



**National Committee on Vital and Health Statistics
Subcommittee on Standards
June 18, 2013**

Cooperative Exchange Operating Rules Testimony

The Cooperative Exchange would like to thank NCVHS for holding these important hearings and inviting us to participate. The Cooperative Exchange is the recognized resource and representative of the clearinghouse industry for the media, governmental bodies and other outside interested parties. In 2010, Cooperative Exchange members submitted over 1.2 billion unique claims, from over 700,000 provider organizations, representing \$1.1 trillion. We are committed to promote and advance electronic data exchange for the healthcare industry by improving efficiency, advocacy, and education to industry stakeholders and government entities.

Our 26 member companies and organizations include: ACS EDI Gateway; American Medical Association; Axiom Systems; Availity; CareMedic Systems; Capario; ClaimLogic; Claimsnet; eProvider Solutions; Gateway EDI; GE Healthcare; GHN-Online; HDM Corp.; Healthcare Billing and Management Association; Health-e-Web; Jopari Solutions; Medical Electronic Attachments; NextGen Healthcare; Office Ally; OptumInsight; RealMed, an Availity Company; Secure EDI; Siemens HDX; Streamline Health; The SSI Group, Inc.; Zirmed. Our position in partnering with providers, vendors *and* payers gives clearinghouses a unique and comprehensive perspective.

Regarding the processes of development and maintenance of Operating Rules, clearinghouses are noticing that providers are often unaware of any changes, mandates or benefits. However, vendors say that providers are participating by evidence in a rise of eligibility and claims status transactions. Clearinghouses are also seeing sporadic content information, especially in smaller and specialty providers. Payers are not using service type codes but sending generic codes.

With respect to the maintenance process, our members are finding it restrictive and slow. There is no process or plan to update or change existing Operation Rules (i.e. Eligibility response should reference the need for prior authorization when applicable to specific medical services). We recommend that a process be put in place, possibly administered by another organization, for faster implementation of changes and updates. The CARC/RARC code maintenance process is also slow. Recommendations come from ASC X12, but are implemented months later from CAQH CORE. For example, CARC/RARC recommendations were made by ASC X12 in January, and just adopted by CAQH CORE in May. The CORE Operating Rules state that new codes can be used immediately, but the delay in receiving the updated CORE CARC/RARC Combinations document means that entities may implement the new code when available from the Code Committee meeting, but then have to go back and make changes after the Code Combinations are produced, thus having to update systems twice, and the providers receiving information in different ways after the updates are done.

In regard to the Operating Rules on Eligibility, our clearinghouses experienced smaller payers not providing information on patient responsibility. We also found providers not using electronic eligibility, instead directing patients to their website or confirming eligibility by phone.

There were some technical issues that arose when clearinghouses implemented the first set of operating rules. Payers' transaction protocols were already established, however, because of

the “safe harbor” requirements, payers and clearinghouses had to implement changes to support the “safe harbor” protocol. The problematic business issue is that providers are not using the Operating Rules on Eligibility. While the “Safe Harbor” rule provides for a uniform method of exchanging administrative transaction data between health plan and provider, it also provides that *other methods may be used*. Consequently, very few health plans are mandating that type of communication and very few providers are asking for it.

For the second round of Operating Rules (EFT/ERA) adoption and implementation, clearinghouses are actively involved in the testing process, and it appears to be going well. There are smaller health plans that are doing virtual credit cards and are not the ERA. - Because the 835 transaction does not support credit card payments, these are accompanied by a paper remittance advice, which reduces the ability to automate for the provider. The question arises on after the adoption date, what will happen when asked for EFT? Health plans have to support it. There is also concern that communication of the Operating Rules coming out are not reaching all parts of the industry. As with 5010, smaller providers are dealing with limited funds, and any reimbursement disruption will be felt harder by them. There is also an issue with providers who divide their accounts between different banks across state lines. They do this for cash flow and creditor maintenance. With EFTs, they will have to be at one bank. And for smaller providers who rely heavily on Medicare payments (which are all EFT), they are struggling with this requirement. There is also an issue with HIE’s premium payment grace period. CAQH CORE will have to provide Operating Rules to take that into account.

Earlier this month, the Cooperative Exchange held a “Clearinghouse Caucus” at the ASC X12 Standing Meeting, with over 85 industry stakeholders present. This group also highlighted a number of issues:

- Challenges with the Enrollment Operating Rule, e.g. DEG6 are now sub-elements, and need to be elements and no facility for “bulk” enrollments
- What to do for HPID/OEID
- Need rules for paper enrollment
- Confusion over “business days” vs. “banking days”
- CARC/RARC combination rule issues
- 835 Infrastructure – paper remittance as applied to online
- Confusion in the Operating Rules on need to do vs. need to do to be certified

On the next round of Operating Rules (Attachments, Claims, Prior Authorization, Enrollment, Premium Payment), some Cooperative Exchange members are working with CAQH CORE on their development. That being said, we recommend a better mechanism for submitting suggestions, so all industry stakeholders (not just CAQH CORE members) can participate. We also recommend that a vote or consensus method be instituted by CAQH CORE so that all suggestions will be equally considered.

Finally, we feel the implementation of the Operating Rules does not follow the workflow processes of the claim life cycle, which has caused challenges in implementing and integrating into existing workflows. Therefore, the Cooperative Exchange recommends that NCVHS look at all the electronic transactions in more of a “holistic” approach rather than a set timeline, and then adopt in the order of process. We recommend this strategy going forward.

Respectfully Submitted,

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