PROJECT STARTUP REPORT

Submitted to Large Project Oversight on 10/17/2016

GENERAL INFORMATION

Project Name: DHS Operating Rules (Enterprise) HOPR
Agency Name: Department of Human Services
Project Sponsor: Jenny Witham
Project Manager: Darin Anderson

PROJECT DESCRIPTION

The North Dakota Department of Human Services (DHS) was mandated by Section 1104 of the Affordable Care Act to enhance the Health Enterprise MMIS for compliance with Operating Rules from the Centers for Medicare and Medicaid Services (CMS), a federal agency of the United States Department of Health and Human Services (HHS).

Section 1104 of the Affordable Care Act (ACA) defines 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 specification."* Operating Rules provide additional specifications for electronic transactions and have mandatory compliance dates for implementation.

The background of the Operating Rules reaches back to 1996, when Administrative Simplification provisions in Title II of The Health Insurance Portability and Accountability Act (HIPAA) established national standards for electronic health care transactions in an effort to improve the efficiency and effectiveness of the nation's healthcare system. The provisions encourage the widespread use of electronic data interchange (EDI) in the US healthcare system.

After the passage of HIPAA however, many health plans created Companion Guides which contained additional data requirements for HIPAA standard transactions. These unique requirements have hindered interoperability among trading partners, which HIPAA standard transactions are intended to promote.

Section 1104 of the Affordable Care Act (ACA) of 2010 addressed this problem by mandating the adoption of "Operating Rules" to create a standardized national Companion Guide for exchanging data among covered entities.

A non-profit alliance of healthcare stakeholders, known as The Council for Affordable Quality Healthcare (CAQH), has been tasked with building consensus on the Operating Rules. CAQH has created the Committee on Operating Rules for Information Exchange (CORE) to facilitate authoring of the rules.

Operating Rules are built on top of the existing HIPAA EDI standard, currently ASC X12 version 5010.

According to the federal mandate, all HIPAA-covered entities must comply with CAQH CORE Operating Rules in a phased approach, beginning with Phase I and Phase II Operating Rules compliance by January 1, 2013, Phase III by January 1, 2014, and Phase IV to be determined. HHS is scheduled to finalize the requirements for Phase IV.

Phase I Operating Rules focuses on standards to improve the electronic eligibility inquiry (270) and response (271 benefits verification) transactions, as eligibility is the first transaction in the claims process. Thus, if eligibility and benefits are correct, all following transactions will be more effective and efficient.

Building on this, CORE determined that the Phase II CORE rules should be extended to include rules around the claim status inquiry (276) and response (277) transactions that allow providers to check the status of a claim electronically, without manual intervention, or to confirm claims receipt. Benefits to electronic claim status inquiry and response will include

reductions in staff time spent on phone calls and websites, increased ability to conduct targeted follow-up, and more accurate and efficient processing and payment of claims.

CORE Phase III rules apply to ASC X12 835 claim remittance and NACHA CCD+EFT transactions; DDE (Direct Data Entry) transactions and we-based transactions are not included. This rule assumes successful communication connection have been established and that all transactions coming through the routing path are CORE-certified. Real time response times must be less than 10 seconds.

The Phase IV was approved in September 2015 for the following healthcare business transactions: healthcare claims; prior authorization; employee premium payment; and enrollment/disenrollment in a health plan. HHS has yet to determine if these CORE Phase IV rules will be included in the regulatory mandate.

BUSINESS NEEDS AND PROBLEMS

The business need for this project is to implement changes to the ND Health Enterprise MMIS which will allow DHS to comply with Section 1104 of the Affordable Care Act of 2010 requirements; conform to standards, implementation specifications and Operating Rules; and improve HIPAA transaction processing and include CAQH CORE Operating Rules (Phase I, Phase II and Phase III).

PROJECT BASELINES

Baseline Start Date	Baseline End Date	Baseline Budget
10/10/2016	05/04/2017	$4,630,781

OBJECTIVES

Business Objective	Measurement Description
CORE Operating Rules Phase I, II, III	CMS Certification

COST BENEFIT ANALYSIS

Since this project is being implemented to meet new federal requirements. The funding for this project is a 90/10 federal Match. If the solution is not implemented, DHS will not meet federal requirements.

Impact: Penalties could be assessed against DHS for non-compliance

Impact: Potential for loss of future, federal, funding opportunities

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The project has the following constraints:

- The NDDHS must meet the CAQH CORE Phases I, II and III Operating Rules as quickly as possible. Certification of the Enterprise MMIS is dependent on the implementation of the indicated Operating Rules phases.

- Cost, schedule, scope, and quality are often in conflict during projects. The sponsor elected to prioritize the constraints as follows:

    1. Schedule
    2. Scope
    3. Quality
    4. Cost

The project has the following Risks:

- Risk 1: DHS and ITD resource shortages
    o Impact: Lack of resources and support could delay the project.
    o Response: During planning, analyze staffing needs and make any necessary changes when possible and develop a closely aligned schedule and communication strategy with the MSP project and other DHS priorities.
- Conflicts with HEMMIS (Medicaid System Project-MSP) schedule or scope
    o Impact: Conflicts or complexities could delay the project. Work associated with the implementation of CORE Operating Rules may run in parallel to work on the HEMMIS project, however, implementation of CORE Operating Rules is completely dependent on the go-live of HEMMIS.
    o Response: Analyze MSP schedule or scope changes for impacts and make any necessary changes when possible and develop a closely aligned schedule and communication strategy with the MSP project.
- CMS changes to CORE Operating Rules
    o Impact: Operating Rules implementation relies on the CMS requirements known at the time of contract execution. CMS changes to requirements may result in additional project scope or changes to the defined project.
    o Response: Analyze CMS requirements for potential scope changes that will impact schedule and budget. Ensure that Contractor and State fully understand all impacts, initiate change requests as necessary along with communicating change impacts back to CMS via Implementation Advance Planning Document updates (IAPDU) and quarterly reports.
- Xerox solution delivery problems
    o Impact: Lack of successful delivery from Xerox could delay the project.
    o Response: Actively monitor the vendor's work and hold the vendor to critical milestones and deliverables of the contract.