TESTIMONY

Before the

NATIONAL COMMITTEE ON VITAL AND HEALTH STATISTICS

SUBCOMMITTEE ON STANDARDS

On

Review of Status of Operating Rules – EFT/ERA Implementation; Operating Rules for Remaining HIPAA Transactions

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BLUE CROSS AND BLUE SHIELD OF NORTH CAROLINA

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Good afternoon. My name is Janet Jackson. I am the Director of Document Operations and Electronic Solutions at Blue Cross and Blue Shield of North Carolina (BCBSNC), where my responsibility includes implementing, enhancing, and supporting our HIPAA solution for providers. I am speaking on behalf of our Plan, an independent licensee of the Blue Cross and Blue Shield Association. We are a leader in delivering innovative health care products, services, and information to more than 3.8 million members, including approximately 1M members served on behalf of other Blue Plans. We provide healthcare coverage for nearly one in three North Carolinians. We appreciate the opportunity to offer our comments on Review of Status of Operating Rules – EFT/ERA Implementation and the Operating Rules for Remaining HIPAA Transactions.

BCBSNC completed the implementation of the Electronic Funds Transfer (EFT) transaction and its operating rules, as well as the 835 Remittance operating rules in December 2013. We began project work in early 2012, then we implemented the necessary system and process changes over a 6 month period in 2013, with a project cost of $1.5M.

BCBSNC has two EDI gateways, as a result of a merger several years ago. We took the opportunity during the Eligibility and Claim Status Operating Rules implementation to eliminate one of the paths for trading partners to send or receive inquiry and response transactions. We took similar action during the 835 Remittances implementation and now provide one location for the providers to obtain their 835s. This change increased the number of providers receiving 835s for our Senior Market product line. In January 2014, we sent out 92% of our claims dollars via 835, representing 74% of our provider checks.

We have multiple payment systems for different product lines. One of our payment systems did not offer EFT prior to implementing the Operating Rule mandate. Since we eliminated this exception, we have seen an 8% increase in the number of checks sent via EFT. In January 2014, we sent out 86.5% of

our claims dollars via EFT, representing 59% of our provider checks. We also increased provider satisfaction related to eliminating the exception and simplifying the exchange of transactions.

One of the lessons learned from the implementation is with our communication with our trading partners – we need to communicate more often, include more detail, and increase the lead time to give the trading partners time to implement any necessary system changes. Since providers are posting payments automatically with the 835s, it's important that they have the time needed to analyze their mapping for the CARCs/RARCs and how they're posting to their financial management system. This will ensure that the financial system posts the codes appropriately and does not create problems with their patient accounts or daily balancing.

BCBSNC voluntarily became CAQH CORE Phase I certified in May 2007 and Phase II certified in January 2014. We are awaiting CAQH CORE final review of our certification documentation to receive the Phase III seal. We must continually monitor our production environment to ensure we remain compliant. As part of our Operating Rules implementations, we implemented the Edifecs Operating Rules dashboards for Eligibility, Claim Status, Remittances and EFT. On a daily basis, we are analyzing the information available to us from the dashboards and other reporting to identify and resolve operational issues. This will be an important ongoing activity for us as we prepare for Administrative Simplification Health Plan Certification of Compliance and beyond to ensure we remain compliant.

Additionally, our systems will continue to evolve over time as our business transforms due to both internal forces (for example, system changes, mergers and acquisitions, vendor capabilities) and external forces (for example, government mandates, evolving healthcare models). These systems are not static and we expect that despite our best efforts, we will encounter system issues that we will need to address. We would request this Committee consider this operational reality and urge it to advise HHS to consider some allowable enforcement discretion for payers to remediate issues in good faith.

We believe the existing CAQH CORE multi-stakeholder process continues to meet industry needs and serves as an effective framework for the remaining sets of Operating Rules. We are working with CAQH CORE by participating in the Connectivity workgroup and in the pre-work for the other transactions. We anticipate that future Operating Rules for Claims, Authorizations, Enrollment, Premium Payment, and the Claims Attachment transactions will present new opportunities for growth and return on investment, but will also bring additional challenges.

The current timeline stated in the ACA legislation in conjunction with the other mandates still to be implemented over the next two years – ICD10, Health Plan Identifier, Operating Rule Certification, and Health Insurance Exchange – creates resource constraints and high implementation costs. This mandated workload limits the resources our company has available to expend on creative solutions to further improve quality of care and customer satisfaction while reducing medical and administrative costs. We request that this Committee advises HHS that additional time be given to implement the next sets of Operating Rules, and that they have discrete compliance dates to allow the industry adequate time and resources to define and implement all the mandated changes.

We highly recommend that Operating Rule development be firmly based on ROI evaluations and that examination be given to the order in which we develop and implement these Operating Rules. Some transactions appear to offer more advantages to having Operating Rules created than others and to generate greater provider interest in terms of potential to gain business process efficiencies. We recommend that Claims Attachments be first in this order of implementation as it has the strong

probability of offering real and demonstrable ROI with the advent of its implementation. We believe that the development of 837 Claims Operating Rules should be delayed until the industry is able to take action on implementing a Claims Acknowledgement (277CA) transaction, as the 837 Claims transaction is widely adopted and deeply penetrated in our industry. In order to take advantage of the Claims Standard Acknowledgement Operating Rule, HHS needs to formally recognize acknowledgements as a HIPAA standard, or allow acknowledgements to be included in the infrastructure operating rules.

We see less value in the 278 Authorization transaction due to its low adoption and usage rate across the industry. We highly recommend an ROI study on the 278 to determine if Operating Rules beyond the connectivity protocols and availability rules would be of any measurable benefit. Finally, we propose that 834 Enrollment and 820 Premium Payment Operating Rules development wait until the Health Insurance Exchange implementation stabilizes and that lessons learned from that implementation can be vigorously applied to these transactions.

Our commitment to partner with all the stakeholders in this process remains strong. We recommend that education and outreach efforts continue, and that they include all stakeholders. BCBSNC actively works with CAQH CORE and other industry groups to share our experience on implementing the Operating Rules. The feedback we've received from these efforts has been positive from both payers and providers alike. We also encourage additional stakeholders to get actively involved in the CAQH CORE process.

We will continue outreach with our trading partners and providers to ensure they understand how we are meeting and will continue to meet the mandated Operating Rules and the tools we have available that provide mutual benefit. We encourage providers to increase adoption of all transactions, which will allow the industry to truly realize the expected ROI of implementing all the mandates.

Thank you for the opportunity to testify and I am happy to answer any questions.