

Introducing Linxus: Standardizing Electronic Information Exchange and Reducing Costs

Payers of health care services all require the same forms of information from providers to process a reimbursement. For that reason, health professionals have long advocated to simplify reimbursement procedures so that technologies that automate common types of communication and reduce costs can be applied. Standards were established for that purpose by the Federal government in 1996, but a decade after their passage, those standards have not lived up to their promise of simplifying administrative transactions and cutting associated costs. In 2004, GNYHA and representatives of the provider and health plan communities formed Linxus to begin analyzing and developing standardized rules for reimbursement transactions. Linxus started as a pilot to demonstrate that payers and providers could agree on a standard design for a transaction, so that information exchanged electronically was understandable and actionable. The participants shared the understanding that standards, if developed collaboratively and with an eye toward creating mutual value for both providers and health plans, would ultimately deliver significantly improved returns on their health information technology investments. This issue of *Health Care News In-Depth* looks at the background and evolution of Linxus.

Prior to the passage of the Health Insurance Portability and Accountability Act of 1996 (HIPAA)—and to a great extent even today—encounters between health care providers and health plans involving reimbursement were handled manually and over the telephone, a process that is not only time-consuming and labor-intensive, but is also prone to error. The information needed for handling those transactions, however, is available electronically in most cases, although not in a uniform and standardized way. Thus, many health care professionals have for some time seen a need to develop standards for exchanging information electronically, which would enhance interoperability between and among information technology (IT) systems and make the whole process more efficient and less costly. The development of such standards should also, ideally, lead to increasingly greater adoption of electronic information exchange throughout the health care community.

Background: The Role of HIPAA

HIPAA was intended, among other things, to simplify the administration of health insurance-related transactions—specifically, reim-

bursement encounters—between health care providers and health insurance plans by creating a framework for standardizing electronic data interchange (EDI), or the electronic exchange of information. HIPAA's framework for standardizing EDI, known as "transaction standards and code sets," requires health plans to accept standard formats for all transactions related to verifying a patient's eligibility, pre-

certifying services, claims processing, checking the status of a claim that has been submitted, and payment remittance. It also requires providers who handle those transactions electronically to use the standard formats. In this way, HIPAA's transaction standards and code sets define a common set of rules for a number of reimbursement-related administrative procedures.

The intended benefits of standardization envisioned by HIPAA's creators, however, have not yet been realized, in large part because the legislation's administrative simplification provisions offered enough flexibility for health plans to comply with HIPAA's framework without requiring them to change their existing IT systems in a way that would promote, or at least enable, true standardization throughout the industry. As a result, each health plan developed its own version of HIPAA's suggested formats, which—while technically compliant—achieve neither true standardization nor administrative simplification. For example, HIPAA provides a general format for making and responding to electronic inquiries from a hospital billing department about an outstanding claim with

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LINXUS MEMBER ORGANIZATIONS

Health Plans

Aetna • GHI • HIP • NYS Medicaid •
Oxford/United Healthcare • WellPoint
(Empire Blue Cross Blue Shield)

Provider Organizations*

Columbia University Practice Plan
• Continuum Health Partners • Memorial
Hospital for Cancer and Allied Diseases •
Memorial Sloan Kettering Practice Plan
• Montefiore Faculty Practice • Montefiore
Medical Center • Mount Sinai Medical
Center • NewYork-Presbyterian Healthcare
System • North Shore-LIJ Health System
• NYU Medical Center • NYU School of
Medicine Faculty Group Practice •
Weill Cornell Physician Organization

*Providers comprise a total of 24 individual hospitals and more than 6,000 physicians in five group practices.

a health plan, but each health plan has its own HIPAA-compliant version of how to respond. These varying health plan formats require providers to use a different format depending on which health plan is involved. To add to the confusion, providers receive variable information from different health plans in response to similar types of inquiries. As a result, the promise of HIPAA, which was intended to create uniform standards, has not yet been fulfilled.

Linxus

Out of a shared desire to glean more tangible benefits from the HIPAA standards, GNYHA and representatives from the health plan and provider communities began an initiative in 2004 to demonstrate that, by working together, standard operating procedures—based on the HIPAA framework—could be reached through consensus and that common misunderstandings between providers and health plans stemming from flawed information exchange could be reduced. Spearheaded initially as a pilot project with Empire Blue Cross Blue Shield, Montefiore Medical Center, Montefiore Faculty Practice Plan, and New York University Medical Center, and managed by GNYHA, the idea for Linxus was similar to that for IT collaborative groups that have formed in other industries. For example, industry stakeholders in the financial services and manufacturing sectors have worked together to develop common operating rules that enabled their individual IT systems to function together effectively. Those standards led to convenient and cost-saving innovations that are now commonplace, such as globally linked automated teller machine networks and real-time supply chain management (the process of optimizing a company's internal practices, as well as its interactions with suppliers and customers, in order to bring products to market more efficiently).

The Pilot. The pilot group began by analyzing Empire's claim status and eligibility

transaction procedures in order to develop standard Empire responses that would serve both the health plan and the provider. Within one year, the group identified specific opportunities to change the criteria for providers' inquiries about the status of individual claims, which significantly improved Empire's response rate to providers and helped providers establish better procedures to receive claim status data, such as sending correct member identification formats with their inquiries to health plans.

As a result of such efforts, which improved the quality of information being exchanged electronically between pilot participants, the group determined that the collaborative process was valuable to all the participants and decided to form a Steering Committee with broader participation to lead the effort forward and guide Linxus's strategic direction. In late 2005, Linxus's Steering Committee voted unanimously to invite other health care provider and health plan organizations to join them—a significant step in demonstrating the value of collaboration and in promoting more widespread industry participation in this effort.

Promoting Interoperability

Each Linxus member participates in a workgroup that defines standard operating rules for reimbursement-related information exchange. Workgroup efforts are now under way to analyze and refine the HIPAA standards for claim status, payment remittance, and member benefit eligibility, with plans to expand those efforts to include more transaction types and to solicit input from additional organizations. The ultimate goal is to foster increasingly greater automation of common tasks associated with reimbursement practices and to lower overall costs to both health plans and providers.

Linxus's collaborative efforts have raised both providers' and health plans' awareness

of the specific business and technical challenges associated with achieving interoperability and in defining standards that will be of value to the entire health care community. For example, Linxus's new members are participating in an eligibility workgroup to develop acceptable search criteria for identifying patients' medical coverage and benefits. The eligibility operating rules adopted by the group will enable interoperability between providers' patient accounting and scheduling systems and health plans' member enrollment systems. Such interoperability either doesn't occur at all currently—most inquiries are handled over the phone—or lacks sufficiently detailed information, often resulting in denied claims.

Key to Linxus's success is that each organization retains individual control over its own IT purchasing decisions—something the participants believe can be done while also working together to define, test, and refine standard operating rules for transactions that pass between their systems.

Beyond the Pilot

With its broader membership base, Linxus continues to work on developing standard operating rules and has plans to produce customized "implementation guides" for common transactions. These guides will aim to promote interoperability and standardization by reflecting the broadest needs of the health care marketplace, in contrast with the various individual formats for transactions now used by different health plans. This approach follows the lead of other industries that have successfully established interoperability between and among systems, and adheres to the spirit of the HIPAA legislation, which aimed to encourage the widespread adoption of electronic data exchange.

In 2007 and beyond, Linxus will demonstrate the sustainability of its model by broadening participation even more, identifying standards for additional transactions, and developing corresponding implementation guides for each of those transactions. ■

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