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February 24, 2020

William W. Stead, MD  
Chair  
National Committee on Vital and Health Statistics  
3311 Toledo Road  
Hyattsville, MD 20782-2002

Re: Request for NCVHS Review of CAQH CORE Operating Rules for Federal Adoption

Dear Dr. Stead:

As the Operating Rule Authoring Entity for the HIPAA-mandated electronic transactions<sup>1</sup>, [CAQH CORE](#) is requesting review of a set of prior authorization and connectivity operating rules for federal adoption by the National Committee on Vital and Health Statistics (NCVHS). These operating rules were developed through the CAQH CORE multi-stakeholder, consensus-based process and achieved at least 80 percent support from [CAQH CORE Participating Organizations](#), which represent more than 75 percent of insured Americans, including health plans, providers, vendors, state and federal government entities, and standards development organizations.

Specifically, the [CAQH CORE Board](#) proposes the following package of CAQH CORE Operating Rules for federal adoption:

- [CAQH CORE Prior Authorization \(278\) Data Content Rule v5.0.0](#) - This operating rule specifies data content requirements for patient identification, error/action codes, communicating with providers regarding needed information and clinical documentation, status/next steps, and decision reasons to streamline the review and adjudication of prior authorization requests and facilitate faster response times.
- [CAQH CORE Prior Authorization \(278\) Infrastructure Rule v4.1.0](#) - This operating rule specifies prior authorization requirements for response times, system availability, acknowledgements, and companion guides. Specifically, this rule sets response time limits for health plans to request supporting information from providers and make final determinations on prior authorization requests.
- [CAQH CORE Connectivity Rule v4.0.0](#) - This operating rule establishes consistent connectivity requirements for data exchange across the HIPAA Administrative Simplification transactions. Specifically, this rule improves security through stronger authentication requirements and reduces complexity by requiring a single envelope standard. CAQH CORE is proposing that this rule replace the existing CAQH CORE Connectivity Rules v1.1.0 and v2.2.0 and apply across the HIPAA

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<sup>1</sup> September 12, 2012 letter from the Secretary of the Department of Health and Human Services (HHS) to the National Committee on Vital and Health Statistics (NCVHS).

Administrative Simplification transactions including eligibility, claim status, electronic remittance advice (ERA), and prior authorization and referrals.

Appendix A of this letter includes a detailed overview of each proposed operating rule. Each rule meets the federal definition of operating rules as the “necessary business rules and guidelines for the electronic exchange of information that are not defined by a standard or its implementation specifications.”<sup>2</sup>

The CAQH CORE Board proposes this operating rule package for recommendation by NCVHS to the Secretary of the Department of Health and Human Services (HHS) for national adoption for three reasons. First, the prior authorization operating rules address a pressing need to improve automation and timeliness of the prior authorization process. Second, the connectivity operating rule enhances security and promotes uniform interoperability requirements across administrative transactions. Third, these operating rules set the stage for future operating rules to further enable the critical convergence of administrative and clinical data and support the use of new technologies with existing standards.

***Federal adoption of the CAQH CORE Prior Authorization Data Content and Infrastructure Rules is needed to drive automation and faster adjudication.*** Although a HIPAA-mandated electronic standard exists for prior authorization through the X12/005010X217 Health Care Services Review – Request for Review and Response (278),<sup>3</sup> industry adoption is low with only 13 percent of prior authorizations conducted using the standard transaction according to the [2019 CAQH Index](#). Industry participants have voiced several challenges to automating the prior authorization process. One of the most significant barriers shared by CAQH CORE participants is the insufficient and inconsistent communication of information in the transaction resulting in prior authorization requests being pended due to missing or incomplete information. When a request is pended, providers reach out to the health plan via phone, fax, mail, and email to understand why the request was pended and/or send unsolicited documentation they hope will complete the request.

The requirements in the CAQH CORE Prior Authorization (278) Data Content Rule greatly enhance the value of the 5010X217278 Request and Response by specifying and standardizing the data shared between plans and providers. These data content requirements can help a provider accurately request member-specific information needed for a prior authorization and enable a health plan to clearly communicate next steps in the prior authorization process, including what additional documentation is needed. The availability of enhanced data content can streamline the review of prior authorization requests, facilitate faster response times, and provide for an automated adjudication of a final determination, as specified in the CAQH CORE Prior Authorization (278) Infrastructure Rule.

Another administrative burden expressed by the industry is the need to comply with varying state laws regarding prior authorization. Based on a recent review of state requirements by CAQH CORE, 30 states have prior authorization response time requirements that vary from 24 hours to 15 business days with differences in definitions and applicability from state to state. Although some CAQH CORE participants support shorter response time requirements and others support longer response time requirements, 80 percent of CAQH CORE Participating Organizations reached a compromise to establish national expectations for prior authorization response times as outlined in the proposed infrastructure rule and supported by the data content rule.

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<sup>2</sup> PUBLIC LAW 111–148—MAR. 23, 2010, <https://www.govinfo.gov/content/pkg/PLAW-111publ148/pdf/PLAW-111publ148.pdf>.

<sup>3</sup> Hereafter referenced as “5010X217278 Request and Response.”

Federal adoption of the proposed prior authorization operating rules would not only facilitate automation and faster response times, but also reduce administrative costs associated with the costliest and most time-consuming manual transaction tracked by the CAQH Index. According to the 2019 CAQH Index, the industry could save \$12.31 per prior authorization transaction by moving from manual processing to use of the HIPAA-mandated 5010X217278 Request and Response. Using historical information submitted to the CAQH Index and information gathered through CORE Certification, CAQH estimates the industry has saved \$55 billion in cumulative savings associated with incremental improvements in automation since CAQH CORE Operating Rules started to be federally mandated in 2013. Roughly one-third of this cumulative savings (\$18 billion) is estimated to be related to operating rule adoption. As example case studies, in the year following CORE Certification an organization reported a 19.5% one-time increase in electronic adoption for eligibility and benefit verification. For claim status, an organization reported a 37.4% one-time increase in electronic adoption following certification. CAQH CORE is working with early adopters and certifiers of the prior authorization operating rules to collect similar information and incorporating routine pre/post measurement in CORE Certification and Recertification procedures.

However, although there is strong industry support for the operating rules as demonstrated by the high approval rates across CAQH CORE Participating Organizations and early adopters, federal mandates accelerate industry adoption by raising awareness and making investment dollars available for federal compliance. CAQH CORE routinely surveys participating organizations regarding adoption of non-mandated standards and operating rules, and the most frequent reason cited for lagging adoption is the lack of a federal mandate to support prioritization and allocation of resources. Timely, federal adoption of these operating rules could raise industry awareness, particularly among providers, and encourage vendor development of prior authorization solutions that have significantly lagged development of solutions for other administrative transactions.<sup>4</sup>

***Proposal for federal adoption of CAQH CORE Connectivity Operating Rule promotes consistency across administrative transactions.*** Following the federal mandate by HHS in 2013, the CAQH CORE Connectivity Rules v1.1.0 and v2.2.0 established a large industry installed base among HIPAA-covered entities that exchange administrative transactions. As tracked via CORE Certification, health plans representing over 188 million covered lives have publicly certified they can exchange healthcare data via CAQH CORE Connectivity v2.2.0, as well as nearly 100 clearinghouses and vendor products. To build on this large industry installed base and promote consistent connectivity requirements across administrative transactions, CAQH CORE proposes that the CAQH CORE Connectivity Rule v4.0.0 replace the current requirements for CAQH CORE Connectivity Rules v.1.1.0 and v.2.2.0 in the federally mandated CAQH CORE Eligibility, Claim Status, and Electronic Remittance Advice (ERA) Infrastructure Operating Rules, as well as for the Prior Authorization (278) Infrastructure Operating Rule. A single Connectivity Rule across all transactions is easier to update, reduces confusion, and promotes industry alignment on best practices.

***CAQH CORE Prior Authorization and Connectivity Operating Rules set the foundation for administrative and clinical data exchange and use of new technologies with existing standards.*** To address the outstanding challenges associated with prior authorization and the intersection of administrative and clinical data, CAQH CORE has prioritized operating rule development in 2020 to support the exchange of attachments/medical documentation that build on the CAQH CORE Prior Authorization (278) Data Content Rule. In addition, as the healthcare industry works towards achieving alignment and interoperability across administrative and clinical systems, common data content and methods of connectivity could ease the burden of data exchange. With the industry beginning to gravitate towards Representational State Transfer (REST) and Application Programming Interfaces (API) as methods for connectivity and data sharing, CAQH

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<sup>4</sup> 2017 CAQH Index.

CORE Participating Organizations will consider updates to the CAQH CORE Connectivity requirements in 2020 to move the industry towards a common set of Safe Harbor connectivity methods that address existing and emerging standards and protocols to support the intersection of administrative and clinical data exchange. CAQH CORE Operating Rules can serve as a bridge between existing and emerging standards, while ensuring connectivity alignment and common data content across exchanges.

We look forward to presenting the CAQH CORE Prior Authorization and Connectivity Operating Rules at an upcoming NCVHS hearing. Thank you for your consideration of these operating rules for federal adoption. Should you have questions for CAQH CORE, please contact me at [atodd@caqh.org](mailto:atodd@caqh.org) or at 202-664-5674.

Sincerely,



April Todd  
SVP, CAQH CORE & Explorations



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cc:

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CAQH CORE Board Advisors

## **Appendix A: Overview of CAQH CORE Prior Authorization and Connectivity Operating Rules**

### **1. CAQH CORE Prior Authorization (278) Data Content Rule v5.0.0**

The CAQH CORE Prior Authorization (278) Data Content Rule v5.0.0 was approved in May 2019 and applies to the conduct of the 5010X217278 Request and Response. This rule addresses one of the most significant problem areas in the prior authorization process – requests for medical services that are pended due to missing or incomplete information – by giving health plans a more robust electronic means of communicating with providers about missing clinical information and documentation. Specifically, the rule:

- Enhances and standardizes the data shared between plans and providers, eliminating unnecessary back and forth, enabling shorter adjudication timeframes and fewer resources spent on manual follow-up.
- Specifies information needed for patient identification and communication of error/action codes.
- Enables a health plan to clearly communicate next steps in the prior authorization process, including what additional documentation is needed through LOINC and/or PWK codes.
- Enables consistent and uniform use of Health Care Service Decision Reason Codes, to limit ambiguity and enhance electronic communication.
- Applies to procedures, laboratory testing, medical services, devices, supplies, and medications within the medical benefit.

Rule Text: [CAQH CORE Prior Authorization \(278\) Data Content Rule v5.0.0](#)

### **2. CAQH CORE Prior Authorization (278) Infrastructure Rule v4.1.0**

The Prior Authorization (278) Infrastructure Operating Rule v4.1.0 was updated in January 2020 and includes requirements for system availability, acknowledgements, companion guides, and response times for the 5010X217278 Request and Response. Specifically, the rule:

- Sets a minimal amount of time that systems must be available to receive and send data (86 percent per calendar week), and the ability to track and report system downtimes.
- Requires use of acknowledgements to ensure the transaction has been received, has not been lost between entities, and will be addressed.
- Lays out a common format that entities must use when providing information about their proprietary data exchange systems via “companion guides.”
- Sets a maximum response time requirement of two business days for a health plan to request any information/clinical documentation from a provider.
- Sets a maximum response time requirement of two business days for a health plan to send a final determination, once all requested documentation has been received.
- Requires compliance with maximum response times for at least 90 percent of non-urgent/non-emergent prior authorizations within a calendar month.
- Provides for an optional response time requirement of 15 business days for a health plan to close out a prior authorization request if documentation requested from a provider has not been received.

Rule Text: [CAQH CORE Prior Authorization \(278\) Infrastructure Rule v4.1.0](#)

### 3. CAQH CORE Connectivity Rule v4.0.0

As a result of the CAQH CORE Connectivity Rules v1.1.0 and v2.2.0 becoming federally mandated by HHS in 2013, a large industry installed base of these connectivity rules exists among HIPAA-covered entities that exchange administrative transactions. The CAQH CORE Connectivity Rule v2.2.0 includes requirements addressing the message envelope, corresponding envelope metadata, vocabularies and semantics, real time and batch processing modes, authentication, and transport security. The CAQH CORE Connectivity Rule v4.0.0 updates the CAQH CORE Connectivity Rule v2.2.0 to improve security and simplify interoperability across administrative transactions. Specifically, the rule:

- Reduces complexity and simplifies interoperability by requiring a single SOAP + WSDL envelope standard vs two envelope standards.
- Establishes more robust and uniform support for handling transaction payload by requiring MTOM for SOAP for both real time and batch processing modes.
- Improves security by requiring use of X.509 Client Certificate-based authentication and removing the ability to authenticate via only a username + password.
- Provides support for FIPS 140-2 compliance for entities requiring such compliance, in terms of transport security and message envelope security.
- Provides support for additional transactions relative to the previous rules, including prior authorization in addition to eligibility, claim status, and electronic remittance advice (ERA).

Rule Text: [CAQH CORE Connectivity Rule v4.0.0](#)

To support the industry in applying a single connectivity safe harbor across all HIPAA Administrative Simplification transactions aligned with industry best practices, CAQH CORE proposes that the CAQH CORE Connectivity Rule v4.0.0 replace the current requirements for CAQH CORE Connectivity Rules v1.1.0 and v2.2.0 in the federally mandated CAQH CORE Eligibility, Claim Status, and Electronic Remittance Advice (ERA) Infrastructure Operating Rules, as well as for the Prior Authorization (278) Infrastructure Operating Rule. Implementation of the CAQH CORE Connectivity Rule v4.0.0 will remain voluntary for healthcare claims, premium payment, and benefit enrollment and maintenance transactions. A single Connectivity Rule across all transactions that can be updated over time eliminates industry confusion, barriers to adoption, and ensures industry alignment on best practices. Should the CAQH CORE Connectivity Rule v4.0.0 be federally mandated across these transactions, CAQH CORE will sunset the CAQH CORE Connectivity Rules v1.1.0 and v2.2.0.