NCVHS Subcommittee on Standards Hearing on Proposed CAQH CORE Operating Rules – Prior Authorization

AUGUST 25, 2020

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OhioHealth

OhioHealth is a nationally recognized, not-for-profit, charitable, healthcare outreach of the United Methodist Church. We are a family of 35,000 associates, physicians and volunteers, and a network of 12 hospitals, 200+ ambulatory sites, hospice, home health, medical equipment, and other health services spanning 47 Ohio counties.

As a health system, OhioHealth greatly values the impact of operating rules on our revenue cycle. Operating rules provide consistency in infrastructure and data content for administrative transactions.

- **Operating rules close gaps in the standards, ensuring providers receive consistent data across health plans for key transactions.**
  - For example, patient financials in the eligibility transactions enable OhioHealth to collect from patients at the time of service, uniformity in adjustment/denial codes on the ERA enable greater automation, and reassociation of ERA and EFT transactions results in more efficient payment and remittance processes.
- **Infrastructure rules ensure common expectations, connectivity, and SLAs across health plans for consistent data exchange and automation.**

OhioHealth is eager to see similar impacts from prior authorization and connectivity operating rules given over 20,000 OhioHealth patients are impacted by prior authorization denials annually and even more patients experience care delays due to the inherent process inefficiencies.

- **OhioHealth estimates a savings of $5M if the proposed operating rules are federally mandated resulting from reductions in staffing, initial denial appeal costs, and net write offs.**
  - OhioHealth employs approximately 70 staff to submit prior authorization information via web portals, phones, faxes, etc., resulting in approximately $3M in annual FTE costs. OhioHealth spends another $5M on appeals and $2M in net write-offs due to lost appeals. Altogether, OhioHealth spends approximately $10M per year to manage an ineffective and inefficient prior authorization process.
  - The proposed operating rules will streamline review of prior authorization requests, enable faster response times, and provide for an automated adjudication of a final determination.

Anticipated Value of Proposed Prior Authorization Operating Rules
High Level Impact

For Industry

- **Better, faster patient care**
  Faster prior authorizations reduce delays in patient care and ultimately result in better patient outcomes.
- **Greater provider adoption of the X12 278 due to shorter, reliable response times**
  State response time requirements vary from 2-15 days, current health plan response times are up to 15 days for OhioHealth.

For OhioHealth

- **Higher volumes of electronic prior authorizations**
  - New operating rules bring significant enhancements to the X12 278 transaction leading to greater auto-adjudication of prior authorizations.
  - Will help move away from web portals and the significant cost and FTEs needed to submit manual and web portal requests.
- **Standardized workflows to meet the turnaround times**
  - Rules will reduce unnecessary back and forth between providers and health plans that often occurs when confirming medical necessity, enabling shorter adjudication timeframes, and less manual follow-up.
  - EMR vendor has created functionality to send and receive a X12 278 – these rules will support that effort to get prior authorization into a provider workflow and out of web portals.
- **Standardized and more efficient two-way communication, error reporting, and request for additional documentation**
  - Rules enable a clearer understanding of next steps, status, and what additional documentation is needed for health plan adjudication of the prior authorization request reducing burden on OhioHealth staff and processes.

Anticipated Value of Proposed Prior Authorization Operating Rules Detailed Impact

CAQH CORE Prior Authorization & Referrals (278)

Data Content Rule

- Addition of PWK segment with document specific codes will **help OhioHealth determine the requested supporting document** without ambiguity. This will minimize delays returning the requested documentation and delays in the approval process.
- Mandating Health Care Services Decision Reason Codes to provide a reason for the authorization decision will provide **clarity on the decision and help determine appropriate response and next steps.**
- AAA segment will help OhioHealth segregate content errors versus security errors and to route it to the correct support queue for **quick resolution**.

Infrastructure Rule

- Reducing wait times for procedures requiring prior authorizations will **improve patient experience and access to care.**
- Standardized SLAs across health plans and states with predefined response times will help with **efficient scheduling and minimized rescheduling** (currently ~30 states have unique timeframe requirements).
- Connectivity requirements will **further strengthen security** as OhioHealth plans payer integrations.

Anticipated Concerns about Proposed Prior Authorization Operating Rules

Adoption Timeline and Enforcement	• HIPAA-covered entities typically have two years to comply with operating rule mandates. **This timeline will extend unnecessary delays in patient care and increase cost of care.** o There will be implementation costs for both OhioHealth and the health plans. Both groups will be dependent on technical teams to build, connect and test electronic transactions. Estimating only OhioHealth efforts, it would take an estimated 9 – 12 months of lead time to implement. • **Enforcement of the HIPAA Administrative Simplification provisions is needed.** HHS never implemented the health plan certification program related to standards and operating rules outlined in the Affordable Care Act, thus industry relies on the complaint-driven process for non-compliance supported by CMS.
Prioritization of Resources for Implementation/ Adoption	• **Federal mandate will enable organizations to prioritize investments in prior authorization**. If the rules are voluntary, plans and vendors will not invest in prior authorization automation. • The benefits of the proposed CAQH CORE Operating Rules will outweigh implementation costs over time for both OhioHealth and industry.
Alignment with Other Industry Initiatives	**These operating rules are a critical first step to automating prior authorization**. As new technology and approaches are considered, consistency across the data content and response times will be critical to ensure streamlined communications. But **industry cannot wait for these new approaches**, we need to make progress now.
Lack of Attachment and Acknowledgement Standards	• Once these operating rules are mandated, an attachment standard and related operating rules are a necessary next step. However, **the proposed rules will add significant value even without an attachment standard**. • Requirements for acknowledgements in the operating rules should be included in the federal mandate given the importance to providers of knowing a transaction has been received by a health plan.

Key Considerations for NCVHS and HHS for Adoption of Proposed Operating Rules

"Seize the Moment"	• The healthcare industry has spent the last few years lamenting the current state of prior authorization with no real action. **The proposed operating rules were strongly supported by more than 80% of CAQH CORE Participating Organizations** and offer meaningful solutions by defining a pathway to auto-adjudication. • **Industry is ready to move away from web portals/phone/fax and cannot wait 5+ years for emerging standards/solutions.** These operating rules are a first, positive step towards aligning clinical and administrative systems to support timely prior authorization.
Mandates Drive Change	• **A federal mandate will enable resource allocation** and a level of commitment that is not possible on a voluntary basis. • The benefits and savings of having a standard way of communicating between providers and health plans will provide savings to both groups in time, resources, and patient/consumer satisfaction.
Remember the Patient	• Prior authorization directly impacts patient care. **Patients need solutions to lengthy prior authorization processes now.**