



## Issue - National Payer Identification Number

### Background:

- The 1993 Workgroup for Electronic Data Interchange (EDI) Report recommended adoption of a National Payer Identifier as a required code set. Adoption of this identifier has not happened.
- The WEDI report stated "...the primary purpose of a payer identification number is to facilitate the electronic exchange of health care financing and the delivery of information by uniquely identifying all public or private entities that are a destination for health care data." (<http://www.wedi.org/public/articles/full1993report.doc>)
- In 1998, work had begun on the standard to be proposed but HHS has shelved the project even though the HIPAA regulations mandated its usage. (<http://www.payerid.com/Medicare/HIPAA.htm>)

### 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.**



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

### Background:

- 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
- 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.**



## Issue – Electronic Funds Transfer

### Background:

- 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.
- However, like the original rule, it fails to require that payers who send the 835 transaction also send the actual payment electronically by means of an electronic funds transfer. The 835 transaction is not being utilized to its maximum benefit because of this.
- Payers who send the payment information (835) electronically but send a paper check make it extremely difficult for providers to identify which check deposit matches which electronic file in order to reconcile that the payment information and the check balance. Reconciling these amounts can be resource intensive as the paper check and electronic 835 matching issue is difficult.

### 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:

**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.**



## Issue – Claim Acknowledgement Transaction

### Background:

- Use of electronic acknowledgements for HIPAA mandated transactions assure healthcare providers are able to correct and resubmit returned or incorrect transaction sets in an expedited way.
- 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.
- The use of standard acknowledgements can eliminate these costs and production losses.
- 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.
- 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.
- The industry is moving to the ICD-10 diagnosis and procedure codes. The use of electronic acknowledgements will aid in the testing and transition to these codes, as well.
- 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.**