



Administrative Simplification

Background

With the implementation of health care reform, there has been a great deal of interest in reducing the complexity and cost associated with administrative insurance requirements in health care. Administrative simplification efforts are needed to make health care more affordable and reduce the amount of time providers spend on administrative tasks. Originally adopted as a part of the Health Insurance Portability and Accountability Act (HIPAA), administrative simplification required standardized electronic transactions between health plans and providers. HIPAA's scope reaches the majority of health plans with limited exceptions for government programs.

The Affordable Care Act's (ACA) administrative simplification provisions call for the adoption of operating rules for each HIPAA transaction standard to improve efficiency and effectiveness. The operating rules are intended to reduce variation in how individual health plans and clearinghouses actually implement the HIPAA transaction standards by adopting standardized best practices. The rules also seek to establish performance expectations on the electronic response to an inquiry to ensure a satisfactory response time. The ultimate goal of these new operating rules is to reduce administrative burden and costs for all parties.

AHA View

Operating Rules. With support from the AHA, the Council for Affordable Quality Healthcare's (CAQH) Committee on Operating Rules for Information Exchange (CORE) has been designated as the authoring body responsible for the creation and advancement of all operating rules. This multi-stakeholder organization has been developing operating rules that support interoperability between payers and providers since 2005. The AHA successfully advocated for revising the CORE's governance model to include a balanced number of provider and health plan representatives, and the first chairman of the new CORE board is a health system chief information officer.

Since enactment of the ACA, the AHA has worked closely with CAQH to expand provider input into the development of operating rules by CORE as well as broader CAQH activities. CAQH established a Provider Council to more formally engage a broader range of participants in CAQH. Co-chaired by AHA President and CEO Rich Umbdenstock, the Provider Council's charge is to offer input for existing CAQH initiatives and research, and participate in idea development to increase efficiencies and reduce costs.

At the AHA's urging, the ACA included legislative language that requires health plans to file a statement with the Department of Health and Human Services (HHS) certifying that their data and information systems are in compliance with the HIPAA standards and the corresponding operating rules starting Dec. 31, 2014. Failure to adhere to the operating rules will result in significant penalties for a health plan that is non-compliant. Operating rules already have been adopted for eligibility and claim status, and electronic funds transfer and electronic remittance advice. Additional operating rules are currently under development,

including health plan certification requirements, attachments and enrollment. The attachments rule is expected in 2014 and will enable an electronic response by providers to payer requests for additional information needed to process a claim.

The AHA will continue to participate actively in the development of operating rules and other administrative simplification efforts in collaboration with state and other national hospital associations. We encourage hospitals to join CORE to ensure that the hospital perspective is fully voiced. We also encourage hospitals to engage their clearinghouse vendors and health plans regarding their own ability to take full advantage of the administrative cost savings that will flow from adoption of the operating rules as health plans work to achieve compliance. Hospitals may want to consider ensuring that any clearinghouse or claims processing vendors with whom they contract also are preparing to be certified so that as health plans complete implementation, the benefits of the operating rules will flow from plan to provider.