



Ohio Advisory Committee on Eligibility and Real-Time Claims Adjudication
Anthem Testimony
08/27/08

I. Introduction

Madam Chairwoman, members of the Committee, distinguished guests: My name is Pam Jodock and I am the Director of Issues Management for the Public Policy area of WellPoint, the parent company of Anthem Blue Cross Blue Shield. We commend the Committee on the work that it has undertaken and thank you for the opportunity to testify.

Anthem is a member of the WellPoint family of health insurance plans, having merged with WellPoint Health Networks Inc. in 2004. We have been providing health insurance to the citizens of Ohio since 1939 and currently provide coverage to more than three million individuals across the state through our individual, group and Medicare supplement products. Our in-state networks include nearly 10,000 primary care physicians and over 20,000 specialty care physicians.

WellPoint is the nation's largest commercial health insurer, providing coverage to nearly 35 million members. We are an independent licensee of the Blue Cross and Blue Shield Association and offer localized coverage in fourteen states. Our local experience and national expertise create opportunities for collaboration on a variety of programs targeted at improving the quality of healthcare while reducing administrative burdens and making the healthcare delivery system more accessible to all.

It is in this spirit of collaboration, and with a strong commitment to creating a solution that is the most productive and cost-effective for everyone concerned that we offer the following testimony.

Anthem has been asked to address the following areas of interest:

- Activities Anthem is engaged in to facilitate electronic communication with providers
- Challenges Anthem has faced in implementing electronic eligibility verification and real-time claims adjudication
- Recommendations for how the work group may accomplish its goals

Anthem has chosen to begin with our recommendations and the logic behind them. As you will see from our comments, there is a direct correlation between the reasoning for our recommendations to this work group and the principles that guide Anthem's efforts in electronic communications with providers; our principles are based on both our goal to make universal, all-payer electronic access a reality and the lessons we have learned while working with the industry to do so.

II. Recommendations for Work Group

This work group has been assigned a difficult task – to recommend communication standards between providers and payers that will enable a medical provider to send to and receive from any payer the information necessary to allow that provider to determine both the patient’s eligibility for benefits at the point of service and to identify what the patient’s financial responsibility will be for the services delivered. The good news is that you are not alone in your goals or your efforts to achieve them.

The Workgroup for Electronic Data Interchange (WEDI), American National Standards Institute (ANSI), and the Health Information Technology Standards Panel (HITSP) are examples of some of the many entities currently engaged in developing standards or providing guidance to achieve the functionality you desire. The Blue Cross Blue Shield Association (BCBSA) and America’s Health Insurance Plans (AHIP) have also joined the effort. Anthem is involved at some level with all of these organizations. For example, we have a seat on the WEDI Board of Directors and actively participate in WEDI, AHIP, ANSI ASC X12, and HITSP work groups. By basing our shared goals on agreed upon standards, Anthem is working across the healthcare industry to ensure that we have a solid, comprehensive foundation upon which the industry can build its electronic healthcare system. One of the most inclusive approaches is found with the Coalition for Affordable Quality Healthcare (CAQH).

As you learned from their earlier testimony, CAQH is committed through its various initiatives to:

- 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

One initiative facilitated by CAQH, is the Committee on Operating Rules for Information Exchange (CORE). CORE’s mission is to bring together healthcare industry stakeholders to create operating rules that help guide the consistent and robust electronic exchange of healthcare information. Such operating rules will allow interoperability to become a reality. The overarching method CORE applies to reach its mission is the promotion of uniformly using national standards that will guide implementation efforts of payers, vendors and providers alike, thus limiting the financial and educational investment required by those who deliver healthcare services. CORE membership involves multiple stakeholders and includes health insurance carriers responsible for providing coverage to more than 75% of the nation’s commercially insured population.

CAQH established CORE based on its experience in envisioning, designing and implementing a national health information technology initiative that has gained the critical mass necessary to ensure a positive impact. In 2002 CAQH recognized the industry’s need for a uniform standard provider credentialing application process. CAQH responded by creating the Universal Provider Data Source (UPD), which eliminates the need for a provider to submit multiple credentialing

applications if they wish to contract with more than one payer. This service is free of charge to providers and is available in all 50 states and the District of Columbia. In just five years, more than 600,000 providers have registered with the service, and it is continuing to grow at a rate of 10,000 providers per month. According to estimates based on a Medical Group Management Association (MGMA) cost analysis, UPD today is effectively reducing provider administrative costs by nearly \$79 million per year¹. CAQH is applying its experience with UPD and implementing CORE in a phased, stakeholder-driven, cost-effective approach that takes into consideration the processes and strategies that need to be shared by the industry if we are to achieve an interoperable system.

The solutions offered and facilitated by CAQH have the potential to dramatically influence the administrative efficiency and quality of our healthcare delivery system while reducing administrative costs and improving the overall experience of all who encounter it.

An integral part of CAQH's success is an underlying philosophy of working with a comprehensive cross-section of industry stakeholders to achieve the most effective outcome for the stakeholders and the healthcare delivery system as a whole. Rather than competing with other cross-industry collaborations, such as WEDI, ANSI ASC X12 and HITSP, CORE's approach is to work with these organizations to build upon work already begun. For example, CORE is gaining industry agreement on a set of business rules for electronic transaction standards legislated by the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA). CORE is focusing on gaining agreement on the use of these standards, including the non-mandated aspects of the standards in response to consumer demand, as well as aspects of future HIPAA regulations, such as the eligibility components of HIPAA 5010. Each phase of CORE will bring increased functionality, including the functions your Ohio work group is charged with addressing.

Common among the efforts mentioned above is the idea of national standards and uniform operating rules. It is widely accepted that unique, piecemeal solutions to electronic communications between providers and payers will only serve to further complicate an already fragmented and overly-complex health care delivery system. As we meet today, there are no fewer than fifteen individual state efforts underway to address electronic claims adjudication and eligibility requirements are an integral part of that effort. Imagine the world we would create if the measure of success for each of these groups was to develop its own unique technological solution for delivering this functionality. Now expand this notion to include individual efforts by commercial payers, vendors and provider groups across the nation. This competitive approach to achieving a common goal would result in a technological nightmare for all concerned akin to the world we lived in prior to the implementation of a common claim form. Carriers operating across state lines would have to develop a different system for each state in which they did business; providers who deal with multiple payers would need to purchase a variety of processing tools and train their staff on their use to be able to take advantage of the functionality, and even if those providers mastered the requirements for the state in which they did business,

¹Medical Group Management Association. "Analyzing the Cost of Administrative Complexity." September 2004. <http://www.mgma.com/about/default.aspx?id=280> (08/22/08).

they would be faced with unnecessary challenges when providing care to a patient visiting from out of the area. Focusing the efforts of all of those involved in the healthcare delivery system on the coordination of national standards and implementation of uniform operating rules allows us to pool our economic and intellectual resources, resulting in a more rapid development and deployment of the functionality we seek. It creates an opportunity for vendors to compete on the efficiency of the tools and services they offer while containing administrative costs by allowing payers and providers to invest in only one system. Mike Leavitt, Secretary of the U.S. Department of Health and Human Services, tells the story of an encounter he had with a medical student about to graduate and open his own practice. The young man asked Secretary Leavitt what system he should purchase to be able to offer electronic health records to his patients. "I can only afford to do this once," he said, "and I can't get it wrong." The development of national standards for interoperability ensures that he won't have to worry about either of these issues, not just as it relates to electronic health records, but as it relates to any electronic transaction between himself and a payer.

It is with these thoughts in mind that Anthem respectfully makes the following recommendations to the work group:

1. Rather than developing standards unique to Ohio, call for the support and endorsement of efforts already underway, in particularly those led by CAQH.
2. Encourage the Governor to appoint a representative from the state Medicaid program to participate in CAQH activities.
3. Encourage the state to endorse CORE certification.
4. Encourage the Governor to promote CORE endorsement and certification among his fellow governors through the National Governor's Association.
5. Promote awareness that real-time claims adjudication functionality is not solely dependent on a payer's willingness to offer it. It is a three-legged stool: payers must develop the functionality within their own systems to deliver real-time claims adjudication; vendors must develop tools that will support submission of claims for real-time adjudication; and providers must purchase and use the vendor-developed tools.

III. Related Activities Anthem is Currently Involved In

Anthem takes its responsibility as an industry leader seriously. Following is a partial list of the many activities we are engaged in that are designed to facilitate our electronic communication with providers.

- Received CORE Phase I certification effective March 2007. Functionality associated with this certification includes the ability to provide (real-time static) electronic verification of a patient's
 - Eligibility, including benefit details such as
 - Base contract deductible
 - Co-Insurance/Co-Pay Requirements
 - In- and Out-of-Network Differences

- Expanded real-time eligibility connectivity options that include the ability of providers to access information via the web using HTTP technology;
- Established real-time connectivity with more than twenty national eligibility vendors that currently provide clearing house services to approximately 75% of our contracted providers;
- Partnered with MD-Online to offer CORE Phase I transaction services (listed above) at no cost to Anthem-contracted providers (MD-Online is a service available for provider purchase that allows providers to access information from a variety of payers using a web-based tool);
- Applied CORE certification to all of our Medicaid managed care products (offered in fourteen states);
- Participating in CAQH, WEDI, ANSI, ASC X12 and trade association activities focused on making electronic communications a reality;
- Serving on HITSP, sponsored by HHS and responsible for developing a road map for national standards work;
- Actively promoting endorsement and adoption of CORE standards and certification by our business and trading partners;
- Providing a 1% increase in the fee schedule of primary groups in Northern and Southern Ohio that use e-prescribing and a 2% increase to those who use electronic medical records;
- Scheduled to deliver year-to-date real-time eligibility and patient financial responsibility information, in compliance with CORE Phase II certification requirements, by the end of 2009;
- In the process of evaluating business process and technical functionality to ensure we can deliver real-time claims adjudication functionality when the marketplace agrees upon and establishes a standard operating procedure

Challenges

We understand that developing administrative capabilities similar to those found in the financial industry will reduce costs, improve quality, simplify administrative processes and improve the overall experience of those accessing the healthcare delivery system. We are firmly committed to helping the healthcare delivery system achieve this vision. However, such efforts are not without their challenges.

- Developing this capability is new territory for everyone involved. Technological experts are learning as they go.
- There are few national standards in place to guide our efforts and no agreed-upon road map to help us find our way.
- Claims processing involves a variety of business units – eligibility, benefits, prior-authorization, and privacy, just to name a few; real-time claims adjudication requires immediate coordination of information from a variety of systems.

- Real-time claims adjudication requires payers to transition from business and technological process that currently allow thirty days to process a properly submitted claim to completing the same task in seconds.
- Any functionality we develop must include the ability to meet HIPAA requirements that we track all exchanges of a member's personal health information (PHI). National regulations on PHI are currently being developed; it would be fiscally irresponsible for us to build processes that we know will require almost immediate modification.
- Functionality must provide stringent protections of an individual's right to privacy.
- As a national carrier, offering coverage to employers who may be headquartered in a state like Ohio but who have employees across the U.S., it is imperative to the fiduciary responsibility we have to our members that solutions can be applied across state lines.
- Anthem's history of mergers and acquisitions has resulted in an environment that depends on a variety of different computer systems, none of which were designed with interoperability in mind.
- Enterprise-wide we process nearly 400 million claims a year. Creating a system capable of supporting this volume of activity poses a particularly unique challenge for us.
- Perhaps the biggest challenge of all will be found in the recent announcement of compliance dates for the new HIPAA 5010 standards and the 2011 implementation date for ICD-10. In addition to the technological challenges these provisions introduce to real-time claims adjudication, the effort required to operationalize these requirements will divert critical financial and personnel resources away from what may be viewed as "nice to have" technological advancements towards these regulatory mandates.

Even after all of these challenges are met, real-time claims adjudication will become a reality only after vendors develop the tools necessary to submit claims for real-time adjudication and providers adjust their work flow processes and invest in these tools. It is important to understand that real-time claims adjudication will rely on the electronic submission of the same information standard claims processing requires today, to include identification of proper billing, or CPT codes. Implementation and adoption of real-times claims adjudication will require providers to become conversant not only in the current ICD-9 diagnostic and procedure codes used today, but with an entirely new and significantly expanded set of codes introduced in ICD-10 (from 17,000 under ICD-9 to 155,000 under ICD-10).

IV. Conclusion

There is no question that our healthcare delivery system is in serious need of reform, and each of us in this room has a role to play. The establishment of national standards is a critical first-step in achieving our long-term goals of reducing administrative costs, gaining efficiencies and improving outcomes. It is an effort that requires the active participation of all sectors of the healthcare delivery system. Focusing on a state-specific solution targeting one sector of this very complicated and fragmented delivery system will do a disservice to the members of our communities who are counting on us to work together to identify effective uniform, sustainable solutions. As eager as we are to achieve our goals, it is incumbent upon us to proceed in a deliberate and thoughtful manner that does not underestimate the challenges we face and the regulatory environment in which we are operating.

Again, thank you for the opportunity to contribute to your efforts. I would be happy to answer any questions you may have at this time. Should questions or the need for additional information arise after this meeting, please feel free to contact either of the individuals listed below.

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