



# **Policies Targeting Administrative Simplification**

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# Discussion

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- Successful payer harmonization is occurring via industry-driven efforts
  - Driving administrative simplification and interoperability
  - Delivering financial and non-financial results
- Key challenges exist in fully integrating these efforts into the market and building the necessary critical mass
- Policy-related approaches are essential tools for addressing these challenges

# Administrative Complexity

- According to the Center for Health Transformation, in 2009 total healthcare spending in the U.S. is estimated at \$2.3 trillion per year
  - A Healthcare Administrative Simplification Coalition (HASC) Report notes that approximately 25% of U.S. healthcare spending is attributed to administrative functions
  - The average physician spends nearly three weeks per year on administrative interactions\*
  - Payers spend 7 – 11% of gross revenue annually on claims processing\*\*
- Stakeholders are challenged by the need to continually manage inconsistent data content/collection, processing and recordkeeping
- Emdeon's U.S. Healthcare Efficiency Index estimates healthcare business efficiency is only operating at 43% (current vs. potential electronic transactions)

\*Casalino, L.P.; Nicholson, S. et al., Health Affairs, May 2009.

\*\*Kahn, J.; Kronick R. et al., Health Affairs, December 2005.

# CAQH: Catalyst for Payer Harmonization

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CAQH, an unprecedented nonprofit alliance of health plans and trade associations, is a catalyst for industry collaboration on initiatives that simplify healthcare administration for health plans and providers, resulting in a better care experience for patients and caregivers

Current CAQH initiatives, UPD and CORE, are national in scope and produce measureable results

- Help promote quality interactions between plans, providers and other stakeholders
- Reduce costs and frustrations associated with healthcare administration
- Facilitate administrative healthcare information exchange
- Encourage administrative and clinical data integration

# CAQH Success Factors

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- Focus on Critical Challenges
  - Targeting several priority issues for the industry
  - Take view of streamlining from the perspective of the providers' desktop
  - Identify areas of differentiation which have no competitive advantage
- Inclusive Approach
  - Common good
  - Cross-industry and public-private collaboration
- Create Meaningful Impact
  - Concrete, national, well-vetted solutions that are working in the marketplace today
  - Action can be taken immediately
  - Impact can be tracked across a wide group of entities
- Support from Providers and Other Stakeholders
  - Built the trust of the provider community around administrative simplification
  - States, government groups, and others also engaged
- Experience
  - Lessons learned through development and implementation

# Challenges: Administrative Interoperability Initiatives

Challenges	How do CAQH Initiatives Address?
<b>Market is fragmented</b>	Create trusted partnerships <ul style="list-style-type: none"> <li>– Private-private, Public-private</li> <li>– Build on best practices and standards</li> </ul>
<b>Coordination</b>	Do not reinvent the wheel, rather, coordinate <ul style="list-style-type: none"> <li>– Build upon, learn from and coordinate with what exists</li> <li>– Every entity still needs to achieve internal strategies and comply with Federal and State laws and regulations</li> </ul>
<b>Leadership</b>	Identify leaders who will participate in identifying and implementing change initiatives
<b>Magnitude of what needs to be done – no “magic bullet”</b>	Plan for making BIG change, BUT implement in reasonable milestones that add value <ul style="list-style-type: none"> <li>– Recognize that entities have limited resources, and are managing many IT priorities, e.g. 5010, ICD-10</li> </ul>
<b>Proof of Concept - ROI</b>	At each milestone, outline the ROI and/or benefits to stakeholders, and get their help in communicating the benefits to their community <ul style="list-style-type: none"> <li>– BCBSNC has seen over a 200% increase in its real-time eligibility transactions since becoming CORE certified</li> </ul>

# Policy-Related Approach #1

**Phase-in  
efforts with  
existing  
priorities**

## **Example: CORE and 5010**

- **Approach:** CORE builds upon existing standards, e.g. HIPAA, HTTP, and encourages a uniform and more extensive adoption of the standards based on *business priorities*.
- **Tactics:** CORE Phase I and II rules related to eligibility data content (YTD deductibles, co-pays, service-level financials) were developed with the 5010 regulation in mind; although at the time, the deadline for 5010 compliance was not yet established.
- **Benefit:** Entities becoming CORE Phase I and II certified are assured CORE certification testing aligns well with the now established 5010 compliance date of Jan 2012 and thus CORE assists them in reaching an existing priority. CMS, along with CAQH, BCBSA, and HIMSS, supported a demonstration of this at HIMSS 2009.

## Policy-Related Approach #2

Align  
efforts  
with  
Federal  
HIT  
policies

### Example: CORE and HITECH

- **Approach:** A key CORE guiding principle is alignment with Federal HIT policies.
- **Tactics:** CORE was launched a few months after the Office of National Coordinator for Health Information Technology (ONC) was established. As the Federal HIT clinically-focused landscape evolved, CORE alignment evolved:
  - Prior to HITECH, CORE rules were recognized by HITSP and the CMS Medicaid Information Technology Architecture (MITA) effort had a goal to collaborate with CORE .
  - As HITECH unfolded, CAQH communicated regarding the need for providers to use HIT dollars for administrative simplification efforts and clinical/administrative interoperability. CAQH also participated in HITSP Tiger Team efforts; CORE rules – data content and connectivity – are incorporated into draft meaningful use technical requirements.
- **Benefit:** HITECH sends a message that administrative and clinical interoperability is a goal, furthermore, data shows that providers can use administrative simplification savings to further clinical efforts.

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# Policy-Related Approach #3

**Gain multi-stakeholder support through state, Federal, and industry leaders/policy makers**

## **Example: Leaders Guide UPD and CORE**

- **Approach:** Both CORE and UPD were designed and continue to evolve based upon the essential involvement of Federal, state and industry leaders.
- **Tactics:**
  - Direct leadership involvement, e.g. UPD scope was driven based upon feedback from national provider associations, Director of CMS E-Health Office serves on CORE Steering Committee.
  - Early adopters, e.g. UPD and CORE early adopters were driven by top-down commitments from health plan CEOs.
  - State outreach, e.g. Range of CORE and UPD participants are presenting to state-sponsored committees regarding ways to achieve their regional goals using existing national efforts rather than creating state-specific administrative simplification efforts (*HIEs are critical to this*).
  - Federal outreach, e.g. CORE Chair met with Senate Finance.
- **Benefits:** Leaders are encouraging a more streamlined and effective US system that does not promote duplication or add unnecessary cost.

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## Policy-Related Approach #4

**Surmount  
the barrier  
posed by the  
inevitable  
changes to  
current  
business  
practices**

### **Example: UPD and Primary Source Verification**

- **Approach:** State government, providers and health plans have asked CAQH to consider if the next stage for UPD is to offer primary source verification (PSV).
- **Tactics:** CAQH met in-person with key entities that conduct PSV to understand their strategic drivers and cost structures. As a result of these meetings, CAQH developed a White Paper outlining the opportunities and challenges in centralizing PSV for the industry. In September, a meeting will be held with key stakeholders to discuss the opportunity.
- **Benefit:** Stakeholders currently conducting PSV are openly discussing the benefits and challenges of creating a uniform approach, including impact to their internal strategies and financials.

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## Shared and Industry-Wide Goal

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HEALTHCARE LEADERS:

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# LET'S ALL GET ON THE SAME PAGE.

Imagine an American healthcare system where doctors and hospitals can instantly verify patient insurance information before or at the time of care. From any health plan. With any electronic system.

It's happening today through a set of rules created by the CAQH Committee on Operating Rules for Information Exchange (CORE).

By implementing the CORE rules, CORE-certified organizations are speaking the same language. Improving data consistency. Reducing paperwork. Advancing system interoperability. And supporting information transparency for consumers.

It's time to get on the same page. Get certified to use the CORE rules or become a CORE Endorser. Learn more by visiting [www.coreconnect.org](http://www.coreconnect.org).

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# Appendix

# CORE: Timeline and Market Status



Industry-wide stakeholder collaboration to facilitate the development and adoption of operating rules for administrative transactions, e.g. eligibility, claims status



- **Participants:** Over 100 participating organizations, representing every stakeholder group; health plans cover about 75% of commercially insured lives
- **Certifications/Users:** More than 40 Phase I certified organizations, including health plans covering over one-third of commercially insured lives
- **Recognition**
  - Endorsements (entities that cannot become certified) by nearly 30 organizations, e.g. AMA
  - Incorporated into HITSP interoperability specifications
  - Recommended by state-sponsored, multi-stakeholder committees (e.g., OH, TX, CO)
- **ROI:** Based on Phase I certifications, Phase I alone can save the industry \$3 billion

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# UPD: Timeline and Market Status



Service that replaces multiple health plan paper processes for collecting provider data with a single, electronic, uniform data-collection system (i.e. credentialing, sanctions tracking, provider directories).

- **Launched:** 2002
- **Participants/Users:**
  - More than 750,000 unique providers have registered with and are using the system (approximately 8,000 new providers register each month)
  - Over 500 participating health plans, networks, hospitals and other organizations use the system for their provider data needs
- **Recognition:**
  - Thirteen states have adopted the UPD Provider Credentialing Application
  - Strong industry support, including AHIP, AAFP, ACP, AHIMA, AMA, MGMA
- **ROI:** Effectively reducing provider administrative costs by approximately \$84 million per year and has eliminated nearly 2.2 million legacy credentialing applications