



**TESTIMONY TO
DEPARTMENT OF HEALTH AND HUMAN SERVICES NATIONAL COMMITTEE
ON VITAL HEALTH STATISTICS SUBCOMMITTEE ON STANDARDS**

February 26, 2015

Presented by: Debra Strickland
Xerox Government Health Services

Members of the Subcommittee, I am Debra Strickland; I am a Client Service Consultant at Xerox Government Healthcare. I would like to thank you for the opportunity to present testimony today on behalf of Employer groups, concerning the matter of Phase IV operating rules for Claim, Prior authorization, Enrollment/disenrollment and Premium Payment.

WHAT IS THE POTENTIAL IMPACT OF THE OPERATING RULES TO HEALTHCARE ENTITIES ON THE DAILY WORKFLOW/TRANSACTION PROCESS, ADMINISTRATIVE COSTS, REQUIRED CAPABILITIES AND AGILITY TO IMPLEMENT OPERATING RULE CHANGES?

Impact of the operating rules on administrative costs/ daily workflow

Electronic claims have been widely used across healthcare for at least 2 decades using industry standards and before that in voluntary formats like NSF and the MCDS from NEIC formats were used. The majority of benefit of the electronic claim has already been realized. Most payers interviewed, including our own partners, already successfully use EDI for 80 -90% of claims exchanged.

The law defines operating rules as “necessary business rules and guidelines for electronic exchange of information not defined by a standard or its implementation specifications”.

The benefits listed in the Rule are

“Benefits to the industry from applying the CAQH CORE infrastructure rules to health care claims include:

Less staff time spent on phone calls and websites

Increased ability to conduct targeted follow-up

More accurate and efficient processing of claims “

We would argue that these are not real benefits we will see as a result of the implementation of these rules for the 837. Rather the focus should be on things that are truly not working. The healthcare claim has been used widely across the industry for many, many years and is well established.

Implementation of rules for consistency

While there is something to be said about keeping things consistent across all the transactions there is also the concept of not fixing things that are not broken. This industry has been under tremendous burden of regulations and mandates not the least of which is ICD10. These come at a significant cost and resource impact to the covered entities. Care should be given to ensure that there is true ROI and a true business necessity as the Law states.

Administrative Costs

In Past operating rules Phase I, II and III the industry was required to implement a number of transport and security standards among other items. In some cases such as the requirement to support SOAP and MIME this came at a significant cost to payers and other covered entities to support these with the thought that if we build it they will come... that has not been the case. Many of the payers that Xerox supports and that were interviewed have had no one ask for these connectivity methods. So we challenge the REAL necessity of the rules and the application of critical criteria to assess the impacts to the industry before requiring the industry to adopt rules that return no value.

The Claim – this is well established as mentioned before and maybe will be covered by other testimony today. The communications that the industry has needed to employ over the last two decades have been established. The industry has to adhere to the HIPAA Privacy and Security laws in order to secure that data.

The Prior Authorization – is not a heavily used transaction in the industry today. Not nearly enough to justify the entire industry applying rules to a transaction that does not yet have a large uptake in usage. The proposed operating rules do not provide enhancements that would encourage the stakeholders to implement.

Premium Payment – This transaction has had a great deal of focus through the advent of the HIE's. Payers have had to implement various flavors of this transaction with companion guide

guidance from entities such as CCIIOO (Center for Consumer Information & Insurance Oversight). These are now up and running and it would seem that they are not having major issues. In our opinion requiring further changes to transactions that the payers just got all set is not necessary and would constitute a barrier to the success of the other mandates they need to adhere to.

Potential impact to the industry regarding changes to Operating Rules

The industry seeks clarification on if there is a process or method for requesting changes to Operating Rules once they are written. We must assess value of changes against the cost to implement. Changes would be handled by the industry if applicable – given ample notice and implementation time.

What is the Impact of Operating rule on Privacy, security and confidentiality?

The question is what impact should they have? Defining the privacy and security of the EDI data is in our opinion the job of the privacy and security rules which have defined pretty rigorous security layers in order to ensure the security of this industries PHI.

This set of operating rules does start to address security issues a bit more forcefully. The impact to having a rule such as 470 as part of the Phase IV connectivity has a tremendous impact as it requires X.509 digital certificates. These certificates support multi-layer authentication which we support and agree with but, requiring a specific product to be purchased by an entire industry is restricting free trade. There are other methods and products that can ensure multi-layer authentication many of which are in use today to secure the billions of transactions processed daily.

We believe again that we have to remember the SOAP and MIME requirement that was built but is seldom used. It would be helpful to the industry to be able to follow rules from one governing body for all things security and privacy so the industry does not have to access many different federal laws and rules to pull together everything they need to adhere to.

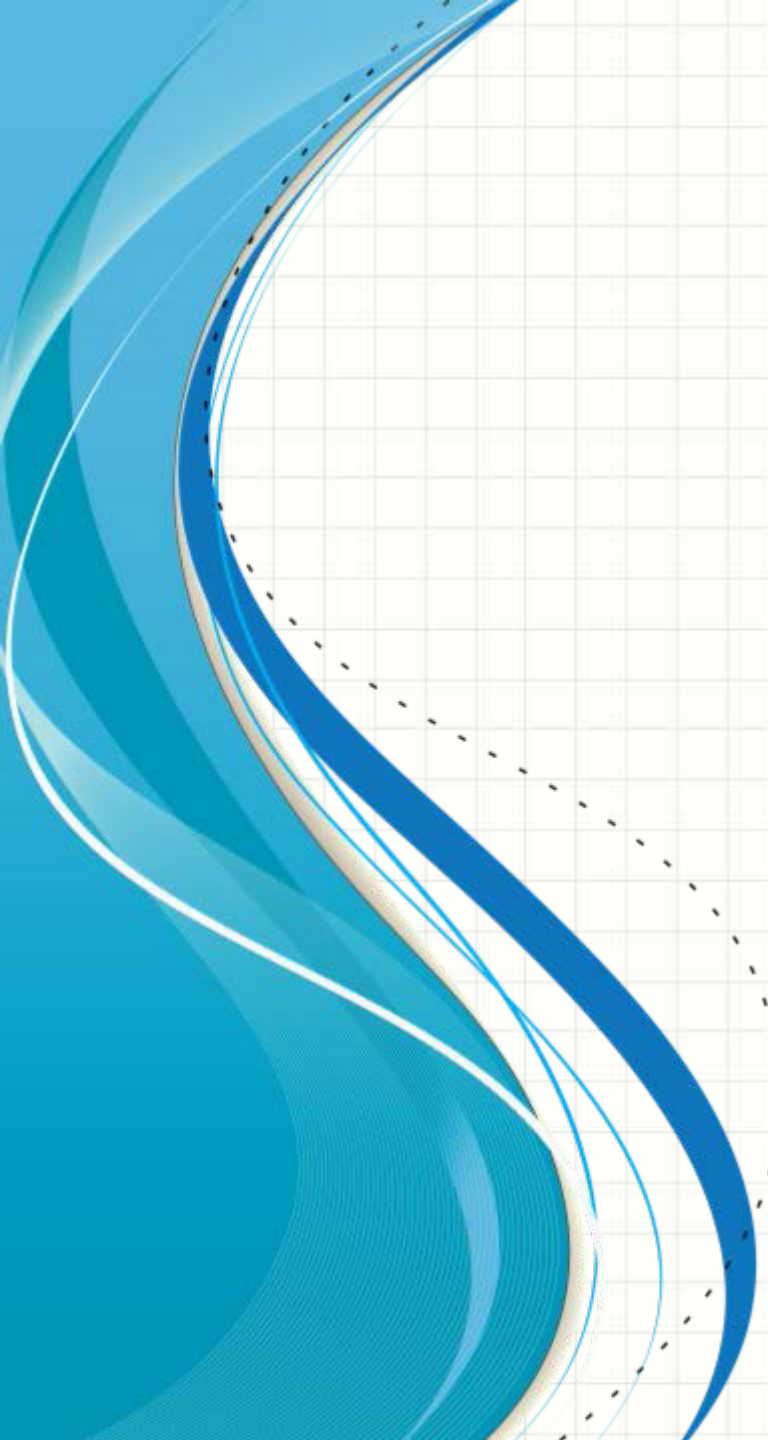
Conclusion

To wrap up this assessment of the current proposed Draft Phase IV operating rules we are aware that the ACA law requires that a set of rules be created for these four named transactions. I would ask you to review the **necessity** of these rules as the law also states. It is our belief that these rules are not truly necessary and that there has to be balance across the requirements of mandates and real tangible return on investment before we ask an entire

industry to make changes to transactions that have in the case of claim been functioning fine for decades and other transactions who's usage is so minimal true ROI would be impossible to recoup. If rules must be applied due to the ACA law we feel that the companion guide rule would be a **do no harm** approach.

If these rules move forward as written we would request an extension to the implementation date. To adhere to this ACA law, this set of rules also has to be implemented by the industry by 1/1/2016. If these draft rules are finalized by 7/1/2015 that gives the industry 5 months to implement all these rules for all these transactions. That also puts additional burden on the industry during the testing of ICD10.

I thank this committee's continued diligence to hear the testimony of the industry and thank you for your time.



NCVHS TESTIMONY

FEBRUARY 26, 2015

Debra Strickland
Xerox Government Health Services

Background

Xerox is an Employer group and also has many other roles in the healthcare industry.

- Medicaid MMIS vendor
- Commercial Clearinghouse
- Data capture centers
- Call centers and support centers
- And last but not least a document management company.

Impact of these rules on administrative costs/daily workflow

The intended benefits listed in the rules are

- “Benefits to the industry from applying the CAQH CORE infrastructure rules to health care claims include:
 - Less staff time spent on phone calls and websites
 - Increased ability to conduct targeted follow-up
 - More accurate and efficient processing of claims”

Administrative costs/daily workflow

- Electronic claims have been widely used across healthcare for at least 2 decades using industry standards.
- The majority of benefit of the electronic claim has already been realized.
- Most payers interviewed, including our own partners, already successfully use EDI for 80 - 90% of claims exchanged.

Business Need

- The law “defines operating rules as necessary business rules and guidelines for electronic exchange of information not defined by a standard or its implementation specifications”
- Claims are not in need of additional Operating Rules
- Payers, clearing houses and providers have evolved their own claim infrastructure solutions across the industry voluntarily without major issues being reported.

Administrative Costs

- The “Safe Harbor” rules require various communication protocols to be supported ie: SOAP and MIME
- For claims, there would be very little use of these protocols - at a high cost to the industry
- We need to balance the true needs of the industry with ROI that can honestly be achieved

Claims Operating Rules

- The Claim – this is well established as mentioned before and maybe will be covered by other testimony today.
- The electronic communications that the industry has needed to employ over the last two decades has been established.
- The industry already has to adhere to the HIPAA Privacy and Security laws in order to secure that data.

Prior Authorization Operating Rules

- The 278 Prior Authorization – is not a heavily used transaction in the industry today. Not nearly enough to justify the entire industry applying rules to a transaction that does not yet have a large uptake in usage.

Premium Payment

- This transaction has had a great deal of focus through the advent of the HIE
- Payers have had to implement various flavors of this transaction with companion guide guidance from entities such as CCIIOO (Center for Consumer Information & Insurance Oversight).
- These are now up and running and it seems that they are not having major issues. Requiring further changes to transactions that the payers just established is not necessary and would impose a barrier to the success of the other mandates they need to adhere to.

Enrollment/Disenrollment

- The main user of this transaction are employer groups such as Xerox. However, employer groups are not covered entities and have absolutely no motivation to change what they are doing today and have no regulations mandating compliance or use of this transaction.
- The adoption of these rules require payer compliance to accept these transactions in real time in accordance to the rules, but will affect minimal use of the transactions.
- In prioritizing the EDI rules, this transactions has the least likely adoption or benefit by employer groups

Potential impact to the industry regarding changes to Operating Rules

- The industry seeks clarification on if there is a process or method for requesting changes to Operating Rules once they are written
- Would must assess value of changes against the cost to implement
- Changes would be handled by the industry if applicable – given ample notice and implementation time.

Impact of these Rules on Security and privacy

- Unsure of the role of CAQH as the security and privacy entity when there is already a existing regulatory body NIST defining these rules under HIPAA
- There are already rules to support multi layer authentication
- The requirement of a specific named product could be seen as restricting free trade.
- Many entities would have to incur significant cost to switch when they are already using multi layer authentication and are compliant with HIPAA privacy and security regulations

Conclusion

- Critically evaluate the need of proposed rules covering long established transactions– concentrate on what is broken not what works
- If there MUST be rules across these transaction because of the ACA then do no harm and mandate only the companion guide rules.
- An implementation date by 1-1-2016 is challenging. If drafts approved formally 7-1-2015 that gives us 5 months to implement during competing timeframes with ICD10 testing
- What EDI industry readiness surveys have been done to prove that the industry is ready to implement these with competing priorities?



QUESTIONS ?