response 270/271, ASC X12 278 Health Care Services Review Information 278, 275, ASC X12 837 professional claim 837 and ASC X12 835 electronic remittance advice 835 health care standard transactions—an end-to-end work flow for PAs. When you look at the attachment needs for PAs, the significance of the convergence of administrative and clinical data becomes very apparent. In order to account for the varying states of readiness in the industry, the 275 envelope and the data it carries needs to accommodate both unstructured and structured attachments as they will be either sent from a PM module or a more sophisticated EHR system. The 278 transaction, while not most efficient, also has the capability to convey a payer's web address to link physicians to the required forms or questionnaires. Regardless, it will be important for the

attachments standard to meet the varying stages of industry readiness as well as meet administrative PA and meaningful use EHR requirements as the industry must support both the current claim-centric, transaction-based administrative system, as well as prepare for the quality-oriented and outcomes-based reporting requirements of tomorrow.

Adopting a Complete Solution for Attachments

The AMA and MGMA also realize that the long-term goal for automating the information exchange processes in health care and achieving true administrative simplification rely largely on the incorporation of structured, coded data into streamlined electronic transactions. That said, there is much more work to be done with regard to the implementation of both technology and health care standard transactions and operating rules by all stakeholders in the health care delivery process. This work, while progressing quickly, is still expected to take years to complete. The fact remains that with all the health IT adoption success of late, health care payers and providers still rely heavily on the exchange of information that is based upon rich text narrative, unstructured data or data that requires being structured according to payer rules driven by limitations of legacy processing infrastructures and plan design. Implementing the 275 structured payload envelope and the 277 request transaction would serve to quickly reduce significant burdens on physician practices and enable the streamlining and automation of much of the payer processing required to support claims payment and PA. Utilizing the X12 transactions in particular would serve to leverage the existing technical and business process investments of the health care community at large that has resulted from the HIPAA mandated transactions to date.

We therefore, encourage NCVHS to recommend to the Secretary of the Department of Health and Human Services (HHS) the need for a complete solution to attachments that would include not only the 275 and 277 standard transactions, but would also include operating rules concerning the use of the 275, 277, 278, and 837 transactions with the submission of attachments in order to ensure clarity around how these transactions coupled with attachments can meet the business purposes of claims adjudication, prior authorizations, patient referrals, and pre and post payment audit situations. These operating rules should include, but not be limited to, the following:

- guidance for unsolicited attachments (e.g., business rules);
- guidance for solicited attachments;
- guidance on transport (e.g., Nationwide Health Information Network (NwHIN), Direct, Connect, NDM, FTP, CORE);
- definitions about metadata requirements (i.e., envelope, control number);
- payload file size;
- number of requests for attachments per claim;

- acknowledgments and error reporting; and
- standards, protocols, legal agreements and specifications that a consortium of health information organizations have agreed are necessary for secure and private exchange of health information over the public internet.

We recognize and commend others in the health care industry that are working towards common solutions to ease the burden of the current PA process. We would not be able to recommend this automated PA workflow if the previous lessons learned utilizing the 4010 version of the ASC X12 standard transactions had not been incorporated in the 5010 version of the transactions, now in effect. The enhancements that were incorporated into the 5010 version of the 271 eligibility request and response and the 278 referral certification and authorization standard transactions further streamlines the PA process. As new versions of HIPAA are considered, such as 6020 which includes esMD (electronic submission of medical documentation), as discussed below, care should be taken to ensure that the industry has ample opportunity to consider how attachments will be handled.

Use of LOINC Codes

The AMA and MGMA also agree with HL7 on their recommendation that the Attachment Rule should not name the specific external LOINC codes (Logical Observation Identifiers Names and Codes) used to identify types of "unstructured" attachments. However, we believe that the external LOINC code set should be referenced in the rule as a code set to be used for "unstructured" attachments. This will allow the industry to continue to request and use LOINC codes for HIPAA attachments which are needed to meet their business needs. This process will also address any industry needs not included in the structured consolidated CDA Implementation Guide. It is important to keep in mind that there are a number of ways EHRs certified for the Medicare/Medicaid meaningful use program identify medical elements such as Problems/Conditions, Allergies, Adverse Reactions, and Medications. Therefore, the rule should also include terminology standards that are consistent with the meaningful use program.

Lack of a Named Standard has Bred Other Industry Solutions

In the absence of HIPAA standard transactions for sending, receiving, and requesting attachments, there are several organizations that have initiated attachment pilots that are not necessarily based on the traditional X12 or HL7 standard transactions. In fact, many are resorting to using proprietary web portal solutions or looking to transmit over the public Internet. This is very concerning given that, after a decade, many PM vendors and critical physician trading partners are still not fully compliant with the existing HIPAA standard transactions. **Industry guidance should also be provided in the event that attachments are to be conveyed over the public Internet.** When transactions that include protected health information (PHI) are

communicated over public networks, security is always an issue. Messages issued over the Internet can inappropriately disclose PHI unless the necessary security controls are applied.

The lack of a mandated solution has compelled the industry to search for creative solutions. For example, the Centers for Medicare & Medicaid Services (CMS) has implemented a proprietary initiative called esMD which was originally developed as a mechanism by which physicians could, in response to an audit request, submit medical documents to Medicare using a portal-based solution that leverages a NwHIN connect based gateway. The esMD initiative has now been established as a workgroup within the Standards & Interoperability Framework (S&I), a voluntary effort between public and private entities aimed at facilitating health information exchange overseen by the Office for the National Coordinator for Health Information Technology (ONC). The esMD initiative is being expanded to foster bi-directional information exchange to support Medicare's program integrity efforts. Specifically, we understand plans are underway to send PA forms to physicians and for them to return these to Medicare to support the Power Mobility Device (PMD) demonstration. Since Medicare documentation can be sent to a single endpoint from a portal based application, the envelope requirements are far simpler than a broad based solution that will serve the entire industry. Implementing the 275 and 277 standard transactions would allow solutions such as esMD to be enhanced to reach a much broader constituency and true machine to machine management of transaction processing.

While the AMA and MGMA continue to be alarmed by the growing use of PA to ascertain medical necessity, to the extent PA is required by payers we support the esMD effort to offer Medicare physicians a streamlined and secure mechanism to obtain PA under the PMD. As stated above, to the degree that Medicare and other payers adopt similar esMD-like solutions we strongly urge NCVHS to urge HHS to adopt the 275 as a named HIPAA standard while also affording them the flexibility to use these other solutions. Doing so will allow physicians with different workflows and technology to incorporate the solution that best meets their needs.

Regardless of the chosen transmission, the implementation of new versions of standards and operating rules should be seamless and incorporated within physician practices' daily work flows, using their PM and/or EHR. Physician practices look to these vendors to implement the mandated standard transactions and operating rules. Without the appropriate PM functionality and payer compliance with HIPAA standard transactions, the industry will not realize the cost savings being touted today.

Workers' Compensation

In the area of workers' compensation, there has been significant change in the industry since November 2011. This industry has increasingly realized the value using electronic standard

health care transactions. In particular, workers' compensation state regulations in California, Texas, Minnesota, Louisiana, and Georgia require the use of the 275 and the 277 transactions for both solicited and unsolicited attachment requests (similar legislation is pending in Illinois and Oregon). Since workers' compensation is heavily attachment oriented, the ability for payers to request that advance documentation be sent with a claim when a specific procedure or service is performed allows payers to reduce the number of pended claims and claim processing time in order to meet the 15-day (on average) state prompt payment requirements. It is important to note that in addition to the 275, there are other attachment methods that are allowable via trading partner agreements, such as encrypted email (PDF/Word attachments), password encrypted transmissions, and secure fax technologies. **Because of the significant savings in time and avoidance of unnecessary expenses that physicians can achieve through automation of these claims processes, we strongly support expanding the applicability of the HIPAA electronic health care transactions to all lines of insurance, as applicable, including workers' compensation.**

We look forward to continuing to work collaboratively with NCVHS and respective stakeholders to bring about administrative simplification for physicians and others in the industry.

“Attachments Standards and Operating Rules: The Provider Perspective”

Feb. 27, 2013

American Medical Association
Medical Group Management Association
Presented by Mari Savickis
AMA

Adopting ASC X12 275 and Improving ASC X12 277 Use

- Adoption of the ASC X12 275 will make significant inroads towards the goal of administrative simplification
- In previous testimony we've highlighted the need for and value of adopting uniform standards and operating rules for claims attachments.
- **Our recommendations remain the same, but we would like to take this opportunity to:**
  - Emphasize the importance of adopting 275 as the uniform standard
  - Recommend the adoption of supporting operating rules for the ASC X12 277 (Health Care Claim Status Response) to facilitate solicited attachment
  - Recommend business use for 277 and 275 be the request for additional documentation sent to the provider and the corresponding response received by the provider from the payer referencing the documentation
  - Further, business rules should be applied in a consistent manner across all provider/payer information exchanges

Automating Prior Authorization

- Current PA system for medical, pharmacy, laboratory, radiology, and DME services is manual, time-intensive, and confusing for providers, and is very costly for payers, which translates into higher premiums for patients
- Uniform standard and operating rules for attachments would bring significant value and efficiency to the PA process
- If PA must be used, it should be less burdensome and incorporated into provider work flow.
- An automated, end-to-end workflow should be integrated within the practice management/electronic health record (PM/EHR) systems
- The best automated solution would be a single, standard electronic end-to-end work flow PA process that utilizes the 270/271 , 278, 275, 837 and 835 transactions

Convergence of Administrative and Clinical Data

- The 275 needs to accommodate both unstructured and structured attachments as they will be either sent from a PM or EHR
- The 278 transaction, while not most efficient, also has the capability to convey a payer's web address to link physicians to the required forms or questionnaires
- **Recommendation: It is critical for the attachments standard to meet the varying stages of industry readiness as well as meet:**
  - Administrative PA requirements;
  - Meaningful Use EHR requirements;
  - Support both the current claim-centric, transaction-based administrative system; and
  - Prepare for the quality-oriented and outcomes-based reporting requirements of tomorrow.

Adopting a Complete Solution for Attachments

- **Where we want to go:**
  - Achieving true admin simp relies largely on the incorporation of structured, coded data into streamlined electronic transactions
- **Reality:**
  - Will take years to implement both technology and healthcare standard transactions and operating rules by all stakeholders
  - We still rely heavily on the exchange of rich text narrative, unstructured data or data which requires being structured according to payer rules
- **Recommendation: Implement the 275 structured payload envelope and the 277 request transaction**
  - Will quickly reduce significant burdens on physician practices and streamline and automate much of the payer processing required to support claims payment and PA
  - Will also leverage existing investments of the healthcare community that has resulted from the HIPAA mandated transactions to date

Operating Rules

- Operating rules should include, but not be limited to the following:
  - Guidance for unsolicited attachments (e.g., business rules);
  - Guidance for solicited attachments;
  - Guidance on transport (e.g., NwHIN, Direct, Connect, NDM, FTP, CORE);
  - Definitions about metadata requirements (i.e., envelope, control number);
  - Payload file size;
  - Number of requests for attachments per claim;
  - Acknowledgments and error reporting; and
  - Standards, protocols, legal agreements and specifications that a consortium of health information organizations have agreed are necessary for secure and private exchange of health information over the public internet.

Use of LOINC Codes

- We agree with HL7 that the attachment rule should not name the specific external LOINC codes used to identify types of “unstructured” attachments
- Industry should continue to request and use LOINC codes for attachments which are needed to meet their business needs and will address any industry needs not included in the structured consolidated CDA Implementation Guide
- **Recommendations:**
  - External LOINC codes should be referenced in the rule as a code set to be used for “unstructured” attachments
  - The rule should also include terminology standards that are consistent with Meaningful Use, as there are a number of ways that CEHRT identifies medical elements such as problems/conditions, allergies, adverse reactions and medications for Meaningful Use

Lack of a Standard has Bred Other Solutions

- In the absence of a HIPAA attachment standard, there are several organizations that have initiated attachment pilots that are not necessarily based on the traditional X12 or HL7 standard transactions
- Very concerning that many PM vendors are still not fully compliant with the existing HIPAA standard transactions
- Many are resorting to using proprietary web portal solutions or looking to transmit over the public Internet
- **Recommendations:** Industry guidance on securing PHI should also be provided in the event that attachments are to be conveyed over the public Internet

Lack of a Standard has Bred Other Solutions (cont.)

- esMD
  - Intent is to expand uses to bi-diretional information exchange to support Medicare's program integrity efforts
  - Envelope requirements are far simpler than a broad based solution that will serve the entire industry. Implementing the 275 and 277 standard transactions would allow solutions such as esMD to be enhanced

Recommendations:

- We strongly urge NCVHS to recommend the adoption of the 275 as a named HIPAA standard while also affording the industry the flexibility to use these other solutions, where appropriate
- As new versions of HIPAA are considered such as 6020 which includes esMD care should be taken to ensure that the industry has ample opportunity to consider how attachments will be handled

Workers Compensation

- Significant change in the WC industry since November 2011
- WC has increasingly realized the value using electronic standard healthcare transactions
- WC is heavily attachment oriented
- In addition to the 275, there are other WC attachment methods that are allowable via trading partner agreements, such as encrypted email (PDF/Word attachments), password encrypted transmissions, and secure fax technologies
- **Recommendation:** We strongly support expanding the applicability of the HIPAA electronic healthcare transactions to all lines of insurance, as applicable, including Worker's Compensation

Summary

- Attachment standard and operating rules greatly needed to drive out administrative cost
- Standards should be flexible, not stifle innovation, and permit additional industry approaches
- Rules should leverage existing HIPAA standard transactions
- End-to-end PA and WC approaches should be incorporated

Questions/Answers