IOM Value Incentives Learning Collaborative

Update on Collaborative Project:
Strategies for administrative simplification

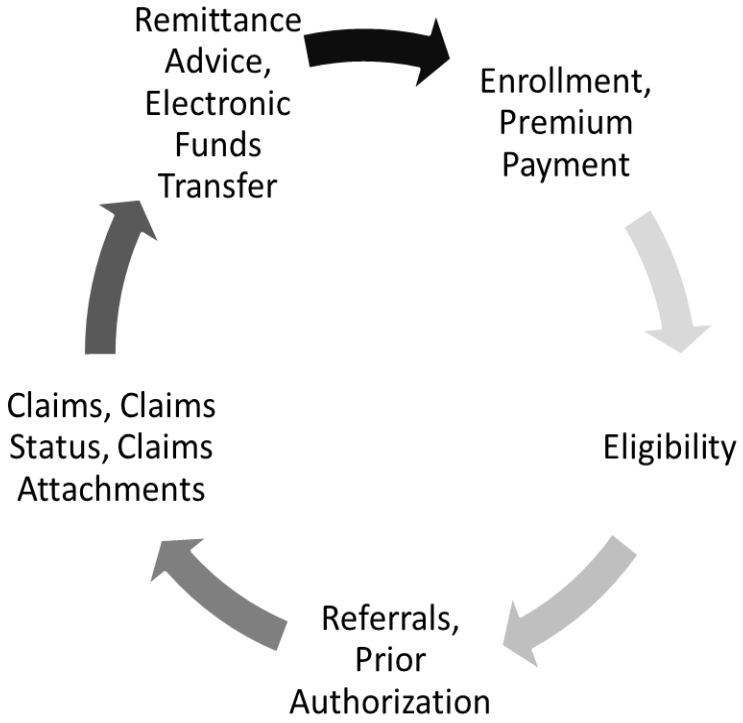
Minnesota's Collaborations To Reduce Health Care Business Transaction Costs And Burdens

Overview

- Common starting points
- What we did
- Initial Impacts
- Lessons
- Opportunities/challenges

Common starting points…

- Health care is a transaction-intensive business
- How intensive?



Starting points …

So how does health care stack up?

- **Nationally –** more than **5 billion claims** annually,[1] at least **12.8 billion total transactions**[2] per year
  - Over 400 total transactions per second
  - In this 10 minute presentation: over 240,000 transactions

  One comparison: VISA worldwide (200 countries, 2.1 billion cards) – 85 billion transactions

- **The volume of health care transactions is HUGE**
  - **Even small costs and burdens, multiplied over so many transactions, add up quickly**

The vision of the ideal – the goal

States have natural (and growing) interest

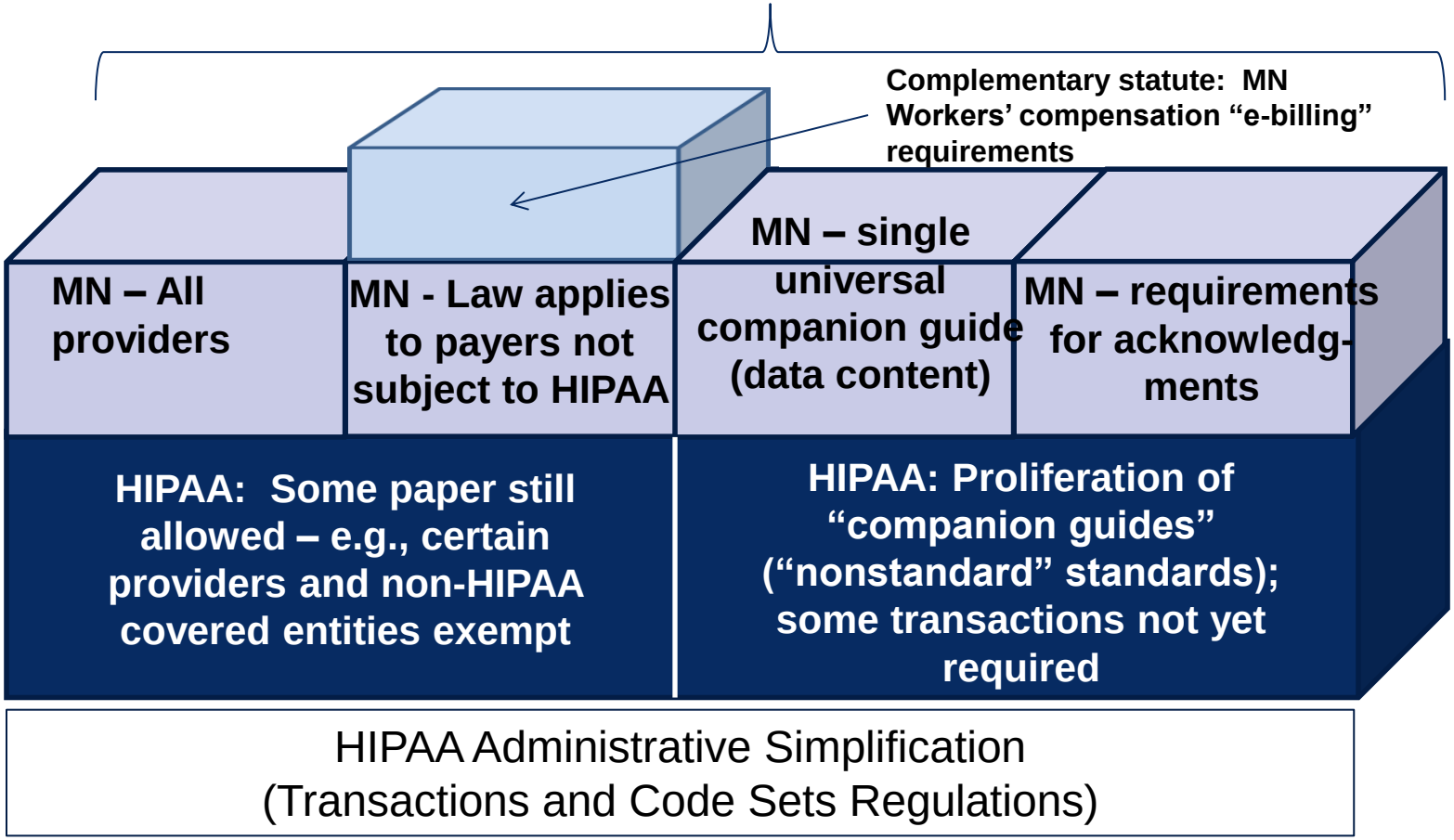
- Increased awareness, growing costs
  - Possibility for consensus, action
- “Mediator” – industry, national
    - “On the ground”
    - Several “two way streets”

What we did

- Promote automation through the use of standard EDI
- Regulations and community involvement
  - Partnered with the industry and stakeholders
    - MN Administrative Uniformity Committee (AUC)
  - 2007 statute to reduce paper, manual operations, effective 2009 – key industry and bipartisan support
    - Require key transactions be exchanged electronically
    - Standardize for automation
    - Apply requirements broadly
- Build on HIPAA, preceding work of AUC

Building on HIPAA

MN regulations adaptable to changes in HIPAA (e.g., Operating Rules under ACA). Further problem solving through voluntary "best practices."



Accomplishments

- Single “Minnesota Uniform Companion Guides (MUCGs)” – rules for key parts of revenue cycle
  - Updated as needed through open public process
- Additional:
  - Single companion guide for electronic Prescription Drug Prior Authorization (Rx ePA)
  - Voluntary best practices
  - Coding recommendations
  - Common forms
  - Learning and information sharing
  - Contributions to national level

Initial impacts

- Bending the curve
  - Conservative efficiency improvements across entire state health care system: approx. $40 - $60 million[3]
- Corroborating evidence
  - Increase in electronic claims to Minnesota health plans from 83% (2007) to 98.5% (2012)[4]
  - MN industry “time and motion study” of potential savings of $15.5 - $22 million annually just from reduced phone calls[5]
  - State Medicaid agency – reassignment of staff, savings
  - Property casualty payer experience

Some Lessons

- Can develop, implement more standard electronic exchanges of health care business data
- Initial favorable impacts
- ROI important
  - Challenging to measure and to account for
- V5010 and operating rules help address “nonstandard standards”
  - It would be great to work ourselves out of this job
- Work still needed
  - Take fullest advantage of existing capabilities and improved standards
  - “Bandwidth” issues

Some Lessons

- Collaboration important
  - Direct/indirect cross-fertilization
    - Up (States, vendors, others to national/federal level)
    - Down (National level down)
    - Sideways (States-states, vendor-vendor, others)

Some lessons

- Mandate was important
  - Impacts and messages to market
  - Tradeoffs
  - Technical assistance important

Goals and ideals meet realities

Examples

Many states and national organizations working simultaneously on same issues

- Common forms (prior authorizations)
- Provider credentialing
- Single portal for multiple health plans

Other common threads

- No “yellow pages” for health care EDI
- Standards development process and implementation
- “Bandwidth” is an ongoing issue

Possible Ideas (and Opportunities/Challenges)….

- EHR-type parallels
  - Effective use, best use
  - Certification of users and vendors (Required for health plans as part of operating rules)
- Clearinghouses
  - HIPAA definition:
    - Entities that process nonstandard health information they receive from another entity into a standard (i.e., standard electronic format or data content), or vice versa.
      - Can include: Billing Services, Repricing Companies, Community Health Management Information Systems, and, Value-added networks and switches
  - Webster's definition:
    - "…broadly: an informal channel for distributing information or assistance"

Possible Ideas (and Opportunities/Challenges)….

- "Prudent purchaser" strategies
  - Users of vended services
  - Health care payers
- Transitions to new payment and delivery models
  - Accountable care, bundled payments
- e-Billing for Workers' Compensation medical claims
- Other

Notes

1. Centers for Medicare and Medicaid Services (CMS). HCPCS – General Information: Overview, HCPCS Background Information. Retrieved from website: http://www.cms.gov/MedHCPCSGenInfo/
2. http://www.ushealthcareindex.org/
3. Minnesota Department of Health, Center for Health Care Purchasing Improvement (CHCPI). (February 2011). Preliminary unpublished estimate of potential Minnesota health care administrative cost reductions with implementation of requirements for the standard, electronic exchange of health care administrative transactions.
4. Minnesota Council of Health Plans. (2013). Personal communication.
5. 2006 Administrative Simplification Project Project Documentation. (Working document.) 2006.

Thank you

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