



The National Clearinghouse Association

NCVHS Subcommittee on Standards Hearing on Proposed CAQH CORE Operating Rules

Proposed Operating Rules for Prior Authorization

Testimony By:
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August 25, 2020



The National Clearinghouse Association

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Cooperative Exchange National Clearinghouse Association

- Membership includes 23 clearinghouse organizations.
- Representing over 90% of the clearinghouse industry.
- Process over 6 billion healthcare claims representing over 2 trillion dollars annually.
- Enable nationwide connectivity for over:
 - 800,000 provider organizations
 - More than 7,000 payer connections
 - 1,000 Health Information Technology (HIT) vendors
- Cooperative Exchange represents the U.S. healthcare electronic data interchange (EDI) interstate highway system enabling connectivity across all lines of healthcare eCommerce in the United States.



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Anticipated Value of Proposed Operating Rule

There is value having a standard infrastructure and EDI transaction response time frame.

The rule provides:

- **Uniform use of acknowledgments**
 - Time requirement for initial Response including request for additional clinical information
- **Standard timeframe in identifying if a request has been pended**
 - Process identifies the timeframe that the additional documentation request must be received.
- **Standard Availability**
 - Identifies standard system availability and downtimes
- **Optimal Close Out**
 - Stakeholders understand timeframe when a request will be closed if additional documentation is not received

Rule Enhances workflow automation and business processes and drives a partially automated process.

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Anticipated Concerns about Proposed Operating Rule(s)

1. The SAME Critical Business Processes and Technical Workflow Still Remain Not Addressed

- **Incomplete 278 Transaction Set**
 - Without the adoption of attachment regulations, the industry is left with an incomplete prior authorization workflow that does not meet stakeholder business needs.
 - An attachment standard has still not been adopted as a HIPAA named transaction yet is foundationally required to support the prior authorization business function.
- **Data Quality Content**
 - Although there is value in standard turnaround requirements the question remains:
 - Does the quality of the response meet the providers business needs for authorization?
 - If the quality of the response does not meet the providers business needs for authorization, then we have not removed the barrier to discontinue the additional methods of verification needed for timely patient care i.e. phone call or web portals.

Without the full automation and decision support of the result of the prior authorization and until industry can redesign the prior authorization workflow and business process much of the manual labor currently required to support health plan prior authorizations will not be removed.

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Anticipated Concerns about Proposed Operating Rule(s)

2. Operating Rules involving data content should be coordinated with SDO's

- Data content rules created outside of and divorced from SDO guides/data specifications create confusion and disparity in healthcare EDI standards deployment.
- We encourage the Operating Rule Authoring Entity (ORAE) to continue to effectively partner and align efforts with their Standards Development Organization (SDO) peers to address these business concerns.

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Anticipated Concerns about Proposed Operating Rule(s)

3. Cost Benefit Analysis Cannot Be Determined Due to Gaps in Automation

- The current level of implementation of Prior Authorization across the industry is extremely low (less than 13%* of all prior authorizations).
- We are concerned about the implementation cost to the industry as a whole
 - It is not proven that adopting these operating rules without the necessary gaps in automation being filled will increase industry adoption.
 - We strongly recommend that implementation and maintenance costs from proven pilot studies are evaluated for ROI prior to regulatory adoption.

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Summary and Recommendations

We DO NOT support federal adoption of the Prior Authorization Infrastructure or Data Content Operating Rules as proposed.

We do see value in, the existing infrastructure rules. However, the transaction is still missing information necessary to automate the complete business process and achieve the business purpose. These are the same critical issues identified the in the July 2016 NCVHS Letter to HHS on the Recommendations for the Proposed Phase IV rules and remain unchanged.

- Without the adoption of attachment regulations, the industry is left with an incomplete prior authorization workflow that does not meet stakeholder business needs. We recommend federal adoption of an attachment standard.
- Without the full automation and decision support of the result of the prior authorization and until the industry can redesign the prior authorization workflow and business process much of the manual labor currently required to support health plan prior authorizations will not be removed.
- It is not proven that adopting these operating rules without the necessary gaps in automation being filled will increase industry adoption.
- We strongly recommend that implementation and maintenance costs from proven pilot studies are evaluated for ROI prior to regulatory adoption.

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Summary and Recommendations (cont'd)

We concur with and support the findings and recommendations in the February and December 2019 NCVHS letters to the HHS secretary outlining actions to improve the adoption of standards under HIPAA.

- We are concerned that despite numerous, concise NCVHS letters of recommendation to the HHS secretary, backed by industry consensus regarding focused Prior Authorization initiatives there continues to be minimal measurable action or change (e.g. Attachments, Prior Authorization, Acknowledgments).
- The collective stakeholder investment costs incurred over the years with minimal or no realized progress or ROI is of great industry concern.

How do we as an industry support NCVHS efforts to drive HIPAA Administration Simplification with HHS to meet stakeholder business needs, reduce cost and improve the efficiency of patient healthcare in this country?

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Thank You

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