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**CAQH CORE<sup>®</sup>**  
**ACA Review Committee**

Testimony Provided to the  
Subcommittee on Standards  
National Committee on Vital and Health Statistics

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# Testimony Overview

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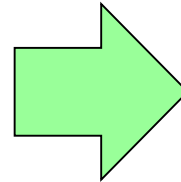
- CAQH CORE
- Framework and Process
  - Targeting the adoption lifecycle
  - National goals
- Potential Evaluation Criteria
  - Qualitative
  - Quantitative
  - Implementing the process
- Tracking Impact: Example from CAQH CORE
- Summary

# Framework Impacting Process

What process(s) should be used to evaluate standards and operating rules?

Should the RC evaluation criteria be used to evaluate new/proposed standards and operating rules?

- Process of applying evaluations should take into consideration the ***lifecycle of the transaction*** across the industry – not all stages of the lifecycle can be evaluated the same.
  - What **level of adoption** exists for the specific transaction?, e.g. 40% on average, and **what is the industry goal(s) for adoption**, e.g., 95%, two eligibilities inquires per claim?
  - **How long** has the industry been driving to adoption, e.g., 2 years? 12 years?, or is the concept new?
  - Are there fundamental changes needed to the transaction or can industry identify **best practices** that will drive greater operational adoption, e.g., operating rules for real-time?
  - What **levers beyond the technical requirements** are driving adoption or compliance by **each key stakeholder**, e.g., incentives, audits, certifications?, what impact do these levers have?
  - What are the non-quantitative industry goals to speak to vision, e.g., common security practices, clinical-administrative alignment?



## Recommendations:

Review Committee process would greatly benefit from NCVHS helping to generate a national dialogue on defining the lifecycle and targeted goals for our healthcare industry's adoption of administrative transactions.

Evaluation criteria should be targeted to a shared view of lifecycle and goals.

Review Committee should not repeat work done by SDOs and operating rule authors.

# National Adoption: How to Measure Move to Electronic?

## The CAQH Efficiency Index is Setting a Baseline

- **What it is:** Annually tracks and reports progress by the healthcare industry in its ongoing transition from manual to electronic administrative transactions.
  - **Process**
    - Using agreed upon data collection tools, data is collected from both health plans and providers; HIPAA transaction tracking must be done retrospectively given data exchange model.
    - Data collection and analysis supported by CAQH and independent third party; Milliman in 2013 and 2014.
    - An Advisory Council, representing all facets of the industry, guides the Index efforts.
    - Full time CAQH staff member manages the process; about an eight month process.
  - **Deliverables**
    - A [free public report](#) on the CAQH website with aggregated, segment and transaction specific data on adoption levels and cost savings; individual contributor data not shared publically.
    - A free, user-friendly web-based savings calculator that any health plan or provider can use to estimate their cost saving opportunity.
    - Contributors receive benchmark reports of averages against their own organization.

# National Adoption: Sample of Scope and Findings

## The 2014 CAQH Efficiency Index

- Health plans representing 112 million enrollees – approximately **45 percent of the commercially covered population in 2013** – contributed data to the 2014 Index. The responding health plans provided data on over **4 billion transactions**.
- Shows data breakouts in a range of ways, including the below given provider-health plan variance on cost savings:
  - Fully Electronic (Standardized HIPAA)
  - Fully Manual (Phone, Fax)
  - Partially Electronic (Web Portal, IVR)
- For six transactions studied in both 2013 and 2014, adoption rates of fully electronic standardized transactions (automated for both health plans and healthcare providers) **varied from over 90 percent to less than 10 percent**; completing the transition from manual to electronic processes for these six transactions alone could save \$8 billion annually.

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### Included transactions

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Eligibility

Claim Status

Prior Authorization

Claim Submission

Remittance Advice

Claim Payment

\*Claim Attachment

\*Prior Authorization Attachment

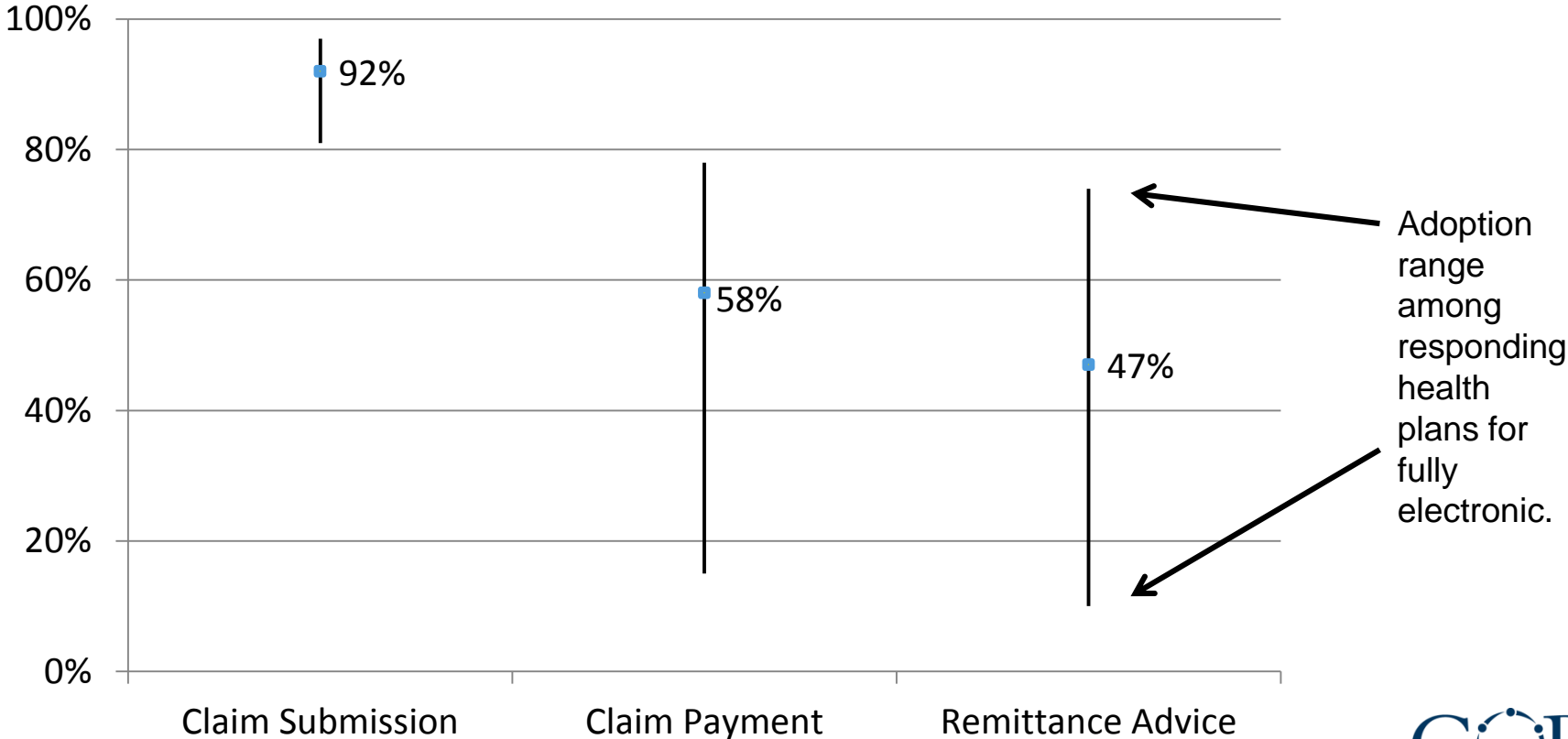
\*New to 2014; 2015 will likely add two additional transactions Enrollment/Disenrollment and Premium Payment

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# National Adoption: Sample of Findings

## The 2014 CAQH Efficiency Index

*What best practices could the industry learn from those entities with higher adoption levels and has the industry incorporated these best practices into national mandates? Example: EFT/ERA Operating Rule included a trace number. Placing resources on things like pilot testing of best practices is not a good use of scarce resources – pilot testing should be focused on requirements with limited experience.*



# Evaluation Criteria and Methodology

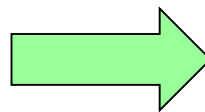
## Examples from CAQH CORE

What suggestions are there for evaluation criteria? Do you have evaluation criteria that can be used to evaluate standards and operating rules?

What evaluation criteria have you seen that are effective?

- Qualitative and quantitative both applied to operating rules.
  - Ideally the industry needs to create more quantitative data; NCVHS can help drive this.
- Criteria has been categorized by type – some are overarching and should always be applied, others are more relevant depending on requirement or lifecycle stage.
  - Type of criteria: Guiding Principles, Business and Technical.
- Applying criteria is done in different stages and methods.
  - Example: Draft CAQH CORE Phase IV Connectivity Rule had over 40 criteria given technical nature; each opportunity was ranked against the criteria using a four point scale. Ranking of each opportunity by participants was aggregated, and adjusted several times based on sharing of ideas and experiences.

Description	Value
Strongly Meets Criterion	2
Meets Criterion	1
Not Applicable	0
Does Not Meet Criterion	-1



Each Rule Opportunity received a ranking based on the number of criteria, e.g. -44 to 88	
“Higher” (40 and above)	Focus of rule writing
“Middle” (30-39)	Focus if “higher” completed
“Lower” (29 and below)	Not a current focus

# Sample Evaluation Criteria

*What suggestions are there for evaluation criteria? Do you have evaluation criteria that can be used to evaluate standards and operating rules?*

*What evaluation criteria have you seen that are effective?*

## Guiding Principles: Should always apply

- Meets basic guiding principles outlined in legislation and regulations, e.g. developed using consensus-based, multi-stakeholder approach
- Reflect lessons learned from other organizations that have addressed the issues
- Is vendor neutral
- Not based on the least common denominator but rather will encourage feasible progress and efficiency
- Promotes interoperability and align with other key industry efforts
- Supports the Guiding Principles of HHS's Health Information Technology (HIT) and Strategies
- Builds upon existing HIPAA standards and does not conflict with mandated standards
- Does not impede industry from moving towards new agile methods
- Creates a base and not a "ceiling"

## Business Criteria: Should apply with some tailoring to lifecycle

- Provides sufficient increase in efficiencies and Returns On Investment (ROI)
- Aligned with current major national initiatives
- Clearly addresses real world business needs
- Reduces provider bad debt
- Achievable within reasonable timeframe
- Reduces need for use of manual transaction (phone, IVR, or web-based)
- Facilitates Adoption by Practice Management Systems (PMS) Vendors and Other Non HIPAA-covered Entities
- Encourages timely acknowledgment, response, and status reporting
- Was pilot tested if it is not an existing best practice

- Supports large batch transaction files
- Supports large volume of single real time transaction processing
- Payload independence
- Platform neutral
- Compatible with emerging clinical standards for interoperability (given growing trend for EHR/PMS convergence)
- Supports unstructured attachments, with movement towards structured



# Quantatative Study Example

## Lifecycle: Greater Adoption of An Existing Mandated Transaction

- Objectives
  - Measure the ROI of further utilizing electronic insurance eligibility verifications via the CAQH CORE Phase I and II operating rules.
  - Measure impact of adopting operating rules that addressed *both content and infrastructure*.
- Methodology
  - Analyze pre and post implementation provider data flows.
  - Compare baseline “before” costs (including staff time) and other impacts on providers’ bottom line (e.g., denials) with post implementation.
  - Utilize standard data definitions and data collection templates.
  - Utilize an independent party to conduct the data analysis.
- Resource commitment assured for each study participant
  - Strong project management.
  - Realistic time and resource commitments.
  - Executive sponsored support.

# Quantitative Study Example (cont'd)

## Lifecycle: Greater Adoption of An Existing Mandated Transaction

- Provided credible metrics to demonstrate value of operating rules for electronic eligibility verifications.
  - Large volume of transactions involved (33 million covered lives).
  - Significant representation of industry transactions involved in the evaluation: 6 CORE-certified health plans, 6 providers, and 5 clearinghouses and vendors.
  - Costs and savings are quantifiable.
  - Use of standard terms, forms, and templates by all participants in the evaluation.
  - Significant favorable results demonstrated for both health plans and providers.
- Health plan results
  - Significant savings due to shift from telephone to electronic.
    - Payback is less than one year
  - Progress towards having all visits verified.
    - Ratio of verifications to claims up from .63 to .73
- Provider results
  - Decreased claim eligibility denials 10-12%
  - Increase % of patients verified 25%
  - Saved seven minutes by verification \$2.60/verification
  - Primary benefit: Decreased in claim denials and accounts receivable

# Summary

- How will NCVHS include the larger framework?
  - Broader goals would greatly help the Review Committee.
  - Common metrics to measure adoption and cost/benefit to providers and health plans will need to be established, and criteria to evaluate if the goals are being met.
  - Resources are needed to drive the process. We welcome the opportunity to contribute.
- There is a lifecycle. The same criteria are not appropriate to each standard and/or operating rule.
  - Lifecycle stages, e.g., new standards, new versions, established standards needing operating rules, established standards with operating rules for which applying updated operating rules can drive greater adoption/address new market needs
  - This is especially true for new standards, which are unique given they fundamentally change IT systems and work flow approaches.
- Once a draft Review Committee methodology is developed, there will be essential questions on the process, e.g.,
  - When are qualitative criteria most appropriate? Should some criteria be weighted differently? Who is involved in rating? How many times should ranking be revised?
  - How will findings be evaluated?