

THE AIS REPORT

on Blue Cross and Blue Shield Plans

Published independently by AIS. Not affiliated with or sponsored, endorsed or approved by the Blue Cross and Blue Shield Association or any of the independent Blue Cross and Blue Shield companies.



The TriZetto Group, Inc.
Corporate Office
567 San Nicolas Drive, Suite 360
Newport Beach, CA 92660
1-800-569-1222

Health Reform Update

Blues CIOs Will Have to Split Resources Between ICD-10 and Reform

Before the health reform law was enacted, chief information officers (CIOs) at many health insurers were consumed with preparing for the October 2013 deadline to start using the new ICD-10 diagnostic coding system. Complying with all the changes mandated by the health reform law won't take attention away from the 10th revision to the International Statistical Classification of Diseases and Related Health Problems. But CIOs may find that they now must split human and financial resources between the two imperatives.

Many insurance CIOs already are a few years into efforts to meet the deadline to accept ICD-10 diagnostic codes, which were greatly expanded (*The AIS Report 4/09, p. 5*).

But the reform law also forces many near-term changes to benefit designs, reporting and other operations (see story, p. 1). "Depending on how your claims system is built, that ranges from a fair amount of work to a lot of work," says Robert Meehan, vice president of consumer and senior markets at Horizon Blue Cross Blue Shield of New Jersey. "For Horizon, ... it depends on the market — and we have several claims systems. For one claims system, we have to go in group-by-group for large groups."

"Everybody has some capacity outside" with IT vendors "available to help," he adds. "But a lot of it will depend on internal subject-matter experts" identifying the specific changes that need to be made. And there isn't a lot of clarity yet around the specific regulatory language, he says.

"The new legislation is going to have a significant impact on Blue Cross Blue Shield systems and business processes," says Tim Hascall, president of

the Blue Cross and Blue Shield market at The TriZetto Group. The Regence Group and BlueCross Blue Shield of Tennessee each owns a minority stake in the health care information technology company, which holds contracts with about two-thirds of Blues plans.

The reform law is expected to lead to the influx of 30 million additional insured individuals, Hascall notes. "That's a lot of additional volume." What's more, "there will be a lot more scrutiny on medical loss ratios and administrative costs...at the same time as processes have to be able to scale up to handle lots of new members."

Each Blues CIO will have a different health reform to-do list, says Peter Kongstvedt, M.D., a consultant and principal of the P.R. Kongstvedt Co., LLC. "It depends on whether something has been hard-coded in the system. For plans that are using really, really old systems written in COBOL [an older programming language], ... some of these things may be hard-coded," such as the eligibility age of adult children. "If it was hard-coded, then they have a lot of work to do." But he adds that "for plans on newer systems or that have migrated, it's not going to be as much work for them." Many such systems operate using tables with fields that can be adjusted or turned on or off depending on benefit-design requirements.

"For legacy systems, it is going to be a significant amount of brute force to change the programs that are required to be changed as opposed to configuration," Hascall agrees.

Contact TriZetto spokesperson Loren Finkelstein at loren.finkelstein@trizetto.com or Kongstvedt at (703) 442-8918.