



The Role of Clearinghouses in Healthcare Administrative Transactions

Understanding compliance, connectivity, and operational excellence in X12 transaction processing



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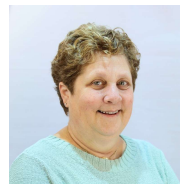
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Overview of The Cooperative Exchange

- 20 Clearinghouse Member Companies
- Represent over 85% of the clearinghouse industry
- Over 750,000 submitting provider organizations
- Maintain over 8,000 Payer connections
- 1000 plus HIT vendor connections
- Process over 4 plus billion claims annually
- Value of transactions –over \$1.1 Trillion
- Infrastructure framework supports BOTH administrative and clinical transactions



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Question 1

Can you describe your role?

- a. Which X12 transactions do clearinghouses conduct?



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OVERVIEW

What Clearinghouses Do



Clearinghouses function as critical intermediaries within the healthcare administrative transaction ecosystem. They facilitate the secure, standardized exchange of electronic transactions between healthcare providers and payers.

Their core functions include supporting compliance with federally adopted X12 standards, enabling connectivity across multiple trading partners, and performing validation, translation, and routing functions that ensure efficient and accurate provider-payer communications.

X12 Transactions Supported by Clearinghouses

Clearinghouses process and transmit all HIPAA mandated and non-HIPAA mandated transactions. We also transform proprietary formats and older X12 versions into the current X12 version (5010 and/or 6020). Clearinghouses also implement HIPAA validation and payer-specific requirements as needed.

Clearinghouses commonly support a comprehensive range of HIPAA-adopted X12 transactions that facilitate the entire healthcare administrative workflow:

Claims

837 (Professional, Institutional, Dental)

Payment

835 (Payment and Remittance Advice)

Eligibility

270/271 (Inquiry and Response)

Status

276/277 (Claim Status)

Authorization

278 (Referral Certification)

Enrollment

834 (Enrollment and Maintenance)

Premium

820 (Premium Payment)

Acknowledgment

999 and 277CA

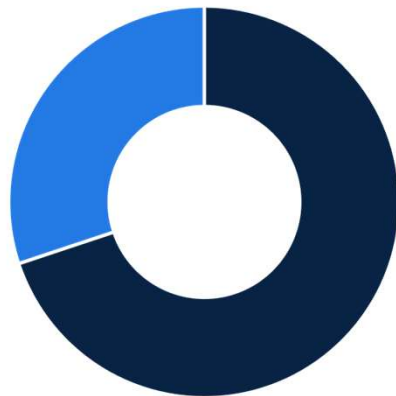


Question 2

What is the approximate number of transactions on behalf of payers versus providers clearinghouses conduct?



Transaction Volume Distribution



■ Provider-Initiated ■ Payer-Originated

Provider-Weighted Transaction Flow

Transaction volumes are generally weighted toward provider-initiated transactions, reflecting providers' submission of claims, eligibility inquiries, and status requests to multiple payers.

Payer-originated transactions, such as remittance advices and responses, represent a smaller but still significant portion of overall transaction volume. The relative distribution varies depending on clearinghouse service offerings, client composition, and market focus.

Depending on the transaction, it is potentially a 1 for 1. A claim file initiated by the provider could have a 999, 277CA, and 835 that are all payer originated.





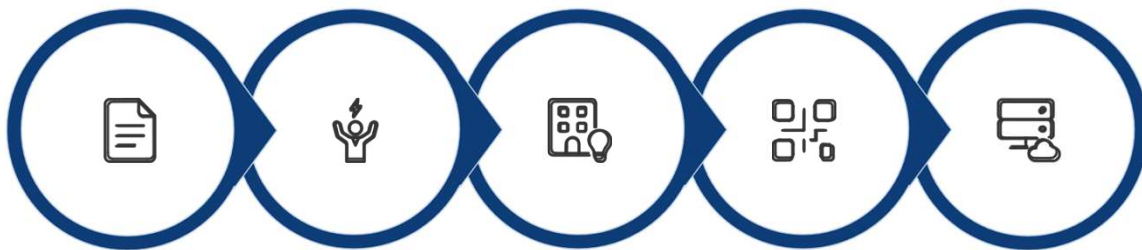
Question 3

How do clearinghouses approach changes when implementing a new version of X12?



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Implementation Approach



Standards Review

Impact Assessment

System Design

Development

Testing

Clearinghouses follow a structured implementation approach that ensures continuity of operations while transitioning to new X12 versions. This methodology balances technical accuracy with operational stability across diverse trading partner networks.



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IMPACT AREAS

Services Impacted by X12 Version Transitions

Critical Systems

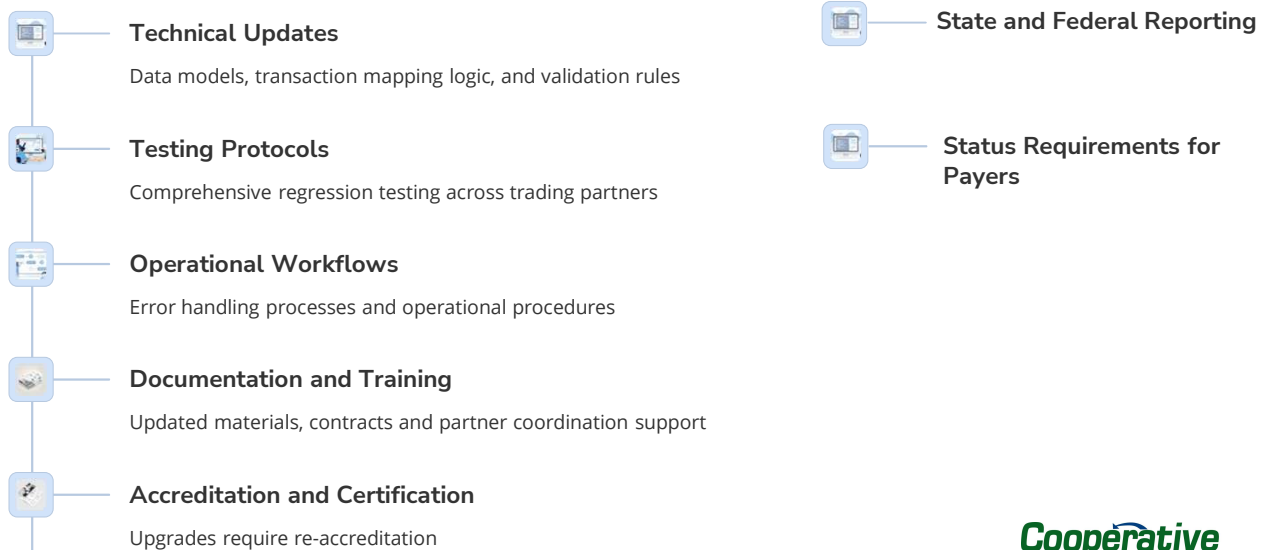
Multiple clearinghouse services require updates during standards transitions

- **Data Intake and Validation**
Normalization and validation processes for incoming transactions
- **Transaction Generation** Optum1
Creation and validation of X12-compliant outbound transactions
- **Business Rules and Compliance**
Updated edits and compliance checks aligned with new standards
- **Mapping and Translation**
Services that convert between formats and versions
- **Connectivity and Routing**
Integration with payer gateways and endpoints
- **Reporting and Communication**
State reporting and status reporting to payers and providers and exception handling



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What types of changes do clearinghouses need to make?



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Slide 11

Optum1 Do we want to mention that we validate using the WEDI SNIP model?

Optum, 2026-02-16T18:21:34.807



Question 4

Which types of implementation and updating activities are the costliest?



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Cost Drivers and Complexities

Resource-Intensive Activities

The most costly implementation activities include software development and testing, particularly regression testing across numerous trading partners and transaction types.

Ongoing maintenance, partner coordination, and transition support also contribute significantly to costs, especially during major version updates.

Client Support and Education

Provider, Payer and Trading Partner Testing as well as Internal Testing

Recertification and Accreditations

Business Associate Agreements and Contract Changes

Size-Based Variations

Larger clearinghouses incur higher total costs due to scale and complexity but can leverage existing infrastructure. Smaller clearinghouses experience proportionally higher costs relative to organizational size due to limited internal resources.



HIGH-COST & COMPLEX
837 Claims, 278 Prior Auth, 834 Enrollment

Complex data requirements.



MEDIUM-COST & MODERATE
835 Remittance, 270/271 Eligibility

Moderate complexity.



LOW-COST & SIMPLE
999 Acknowledgment, Status Inquiries

Simple structures.



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Key Implementation Challenges

Variable Adoption Timelines

Payers adopt new standards at different rates, requiring parallel support of multiple versions

Implementation Guidance Differences

Varying interpretations and companion guides across trading partners

Testing Coordination

Managing testing across multiple trading partners and transaction types simultaneously

Legacy Compatibility

Maintaining support for previous versions during extended transition periods

Diverse Provider Systems

Supporting providers using varied health IT systems with different capabilities

Additional CMS Audits

Resource sensitive activities resulting from new standards.

These challenges are amplified for clearinghouses with broader networks and higher transaction volumes, requiring sophisticated version management and trading partner coordination strategies.



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Manual Intervention and Processing

5-10%

Transactions Requiring Manual Follow-Up

A relatively small proportion of electronic transactions require manual intervention for exception handling

15-60

Average Minutes Per Exception

Time varies based on issue complexity and coordination requirements

While most transactions are processed electronically end-to-end, clearinghouses engage in manual follow-up for specific exceptions, including transaction rejections, payer-specific processing issues, connectivity disruptions, or incomplete responses. The percentage requiring intervention varies by clearinghouse, transaction type, payer behavior, and data quality.



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Question 5

Do implementation costs differ when changes are made to several standards versus one standard?

Are there any economies of scale?



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Do implementation costs differ when changes are made to several standards versus one standard?

Yes. The standard and Implementation Guides are not built upon the 5010 framework; rather, they are developed from the ground up. Work is performed at the individual transaction level, with each transaction required to undergo the same internal implementation process.



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Question 6

Can you provide a breakdown of which transactions are more versus less costly to implement?

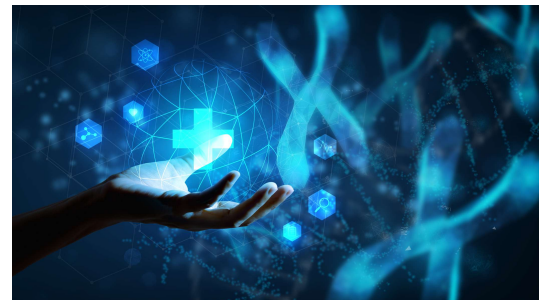
Can you apportion implementation costs across transactions?



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Can you provide a breakdown of which transactions are more versus less costly to implement?

We are unable to provide this information at this time, as the clearinghouses have not yet completed a comprehensive analysis.



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Question 7

What are the unique issues or complexities a clearinghouse faces when implementing new X12 standards?

Or when providers and payers implement new X12 standards?
Do any of the issues or complexities differ among large versus small clearinghouses?



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What are the unique issues or complexities a clearinghouse faces when implementing new X12 standards?

- Clearinghouses must account for nuances on both the provider and payer sides, which introduces additional complexity.
- Available resources vary by clearinghouse, so the overall impact will differ across organizations.
- This represents a fundamental change in behavior and expectations; it is not simply an upgrade to the existing format.

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Question 8

Which information exchanges between providers and payers can be further automated between providers and payers by adopting new X12 standards?

Does this represent any cost and time savings for clearinghouses and/or providers?



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Which information exchanges between providers and payers can be further automated between providers and payers by adopting new X12 standards?

- Certain post-adjudication processes remain manual, often relying on spreadsheets and other non-automated tools.
- The 8060 270/271 and 837P/837I/837D enhancements are expected to improve downstream processes and support greater automation.
- Current acknowledgment transactions contain gaps that limit automation. They do not provide the level of detail required, and many payers do not code with sufficient specificity, resulting in manual follow-up and phone calls. In addition, some payers either do not send acknowledgments or do not use them correctly.



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Question 9

To what extent are clearinghouses involved in manual follow-up for electronic transactions?



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To what extent are clearinghouses involved in manual follow-up for electronic transactions?

- The clearinghouse is typically the first point of contact for providers when issues arise.
- Resolution often requires manual research, outreach—potentially multiple times—extended waiting periods for payer responses, and ongoing updates to the submitter.
- The extent of these manual processes also depends on the composition and needs of the clearinghouse's client base.

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Question 10

If clearinghouses are involved in manual follow-up for electronic transactions, what percent of the electronic transactions conducted would you say require manual follow-up?



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If clearinghouses are involved in manual follow-up for Electronic transactions, what percent of the electronic transactions conducted would you say require manual follow-up?

The percentage can vary significantly depending on the clearinghouse, payer mix, and client base. However, the portion of electronic transactions that typically require manual follow-up are generally exceptions driven by payer-specific rules, incomplete or inconsistent data, or situations where acknowledgments lack sufficient detail. As a result, while the majority of transactions process without intervention, each clearinghouse has a varying percentage of transactions that still necessitates manual research, outreach, and resolution.

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Question 11

For those transactions that need manual intervention, approximately how long do clearinghouse representatives spend on follow-up?

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- The timeline varies based on the nature of the issue, its complexity, the underlying reason, and the root cause.



Question 12

What benefits do newer versions of X12 transactions create for clearinghouses?

- Do they impact changes in denials and resubmissions?
- Are there other benefits, e.g., data quality, standardization?

AUTOMATION OPPORTUNITIES

Benefits of Adopting New X12 Standards



Enhanced Automation Potential

Newer X12 versions create opportunities for additional automation across critical information exchanges, including:

- Prior authorization workflows (278)
- Claim status inquiries and responses (276/277)
- Eligibility and benefit details (270/271)
- Claim additional support (837P/837I/837D)
- Enhanced remittance information (835)

Increased automation reduces manual intervention, improves processing timeliness, and decreases administrative burden for providers, payers, and clearinghouses.

What benefits do newer versions of X12 transactions create for clearinghouses?

a. Do they impact changes in denials and resubmissions?

b. Are there other benefits, e.g., data quality, standardization?

- Clearinghouses do not do the deep analysis until an NPRM is published, so we do not have specific information.
- The new versions include updates that will improve the quality of the data that is sent and receive.
- **271 Transaction Enhancements** – Introduced enhanced specificity through a new **grouping loop**, enabling submitters to clearly identify which coverage applies to each service. Moved **service type codes** to an external code list, allowing updates independent of the Implementation Guide resulting in significant impact and flexibility for dental transactions.
- **837P/837I/837D Claim Added Support Examples** – Added support for Unique Device Identifier (UDI) reporting, Race & Ethnicity, Factoring Agents, Replaced Claims Adjustment (CAS) with Reason Adjustment to align with the 835, Increased the # of Prior Auths and Referrals that can be reported at the line level, expanded the number of diagnosis codes that can be sent on the claim to align with industry need, added the tooth segment (TOO), added functionality to support reporting drug rebates and 837D added support for Scaling and Root Planning and Locum Tenens Provider reporting.



Question 13

What types of metrics should be looked at to understand impacts of X12 version changes on clearinghouses?

Do clearinghouses collect metrics to understand impact of changes?

Measuring Impact and Driving Improvement

Key Performance Metrics

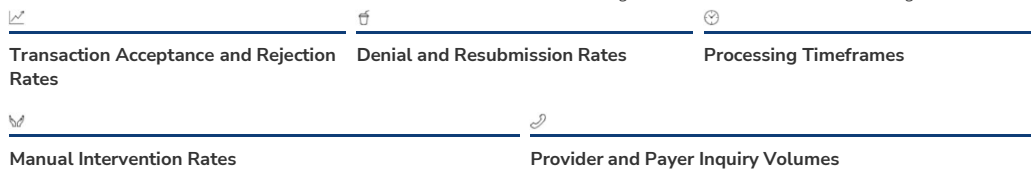
Clearinghouses collect operational metrics to assess the impact of X12 version changes and guide continuous improvement:

Continuous Quality Enhancement

Newer X12 versions deliver measurable benefits to clearinghouses and the broader healthcare ecosystem:

- Enhanced clarity, consistency, and completeness of exchanged data
- Improved data quality and standardization
- Reduced preventable denials and resubmissions
- Greater transparency into transaction status
- Enhanced monitoring, reporting, and policy analysis capabilities

These improvements support increased automation, improved interoperability, and greater alignment across trading partners, contributing to reduced administrative burden throughout healthcare.



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Thank You!

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