

**Testimony of Stuart Kilpinen
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Aetna, Inc.

**National Committee on Vital and Health Statistics (NCVHS)
Subcommittee on Standards**

**Hearing on Administrative Simplification: Use of UDI in
Administrative Transactions**

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I. Introduction

Members of the Subcommittee, thank you for inviting me to speak with you today. My name is Stuart Kilpinen, and I am the Executive Director of National Contracting at Aetna.

Aetna is one of the nation's leading diversified health care benefits companies, serving an estimated 44 million people with information and resources to help them make better informed decisions about their health care. We are committed to working with employers, regulators and the medical community to improve the quality and lower the cost of health care to build a sustainable, healthier system. And as consumers take more responsibility for health care decision-making and purchasing decisions, they are demanding meaningful, credible data on specific health care costs and quality. This information has become even more important in today's economic environment.

Today, the lack of transparency throughout the supply chain for medical devices presents significant challenges to measuring performance and managing costs. Through its creation of unique device identification (UDI), the Food and Drug Administration (FDA) has developed necessary coding to address this issue.

Aetna supports using UD I in claim transactions to help improve the quality and lower the costs of health care for our members. Hospitals, doctors and health plans need a programmatic way to identify and track devices that patients receive and the claim transaction is the primary avenue of medical and financial data exchange between hospitals and doctors and health plans.

II. Inclusion of UDI within Claim Transactions Improves Quality and Lowers the Cost of Health Care

Aetna believes the following potential uses of UDI in claim transactions would help improve both quality and lower the cost of health care:

- **Outcome studies** – Using claim data for treatment received before and after device implantation, health plans could conduct outcome studies that compare the outcomes and performance of devices. Health plans, through claim data, have access to the services received by patients throughout the health care system. The results could give doctors and members additional information on quality and costs as well as inform health plan utilization management.

- **Price transparency** – Currently health plans and members have little to no insight into the cost of various medical devices prior to the service being rendered and paid. Inclusion of UDI in claim transactions would allow plans to provide members with better cost and out-of-pocket estimates prior to the service. As patients are responsible for growing percentage of their health care costs, it is critical that the cost of care is clear.
- **Device recall management** – UDI would give health plans the ability to track and potentially inform members of device recalls, which could help prevent adverse or worsened health outcomes and increased medical costs. Additionally, members could be more easily informed of their rights associated with recalls. Health plans and plan sponsors also could more effectively enact their rights, including payment recovery from manufacturers or providers.
- **Disease management** – Armed with data on the specific devices received, plans could help answer members' questions on recovery and longer-term health and wellness, including exercise. Plans also could coordinate and ensure compliance with required follow-up care such as rehabilitation therapies.
- **Cost management** – UDI would allow health plans to negotiate cost-based reimbursements to hospitals, establish medical device formularies and negotiate manufacturer discounts. Additionally, improved price transparency and performance data, will enable consumers and health plans to make more cost effective purchasing decisions. While UDI is not currently required for claim adjudication, required inclusion in claim transactions would enable health plans and hospitals to develop cost-based reimbursements which could be adjudicated based on UDI.

All of these potential uses could help improve the quality and lower the cost of medical care for employers and members.

III. Moving Forward

Aetna would like UDI to be required on all appropriate claims. While this will require enhancements to provider billing systems and health plan claim systems, we believe that the benefits described above outweigh the cost of implementation.

Aetna would also support a hybrid approach in the interim, as proposed by the Workgroup for Electronic Data Interchange (WEDI), to begin the movement to capture UDI on claims. The hybrid approach would need to combine several actions including:

- Adding UDI claim with a situational rule to enable interested providers and payers, on a voluntary basis, to transmit and use the UDI for high-risk implants
- Developing processes that help providers begin to capture and electronically integrate the UDI into their internal systems so the UDI is available within their clinical systems, supply chains, and administrative systems
- Modifying registries to add UDI and consolidate data from facilities
- Modifying all-payer claims databases to add UDI and consolidate data from multiple all-payer claim databases
- Researching and evaluating the potential to include UDI in the preauthorization transaction to enable interested payers and providers, on a voluntary basis, to transmit and use the UDI for high-risk implants
- With support of the FDA, developing pilot projects that demonstrate UDI being transmitted between entities (e.g., provider to payer, provider to registry, etc.)

IV. Conclusion

Inclusion of UDI in electronic transactions will help improve the quality and lower the costs of health care for our members through the potential benefits I've described today. Aetna strongly believes that the claim transaction is the most appropriate way to capture the UDI and to generate these benefits for consumers and employers.

Thank you.