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MEMORANDUM

To: General Assembly

From: Mark Larson, Commissioner, Department of Vermont Health Access
Susan Barrett, Executive Director, Green Mountain Care Board
Devon Green, Health Care Policy Analyst, Agency of Administration

Date: February 18, 2013

Re: 2013 Acts and Resolves No. 79, Sec. 5b

This memorandum is being submitted in accordance with 2013 Acts and Resolves No. 79, Sec. 5b (Act 79), which requires the Green Mountain Care Board (GMCB) and the Department of Vermont Health Access (DVHA) to report to the General Assembly on the progress toward a complete set of standardized edits and payments.

Introduction

Correct coding and “clean claims” is about more than prevention of improper payments. A uniform, standard set of claim edits assures providers that claims will be adjudicated by all payers in a consistent and fair manner, and that claims will not be denied just because of administrative variations by payers. There are currently millions of edits in use by payers, and multiple variations on how they are applied. Because of the lack of transparency and inconsistency in the application of the many edits, there is no predictability concerning the accuracy of the claims processing. This leads to distrust between providers and payers and adds unnecessary administrative costs to the system. As a result, a uniform, standard set of claims edits would likely lead to administrative savings, including: the reduction in training and retraining staff because of the variations between payers; reduction in paperwork and time associated by having to resubmit claims; reduction in time spent with patients who question why claims have not been paid to their providers; and, the reduction in time payers and providers take by phone or negotiating the correct way to file a claim. Act 79 works towards eliminating these costs by requiring the GMCB and DVHA, in consultation with stakeholders, to develop a complete set of standardized edits and payment rules based on Medicare or on another set of standardized edits and payment rules appropriate for use in Vermont.

American Medical Association Recommendations

For guidance on best practices, the GMCB and DVHA looked at the American Medical Association's recommendations around the standardization of the claims process. The AMA recommends using the National Correct Coding Initiative as a basis for standardized claim edits. It also recommends providing physicians with easy online access and the ability to download the rules and claims edits. The ability to download the rules and claim edits from a website would ensure accuracy and administrative simplification.¹

Colorado's Medical Clean Claims Transparency and Uniformity Task Force

The GMCB and DVHA also looked to other states for guidance around standardized claim edits and payment rules. Colorado is currently leading the nation in this area. In 2010, Colorado passed a bill creating the Medical Clean Claims Transparency and Uniformity Act Task Force. Colorado's legislation required the task force to present recommendations concerning a set of uniform, standardized payment rules by November 30, 2012. The legislation's timeline, however, was contingent upon a voluntary national initiative reaching consensus on a complete or partial set of rules and claim edits. The voluntary national initiative disbanded, leaving Colorado without any sort of stakeholder-approved base to build from. As a result, the task force requested an extension to continue their work past 2012.²

Since then, the task force released several sets of rules for public review. It sent out its fourth set of rules in December 2013. It has also selected a vendor and a contract has been executed for a data analytics contractor that will compile the edits that stakeholders would like to see in the standardized set and, at the direction of the task force, analyze the edits to arrive at a recommended standardized set that could be downloaded by providers.

Vermont's Efforts

The GMCB and DVHA, in collaboration with the Vermont Medical Society, determined that Colorado is making great progress in the area of standardized rules and claim edits and the ultimate goal of a downloadable format for providers. Instead of duplicating these efforts, it would be more efficient for Vermont to work with Colorado's task force on this project.

At the same time, DVHA has included in its requests for proposals for the Medicaid Management Information System (MMIS) claims payment system that the system have the capability to include uniform edit standards and payment rules and include full transparency of edit standards, payment rules, prior authorization guidelines and other utilization review provisions. DVHA will also work towards similar goals with its Pharmacy Benefit Manager.

Recommendations:

- One member from the Agency of Administration and one member of GMCB or DVHA should seek to join Colorado's Medical Clean Claims Transparency and Uniformity Act Task Force. This will create a more efficient and collaborative process that will benefit the movement towards standardized rules and claim edits as a whole.

¹ American Medical Association, Practice Management Center, Standardization of the Claims Process: Administrative Simplification White Paper, July 22, 2009, <http://www.ama-assn.org/go/simplify>.

² Medical Clean Claims Transparency and Uniformity Act Task Force, November 30, 2012, http://hb101332taskforce.org/images/hb_1332_report_1112.pdf

- DVHA and GMCB will reach out to Vermont's issuers regarding participation on the Medical Clean Claims Transparency and Uniformity Act Task Force.
- Due to DVHA and GMCB's new approach around standardized rules and claim edits, it is requested that the current legislative requirement of standardized rules and claim edits for 2015 be extended to at least 2017.
- DVHA has included capability for standard claim edits and uniform payment rules in its RFP for MMIS and will also work on applying these standards to its Pharmacy Benefit Manager.