

August 22, 2005

Agenda

- I. Introductions
  
- II. Goals (as determined at MBProject Annual Forum)
  
- III. Emerging Issues
  
- IV. Overview of Business Process
  
- V. Discussion on Enrollment/Eligibility Process
  - a. As is (using legacy systems and processes)
  - b. To be (using ebXML and financial card mag stripes)
  
- VI. Next Steps
  
- VII. Schedule Next Call

Charter

1. Draft business rules for enabling HSA real time financial transaction processes.
2. Oversee the adaptation and testing of these rules within an open source, services oriented architecture (rules to be turned over to the C.O.M.B.A.T. Planning & Design Subcommittee to embed within a testing platform).
3. Pilot real-time transactions between employers, payers, providers, financial institutions and banks using new architecture.

Guiding Principles

- 1 Accelerate adoption of HIPAA's transactions code sets.
- 2 Promote additional standards in healthcare.
- 3 Promote administrative simplification between healthcare stakeholders.
- 4 Lead healthcare industry towards "banking" model for transactions process and electronic medical records (EMR).
- 5 Enhance integration between healthcare providers, insurers, banks, financial institutions and employers—creating one revenue cycle.

August 22, 2005

Goals

- 1 Simplicity is required for consumers. This means a standard statement showing any amounts outstanding or paid by their plan. It also means that the security and privacy environment when processing a consumer's health information must be treated as a top priority. Finally, consumer convenience in terms of "one-stop shopping" for financial and healthcare information was discussed (i.e., online banking portal).
- 2 The ideal infrastructure for HSA management must be articulated and should include disease management components. The structure will support interoperability between an individual's High Deductible Health Plan and any bank system for account management purposes.
- 3 The back end reconciliation process should not be overlooked; specifically straight through processing of remittance data between insurer and provider.
- 4 Issues surrounding Bad Debt Expense and HSAs should be monitored and isolated. Best practices should be developed that are responsive to these issues.
- 5 Interoperability between healthcare and financial systems, and open access to these systems, needs to be prioritized to create a seamless and consumer/business-friendly account management process.

HSA@Work | A National Webcast

Medical Banking Project

Host: PricewaterhouseCoopers

August 22, 2005

Serial View of Business Process	Stakeholder	EDI Transactions	XML Equivalent
Plan Design	Benefit Management firms		HR-XML
Enrollment / Disenrollment	Employers Consumers	834	
Benefits/Eligibility	Payors Brokers	270 / 271	
Pricing	Provider		
Billing	Provider	837	ebXML
Exceptions -270 processing -271 design -272 fpy			
Payment Execution -270 Consumer bank account to provider bank account -271 HDHP bank acct to provider bank account	Banks	835	CCD+ CTX if sending 835 with remittance data "mbXML"
Payment reconciliation -835 remittance		835	"mbXML"
Statement generation (if applicable)			"mbXML"

August 22, 2005

**Emerging Issues**

270 Integration between stakeholders

271 Transparency - pricing and quality

272 Need for simplicity

273 Consumer education - High Deductible Health Plans (HDHPs)

274 Too much paper already in revenue cycle

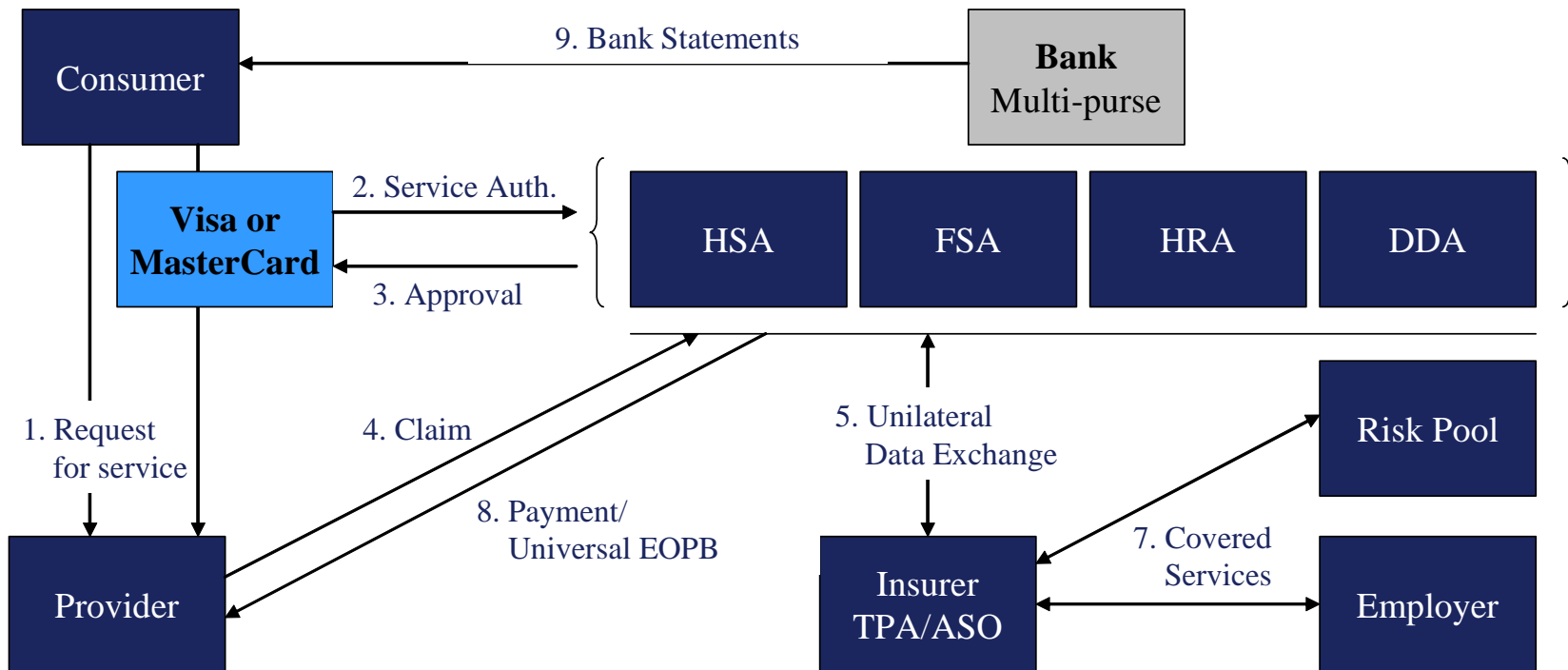
275 Complicated payment environment

276 Risks to provider's accounts receivable

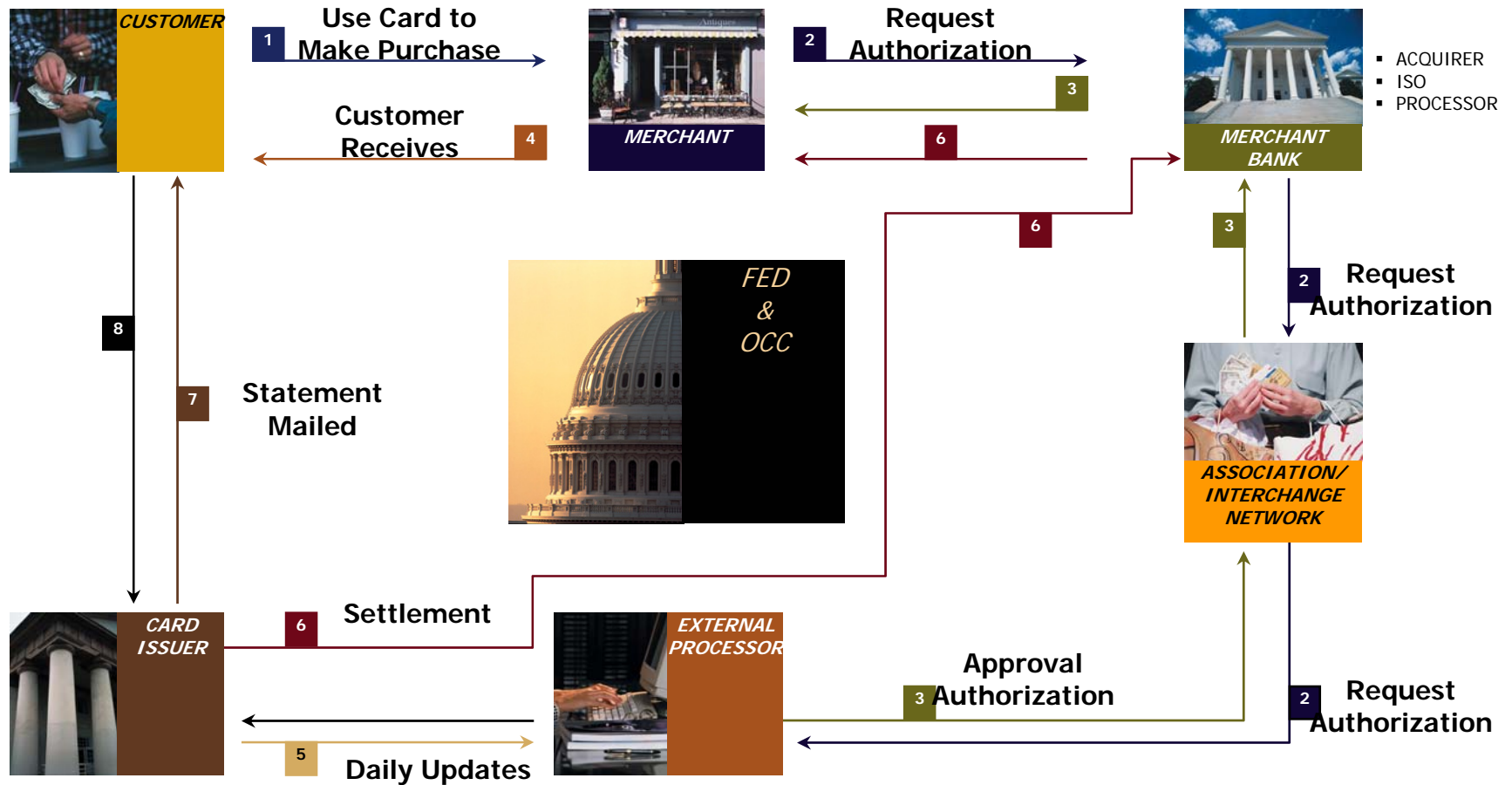
277 Trusted third-parties

278 Others (audience participation)

Future State - Medical Payments



Current State - Financial Cards



August 22, 2005

Current State

Member enrollment

- Monthly
- Batch
- Magnetic medium

Eligibility

- Payer websites
- Clearinghouses such as HDX, SSI and WebMD
- Nightly batch routines such as NEHEN
- Telephone call between medical provider and payer's customer service department

Point-of-service Cash Collections

- Based on information on back of insurance card
- Based on information provided by payer's customer service department
- Based on estimate charges according to provider's Charge Description Master
- Collected infrequently in many instances



August 22, 2005

Financial Cards - Mag Stripe Data

There are "3" tracks on magnetic stripes with over 50 fields. Tracks 1 and 3 have the most potential for adapting financial cards for healthcare. The information on track one on financial cards is contained in two formats: 1, which is reserved for proprietary use of the card issuer, and 2, developed by the banking industry (ABA).

TRACK 1:

- 1 Start sentinel - one character (generally '%')
- 2 Format code="B" - one character (alpha only)
- 3 Primary account number - up to 19 characters
- 4 Field Separator - one character (generally '^')
- 5 Name - two to 26 characters
- 6 Field Separator - one character (generally '^')
- 7 Expiration date - four characters
- 8 Service code - three characters**
- 9 Discretionary data - may include Pin Verification Key Indicator (PVKI, 1 character), Pin Verification Value (PVV, 4 characters), Card Verification Value or Card Verification Code (CVV or CVK, 3 characters)
- 10 End sentinel - one character (generally '?')
- 11 Longitudinal redundancy check (LRC) - one character
- 12 LRC is a form of computed check character

TRACK 2:

- 1 Start sentinel - one character (generally ';')
- 2 Primary account number - up to 19 chars
- 3 Separator - one char (generally '=')
- 4 Expiration date - four characters
- 5 Service code - three characters**
- 6 Expiration date - four characters**
- 7 Discretionary data - as in track one

August 22, 2005

- 8 End sentinel - one character (generally '?')
- 9 LRC - one character

TRACK 3 (as specified in ISO 4909):

- 1 Start sentinel - one character (generally ';')
- 2 *Format code="B" - one character (alpha only)***
- 3 Primary account number - up to 19 characters
- 4 Field Separator - one character (generally '=')
- 5 Country code optional, 3 characters
- 6 Currency code 3 characters
- 7 Currency Exponent 1 characters
- 8 *Amount Authorized per Cycle 4 characters***
- 9 *Amount remaining this cycle 4 characters***
- 10 cycle begin (validity date) 4 characters
- 11 cycle length 2 characters
- 12 retry count 1 character
- 13 Pin control parameters (optional) 6 characters
- 14 Interchange controls 1 characters
- 15 *PAN Service restriction 2 characters***
- 16 *SAN-1 Service Restriction 2 characters***
- 17 *SAN-2 Service Restriction 2 characters***
- 18 *Expiration date (optional) 4 characters***
- 19 Card Sequence number 1 character
- 20 Card Security Number optional, 9 characters
- 21 *First subsidiary account number optional***
- 22 *Secondary subsidiary account number optional***
- 23 Relay Marker 1 character
- 24 *Cryptographic Check Digits optional, 6 characters***
- 25 Discretionary Data
- 26 End sentinel - one character (generally '?')
- 27 Longitudinal redundancy check (LRC) - one character

HSA@Work | A National Webcast

---

Medical Banking Project

Host: PricewaterhouseCoopers

August 22, 2005

*Efforts should be made in banking community to utilize dormant fields and build out tables—such as service code—to include descriptions for medical services. New merchant codes need to be developed for medical providers to distinguish between inpatient, outpatient and professional.*

Next Steps