



## SUMMARY

For several years AAHAM has come to the Hill to make requests to our elected officials related to HIPAA Electronic Transactions and Administrative Simplification.

We are extremely pleased that our issues are included in the Patient Protection and Affordable Care Act, which the President signed into law on March 23, 2010. However, our concern is the length of time that will occur before the regulations become effective coupled with the length of time these issues have already been delayed which has cost our health system billions of wasted dollars. Based on research conducted by the Healthcare Efficiency Index, these items could reduce healthcare costs by as much as \$30 billion a year.

Our ask of you today is to work with HHS and CMS to reduce the timeframe for promulgating rules for adopting the following provisions included in HR 3590.

### **UNIQUE HEALTH PLAN IDENTIFIER**

*... and such rule shall be effective no later than October 1, 2012.*

AAHAM Requests that Congress encourage and that CMS/HHS take action on, promulgating a rule adopting a National Health Plan Identifier with **an effective date no later than December 31, 2011.**

### **ELIGIBILITY FOR A HEALTH PLAN AND HEALTH CLAIM STATUS**

*...ensuring that such operating rules are effective no later than January 1, 2013, and may allow for the use of a machine readable identification card.*

AAHAM Requests that Congress encourage and that CMS/HHS take action on, promulgating a rule adopting a National Standard Health Card using the WEDI Standard with **an effective date of December 31, 2011.**

### **ELECTRONIC FUNDS TRANSFERS AND HEALTH CARE PAYMENT AND REMITTANCE ADVICE**

*... be adopted not later than July 1, 2012, in a manner ensuring that such operating rules are effective no later than January 1, 2014.*

AAHAM requests that Congress encourage and that CMS/HHS take action on promulgating a rule requiring all payers who are required to use the HIPAA 835 transaction also be required to pay providers using electronic Funds transfers (EFT) with standard CCD+ plus upon request with an **effective date no later than December 31, 2011.**

Congress and CMS should require **that Medicare Advantage plans abide** by the same electronic requirements as Medicare, itself

### **HEALTH CLAIMS OR EQUIVALENT ENCOUNTER INFORMATION, ENROLLMENT AND DISENROLLMENT IN A HEALTH PLAN, HEALTH PLAN PREMIUM PAYMENTS, REFERRAL CERTIFICATION AND AUTHORIZATION**

*... shall be adopted not later than July 1, 2014, in a manner ensuring that such operating rules are effective no later than January 1, 2016.*

AAHAM requests that Congress encourage and that CMS/HHS take action on promulgating a rule adopting standardized acknowledgement transactions as a requirement under HIPAA for implementation along with upgraded versions of existing transactions **with an effective date of January 1, 2012.**



## Issue - National Payer Identification Number

### Background: Excerpted From HR 3590, pp78-79

#### (1) UNIQUE HEALTH PLAN IDENTIFIER.—

*The Secretary shall promulgate a final rule to establish a unique health plan identifier (as described in section 1173(b) of the Social Security Act (42 U.S.C. 1320d2(b))) based on the input of the National Committee on Vital and Health Statistics. The Secretary may do so on an interim final basis and such rule shall be effective no later than October 1, 2012.*

### Talking Points:

- In Eligibility transactions, there is no clear way for payers to identify the patient's plan name in a way that allows the provider or other payers to standardize the data. Today providers must report non-standard information to payers, health data organizations, etc. Providers are not able to automate many functions, as there is no standard way to know with whom they are dealing.
- On ID cards, providers often question who the payer is – and even within a payer, major divisions exist such as multiple PPO's, HMO's, etc – each possibly having different contractual requirements for the provider. Reporting this as a standard ID would help clarify those situations.
- Usage in Coordination of Benefits (COB), i.e. CMS and Blue Cross, Medicare and Medicaid, etc.
  - Provider eligibility often reports who the payer considers prime. Usage of a standard code in this reporting would facilitate clear communication
  - Reporting who the provider considers primary/secondary/tertiary to the billed payer would clarify communications between trading partners
- Data changes involving insurance coverage on personal health records would be enhanced.
- Movement of data for requests for attachment information for claims would be clearer.
- State and national health data organizations could utilize to collect payer data for reporting purposes.

### Requested Action:

**AAHAM Requests that Congress encourage and that CMS/HHS take action on, promulgating a rule adopting a National Health Plan Identifier with an effective date no later than December 31, 2011.**



## Issue - CMS Should Require the Adoption of a National Patient Health Insurance ID Card

### Background: Excerpted From HR 3590, p 65-66

“(i) *ELIGIBILITY FOR A HEALTH PLAN*

*AND HEALTH CLAIM STATUS.*—The set of operating rules for eligibility for a health plan and health claim status transactions shall be adopted not later than July 1, 2011, in a manner ensuring that such operating rules are **effective no later than January 1, 2013, and may allow for the use of a machine readable identification card.**

- A 1993 WEDI Report said “Today, many health care services delivery organizations issue health identification cards that vary significantly in data content, media, technology, and format. This creates confusion and hinders more widespread use of existing EDI capabilities within the health care industry.”
- A proposal for the national standard card was promulgated by WEDI and approved in 2007. In section 1.6, the WEDI standard identifies the Economic Benefits from a Machine-Readable Card with Standard Card Issuer ID.

***For providers.*** Machine-readable health identification cards will:

1. help to eliminate patient and insurance benefit identification errors
2. reduce costs and aggravation of rejected claims
3. reduce lengthy admission processes
4. contribute to smoother office procedures and patient satisfaction
5. reduce claim errors and enhance provider relations with plans
6. reduce the costs of traditional photocopying the front and back of cards
7. will facilitate immediate automatic transactions such as eligibility inquiries

***For health plans and administrators.*** Patient and insurance benefit identification errors significantly increase processing and service costs for plans; they aggravate providers; and they contribute to member dissatisfaction. Elimination of patient identification errors will:

1. improve subscriber or member satisfaction
2. improve employer and plan sponsor satisfaction
3. reduce cost to return and subsequently reconcile claims with errors
4. reduce significantly the cost of both provider and member help desks
5. improve plan-provider relations

***For patients or consumers.*** Consumer’s desire simplicity and they want a single card for multiple benefits and functions. Machine-readable health identification cards will:

1. reduces the hassle factor and increases patient and subscriber satisfaction by decreasing claim errors
2. allow patients to more easily locate the essential identifiers on a card to provide over the phone
3. It also permits an option to combine an insurance card with a bankcard on the same card.

### Talking Points:

- Research indicates the **total estimated savings to medical groups and hospitals** is **\$1,047,804,113** (<http://www.mgma.com/solutions/landing.aspx?cid=25436&id1=25440>)
- The benefits of adopting the proposed National Patient Health Insurance ID Card would be enhanced with the simultaneous adoption of a National Standard Payer Identifier Number.
- One payer reports they issue more than 300 different formats of insurance ID cards for the members they cover. Imagine the chaos in commerce within the US if banks, credit, and debit card issuers were allowed to imprint the magnetic stripe on a card with information in whatever format they preferred.

- Lacking a national standard, states will determine their own. Many see the need for a standard. A few of the states considering legislation include Kansas, Texas, Utah, Colorado, and New Jersey. Adopting the WEDI standard at a national level would eliminate the need for providers and payers to react to 50 different standards. Many of those looking at a national standard are considering WEDI's recommended standard. However, each state at this point can – and probably will – create changes to the card from what has been recommended.
- Adoption of WEDI recommended standard card:
  - United Health Care. As the largest payer nationally, UHC plans to have more than 25 million of the recommended standard cards in circulation by the end of 2009.
  - Humana has announced it will begin issuing the WEDI Standard card.
  - Blue Cross Blue Shield of Texas has also indicated it will issue the card.
  - Emdeon and Availity are two of the largest transaction clearinghouses in the industry. They have pledged their support of the WEDI Standard Health Identification card
- Medical Group Management Association (MGMA) has is supporting a national “Swipe it” campaign to urge adoption of the national standard by 2010.
- The American Academy of Family Physicians, the American College of Surgeons, the American Health Information Management Association, and America's Health Insurance Plans are among the organizations that have expressed support as well.
- Availity (a joint venture of Humana and Blue Cross and Blue Shield of Florida) launched a collaborative ID card-swipe technology pilot program in conjunction with another major health plan in the state of Florida. Some practices saw more than a 50 percent reduction in manual keystroke errors. This increased efficiency translated into a 50 percent reduction of denied transactions. In addition to financial savings, improvements in the technology pipeline enable relevant exchange of clinical information between physicians and payers. Overall, smoother business transactions and clinical knowledge lead to a better overall experience for the patient and clinician. (from MGMA press release)

**Requested Action:**

**AAHAM Requests that Congress encourage and that CMS/HHS take action on, promulgating a rule adopting a National a National Standard Health Card using the WEDI Standard with an effective date of December 31, 2011.**



## Issue – Electronic Funds Transfer

### Background: Excerpted From HR 3590, p 66

*“(ii) ELECTRONIC FUNDS TRANSFERS AND HEALTH CARE PAYMENT AND REMITTANCE ADVICE.— The set of operating rules for electronic funds transfers and healthcare payment and remittance advice transactions shall—*  
*“(I) allow for automated reconciliation of the electronic payment with the remittance advice; and*  
*“(II) be adopted not later than July 1, 2012, in a manner ensuring that such operating rules are effective no later than January 1, 2014.*

In the HIPAA legislation passed by Congress in 1996, there is a standard electronic transaction (the 835 transaction) that payers are to use to communicate payment information back to providers. This transaction is also included in the 2009 CMS final rule, which will move the healthcare industry to a newer version of these transactions.

### Talking Points:

- Mandated use of electronic funds transfers with standard coding could cut \$11 Billion per year from healthcare costs in the United States. <http://www.ushealthcareindex.com/index.php> - *see vision statement*)
- Use of the HIPAA 835 transaction for payments by insurance companies to providers is not optimal because of the lack of standard coding.
- Matching paper checks to electronic payment files is tedious and costly – especially for larger provider organizations.
- Matching incorrectly coded electronic funds transfers to payment files carries the same burden.
- Receiving electronic payment files (835s) and waiting for paper checks to be processed causes delays in posting these payments and can cause patients to be billed in error.
- There is a standard code set for EFT within the 835 (CCD+) but it is not universally used because it is not required.

### Requested Action:

1. AAHAM requests that Congress encourage and that CMS/HHS take action on promulgating a rule requiring all payers who are required to use the HIPAA 835 transaction also be required to pay providers using electronic Funds transfers (EFT) with standard CCD+ plus upon request with an effective date not later than December 31, 2011.
2. Congress and CMS should require that Medicare Advantage plans be required to abide by the same electronic requirements as Medicare, itself.



## Issue – Claim Acknowledgement Transaction

### Background: Excerpted From HR 3590, pp 66-67

*“(iii) HEALTH CLAIMS OR EQUIVALENT ENCOUNTER INFORMATION, ENROLLMENT AND DISENROLLMENT IN A HEALTH PLAN, HEALTH PLAN PREMIUM PAYMENTS, REFERRAL CERTIFICATION AND AUTHORIZATION.—*

*The set of operating rules for health claims or equivalent encounter information, enrollment and disenrollment in a health plan, health plan premium payments, and referral certification and authorization transactions shall be adopted not later than July 1, 2014, in a manner ensuring that such operating rules are **effective no later than January 1, 2016.***

- In August 2008, the Workgroup for Electronic Data Interchange (WEDI) published a white paper, the WEDI Acknowledgement Recommendation. In addition, WEDI sent a letter to Kerry Weems, Administrator, Centers for Medicare & Medicaid Services, to request that CMS consider mandating the use of certain standard electronic acknowledgement transactions.
- The White Paper proposes the use of already existing X12 transactions for both real time and batch submissions. These standard acknowledgements allow a sender to know if their transmission has been received, if the individual transactions have met the requirements of the adopted standards, and if their transactions have met the basic business requirements to process the transaction.

### Talking Points:

- There are no requirements under HIPAA for acknowledging the receipt of individual transactions by the receiver.
- The cost of tracking missing or rejected transactions is high for both the provider and the payer.
- It is an ideal time to require the use of standard acknowledgements. The industry is in the process of moving to upgraded versions of the HIPAA standard transactions and ICD10 codes
- Use of the standard acknowledgements will allow for a much smoother testing and transition period of the upgraded transaction versions by using electronic acknowledgements rather than a paper or telephone based system. This will help to decrease the costs of this transition.
- Participants from all segments of the healthcare industry reviewed and accepted WEDI’s white paper after it was developed through a consensus process.

### Requested Action:

**AAHAM requests that Congress encourage and that CMS/HHS take action on promulgating a rule adopting standardized acknowledgement transactions as a requirement under HIPAA for implementation along with upgraded versions of existing transactions with an effective date of January 1, 2012.**

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