UNITEDHEALTH GROUP®

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RE: National Committee on Vital and Health Statistics (NCVHS)
Subcommittee on Standards June 17-18, 2013
Administrative Transaction Standards, Code Sets and Operating Rules
Industry Status of Planning, Transitioning and Implementation

UnitedHealth Group Update

UnitedHealth Group is pleased to provide an update to the Subcommittee on the status of our implementation of the Operating Rules for Eligibility and Claim Status and our continued efforts with the next wave of Operating Rules for ERA and EFT.

UnitedHealth Group is dedicated to making our nation's health care system work better. Recognized as America's most innovative health care company by *Fortune* magazine, our highly-diversified and comprehensive array of health and well-being products and services empowers individuals, expands consumer choice, and strengthens patient-provider relationships. Our nearly 115,000 employees serve the health care needs of more than 75 million individuals, develop and advance new health technologies and enhance financial and operational connectivity across the health care system. Our role as a national leader in both private and public health benefits programs and services enables us to continuously foster innovative health solutions aimed at creating a modern health care system that is more accessible, affordable and personalized for all Americans.

We appreciate the opportunity to provide an update of our experience with the first phase of mandated operating rules and our ongoing efforts in preparing for the next phase. Additionally, UnitedHealth Group teams charged with meeting our compliance responsibilities are available to discuss if this would be helpful.

UnitedHealth Group Program Structure

Extensive coordination is required between UnitedHealth Group operational businesses, IT resources and platform owners to ensure and demonstrate compliance with all the Administrative Simplification provisions of the ACA, including the implementation of the Eligibility and Claim Status and ERA/EFT Operating Rules as well as the Health Plan ID enumeration strategy. In addition, we commit resources to participate in the standards setting organizations as well as the CORE committees working on future operating rules development. We formed a team called Provider Regulatory Programs (PRP) to manage this process in a very structured and sustainable manner.

In addition, we developed an internal process whereby the requirements for both the standard transactions and operating rules are reviewed at an enterprise level and decisions are made about how to best incorporate these requirements into our business processes and system infrastructure. These projects require the dedication of a team of individuals who understand the technical, regulatory and operational requirements of the transactions and the business implications and dependencies for implementation.

To provide an example of some activities underway as we achieve compliance with the ERA and EFT Operating Rules:

- Development projects initiated
- Coordination and writing of Platform deliverables
- Monthly Executive Steering committee meetings
- Weekly update calls with key strategic partners
- Strict Financial Review of program capital needs
- Plans for Provider Communication and Awareness
- Platform business SMEs are reviewing the existing crosswalks against the 4 CORE-defined Business Scenarios and adjustment for any mappings that do not align to CORE 360 Rule
- Frequent collaboration with Industry Groups to ensure accurate and timely deliverable of ERA & EFT Operating Rules

We believe the structure we developed around this program is critical to the successful implementation of the current and future iterations of the standards and operating rules. Additionally, we are happy to discuss more details as necessary with the Subcommittee.

Wave 1 Operating Rule Experience (Eligibility and Claim Status)

Although our current efforts are deeply entrenched in the next wave of Operating Rules for ERA and EFT, we continue to monitor the implications to our business of the previously deployed operating rules. As mentioned in our previous testimony to the Subcommittee, UnitedHealth

Group (UHG) made an enterprise decision to voluntarily become CORE Phase I and II Certified and coupled that effort concurrently with our existing v5010 implementation project. Since mid-2012, as providers are able to send v5010 transactions to UHG, we have been able to respond with v5010 + CORE Phase I and II transactions. As part of this project, UnitedHealth Group has continued to monitor the receipt of these electronic transactions and assess the value of these transactions to our provider customers and our internal business operations with the expected outcome being reduced manual intervention for both parties. Based on monthly claims volumes of approximately 35 million claims per month, we are seeing the following trends in our Eligibility and Claim Status transactions since January 2013:

Phase I and II Operating Rule Progress to Date

- Eligibility transactions have increased from 15-20 million transactions per month between January and June 2012 up to an average of approximately 28 million in the first four months of 2013. This shows a significant increase in the volume of Eligibility transactions physicians, hospitals and other healthcare providers are sending to our organization increasing their access to current and transparent eligibility information regarding our members.
- Claim Status transactions have also increased significantly in the same time frame, up from approximately 4 million transactions monthly in early 2012 to 5.5 – 6 million transactions monthly in early 2013. For a relatively new transaction, this shows a considerable increase in the provider's utilization of this transaction in the management of their revenue cycle.

While we see considerable increase in these electronic transactions, now enabled with the operating rules, we are not seeing the associated decrease in our manual (call) transactions. We have learned that the pure implementation of the technology is not the lever to shift provider practice workflow from manual processes to the utilization of the enhanced information available through the standard transactions and Operating Rules. As the industry coalesces around the need for Operating Rules in conjunction with the standard transactions, we can and should offer to enhance efforts to modify provider practices with more efficient tools and adoption techniques. In order to reach a critical mass that will drive a more efficient workflow for provider offices, we must find a way collectively to ensure that federal and state payers, in addition to the commercial payers are ready to provide HIPAA compliant transactions with the associated Operating Rules. If a significant portion of the provider's payer base (e.g., State Medicaid Agencies) continues to force them to a manual process, providers will not develop processes that adopt and utilize the standard transactions and Operating Rules as a key staple in their practices related to claims administration.

Commitment to Industry Participation and Support

In addition to our internal programs, UnitedHealth Group remains committed to supporting industry initiatives dedicated to decreasing the cost of healthcare administration. Here are a few examples that demonstrate our commitment:

- UnitedHealth Group leadership has dedicated time and resources as a CAQH Board Member and CORE Transition Committee Member

- UnitedHealthcare provides leadership support as a Co-Chair of the CAQH Committee on Operating Rules for Information Exchange (CORE) CORE Code Combinations Task Group
- The Current CAQH Board Chair is David S. Wichmann, Executive VP, UnitedHealth Group and President, UnitedHealth Group Operations and Technology
- UnitedHealthcare is a Phase I and Phase II v5010 CORE-certified health plan
- UnitedHealthcare actively participates in industry surveys to prioritize the functionality necessary for the next phase of Operating Rules related to Enrollment, Premium Payment, Attachments, Prior Authorization and Claim
- UnitedHealth Group resources have been and continue to be presenters at several industry conferences to share our lessons learned and provide guidance on program management, provider engagement and practice management system partnerships

While this level of industry engagement requires considerable resource commitment from the highest levels of our organization, we believe that influencing and driving the industry towards more cost effective processes through these efforts is critical.

Observations and Summary

Implementation of the Operating Rules is not just a technical change, it requires business, regulatory, and industry influence to provide guidance on implementation and more importantly cross industry adoption to ensure the reason why these transactions were created is realized in the industry – that is, to take costs out of Healthcare Administration for all parts of the Industry.

- A key point for both Eligibility and Claim Status transactions and their value is that non-covered entities are not incented or required to incorporate the functionally provided in the Operating Rules environment. The Practice Management System vendors and other non-covered vendors need to make it easier and less expensive for the provider practice to submit an EDI transaction versus placing a call.

- We continue to recommend a mandatory registration of readiness by covered entities, including providers and clearinghouses as well as those organizations doing business on behalf of providers like Practice Management System vendors. While payers are mandated by the ACA to comply with these standards, the true value will only be realized when all stakeholders in the process take advantage of the functionality.

- Practice Management Systems and other non-covered entities handling transactions should be required to create, pass, receive, and post standard ASC X12 transactions with the mandated Operating Rules. Without this, it is hopeless to expect that adoption in the industry will occur. It is unclear why only Health Plans are included in the mandatory process.

Conclusion

UnitedHealth Group fully supports the efforts of the Subcommittee and would like to offer our experts as a resource as you continue this journey of defining the Administrative Transaction Standards, Code Sets and Operating Rules. We also support work done to further CAQH CORE's multi-stakeholder approach. The work completed by ASC X12 and CORE can create a meaningful environment to drive change in how healthcare is transacted in this industry. The established working relationship with and processes used by CAQH CORE is essential for the successful implementation of the Operating Rules. We have served on the CORE Transition Committee and we strongly support the efforts to further CORE's focus on engaging multi-stakeholder, executive leadership that can commit to and drive adoption as proposed in the model created by this Committee.

We encourage the Subcommittee to recommend a method of applying the same standards of compliance to all entities that exchange HIPAA based transactions (not just Health Plans) to ensure the value in the enhanced v5010 Operating Rules data set can be realized. We offer our insight and expertise as you move forward with your next round of recommendations.

We appreciate the opportunity to provide our perspective. Thank you.

Sincerely,

Timothy Kaja
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