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Vendor Management

There is increasing use of third-party vendors within the healthcare industry, especially in the areas where technical skills are required, such as electronic claims, ordering systems, electronic health records and reporting requirements. Whether you deal directly with these topics, or your IT/IS department handles them, it is important to understand how your technical world and vendors operate.

Key Concepts:
- Software search
- Hardware
- 3rd party vendor cost
- Vendor types
  - Clearinghouses
  - Payer direct entry applications
  - Electronic medical records
  - Claim billing systems
  - Billing services (outsourced)
  - Immunization registries
  - Vaccine ordering systems

Software search

When doing a vendor search many similar processes can be used, no matter the type of application required. You should create and follow a project plan that includes the following:

1. Perform an assessment of your needs (including capital and operating budget)
   a. Develop “use cases” (scenarios you encounter in your workflows) for use in the selection process and testing.
   b. Do you have a need for an ASP (Application Service Provider – software and data stored at vendor site and accessed via the Internet), also called Software-as-a-Service (SaaS) or site-installed software?
   c. Do you have multiple use needs (e.g., a separate billing system or an electronic medical record with billing system)?
   d. Do you have any interface requirements (e.g., WIR, RE Cin, city/county systems, etc.)?
2. Research the specific field of vendors.
3. Ask your peers for input; they may know the pricing models and post-implementation issues you want to be aware of in your search. See Appendix 42 for pricing template.
4. Create a Request for Proposal (RFP) – this might need to be done in conjunction with other city or county departments. Your RFP should be specific and should include:
   a. Technical specifications (hardware and software),
   b. Upgrade and release schedules,
   c. HIPAA (and other governmental) requirements,
   a. Legal requirements, including access to the application’s source code (tools, logic diagrams, programmer notes, encryption keys, compilers and all other documentation required to operate the application) in the event the vendor goes out of business,
b. Financial information (licensing, pricing, corporate financial stability),
c. Business interruption/continuity plan,
d. Hard copies of required reports.

5. Create your evaluation process.
6. Evaluate all RFP responses.
7. Schedule a demonstration and include user staff.
8. Obtain and contact references. See Appendix 43 for reference checking template.
9. Review and sign the contract (include appropriate city/county departments).
10. Implementation, support and service level agreements. See Appendix 44 for ideas for SLA’s.
11. Training and documentation.
12. Go Live – software goes into a production mode.

**Hardware**

Don’t forget that software needs hardware to make it work. Depending on which type of arrangement you are using, you may need more or less hardware.

The Application Service Provider (ASP) model usually requires only internet access since the programs and data are stored on the vendor’s servers. This arrangement may call for specific versions of operating systems (Windows, Macintosh, Linux, UNIX, etc.) or internet browsers (Internet Explorer, Chrome, Safari, Firefox, etc.) and certain input/output speeds.

However, if you choose to house the software on your own server(s), you will need to make sure you understand what will be required. Some examples are:

- File servers
- Networks hubs, switches, routers, cabling, etc.

**3rd Party Costs**

You will need to be aware that, unless they are part of your software package, you may be responsible for some third party costs. The most critical of these are the annual code updates. While you can download files of HCPCS and diagnosis codes from CMS, you must purchase updates for CPT codes.

AMA lists the following prices for 2014 data files in Figure 1:
Vendor Types
The types of vendors usually used by a local public health department (LHD) include:

1. Electronic clearinghouses
2. Payer Direct Data Entry
3. Electronic health records (EHRs)
4. Claim billing systems
5. Immunization registries or other data repositories
6. Vaccine ordering systems

Electronic Clearinghouses
Clearinghouses are used by both providers and payers to exchange data electronically. As discussed in Section 4 – Claim Submission, there are HIPAA regulations defining how data can be exchanged and in what format. You may not have to submit data in the standard format, but rely on a clearinghouse to translate your claim information into those formats. This will require discussions on mapping data with them, a process that requires technical expertise that is not often available in-house at smaller provider offices. Contracting with a clearinghouse(s) is often the most efficient way to submit claims.

Unfortunately, there isn’t a single clearinghouse that currently provides access to all Wisconsin payers. However, most are able to process data for Medicare, Medicaid and the larger payers. Here are some tips for working with clearinghouses:

1) Look for a company that has contracts with the majority of your payers. (All clearinghouses will have a link to their payer lists on their website.)
2) Ask for their system requirements and make sure your office can meet them.
3) Ask them the status of their ability to handle ICD-10 data and when they will be live (must be prior to 10/1/2014)
4) Ask for a support phone number that will be available during the time you transfer your data – have your IT staff give it a call to make sure they are responsive.
5) Make sure you see an actual claims acknowledgement report so that you know you have all the data required to verify claims receipt.

6) Make sure you fully understand the contract terms, especially those for terminating.

7) According to CMS\(^1\):
   a) Clearinghouses are business associates and also covered entities under HIPAA.
   b) A billing service may also be a business associate if its activities require it to use protected health information (PHI); however it is not considered a covered entity.

8) The vendor should allow you online access to update, track, and manage the claims that were submitted.

9) To assist in your customer service and accounts receivable, make sure they will handle submission of secondary claims.

10) Make sure they provide you with electronic remittance advice downloads.

You can search the various national clearinghouses for your payers at [http://www.claimremedi.com/solutions/providers.php](http://www.claimremedi.com/solutions/providers.php) -- payer list link (Figures 2 and 3).

**Figure 2** - claimremedi.com link to payer list

**Figure 3** - claimremedi.com interactive payer list

Appendix 45 has a listing of all Wisconsin payers for both claims and eligibility. Claimremedi is used in this example because it was found to have one of the largest listings of Wisconsin payers.

Most payers will have direct links to their clearinghouses on their websites, such as in **Figure 4**:

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\(^1\) CMS HIPAA Information Series: Vendor, Billing Service, Clearinghouse Readiness
Not just for claims anymore
Many clearinghouses are now offering either real-time or batch process eligibility verification with their payers. By mid-2014 this will be a requirement of all payers. This capability will help reduce your time verifying insurance coverage and help with more accurate determination of eligibility.

Payer Direct Data Entry
Many payers, including Medicare and Medicaid, offer an online Direct Data Entry (DDE) option. While a contract is not usually required, beyond enrollment as a participating provider, you do need to check system requirements.

Medicare Part B
- NGS is the new Part B Medicare Administrative Contractor (MAC) for Wisconsin (effective 9/7/2013). As with all Medicare carriers, they give professional claim providers access to the PC-ACE Pro32 claims processing system that enables an electronic submitter to store demographic information, enter and store claim information, and prepare files for Medicare Part B. These files are prepared in the Health Insurance Portability and Accountability Act (HIPAA)-compliant 837 ANSI 5010A1 format. According to NGS’s website, the minimum system requirements necessary to operate PC-ACE Pro32 are: Pentium 133 MHz processor (Pentium II-350 for larger claim volume)
  - 64 MB system memory
  - CD-ROM drive (recommended for server installation)
  - SVGA monitor resolution (800 × 600)
  - Windows 2000, ME, XP, or NT 4.0 operating system

Medicare Part D
The Part D program will generally cover those vaccines not available for reimbursement under Medicare Parts A or B when administration is reasonable and necessary for the prevention of illness. CMS has directed that starting in 2008 all Part D plans’ formularies must contain all commercially available vaccines (unless excluded due to available reimbursement under Part B, e.g., influenza or pneumococcal vaccines). They also defined the following option:
Web-Assisted Out-of-Network Billing\(^2\): Under this approach, physicians would electronically submit, through a web-assisted portal (vendor), beneficiary out-of-network claims to Part D plans for vaccines dispensed and administered in the physician’s office. This approach allows the beneficiary to pay out of pocket only the appropriate deductible and copay or cost sharing directly to the physician, thus avoiding any up-front payment and repayment for the full cost of the vaccine. The physician (or LHD) is responsible for submitting the claim on behalf of the beneficiary and agrees to accept Part D plan payment as payment in full.

In 2013, Wisconsin has 30 Part D plans available (see [http://www.q1medicare.com/PartD-SearchPDPMedicare-2013PlanFinder.php?state=WI](http://www.q1medicare.com/PartD-SearchPDPMedicare-2013PlanFinder.php?state=WI)). LHD’s can administer and bill for Part D vaccine by using the TransactRx system. TransactRx is a clearinghouse for Medicare Parts D and B claims. They hold direct contracts with the Part D plans. LHD’s can submit Part D vaccines, as follows:

1. Contact TransactRx via web ([www.transactrx.com](http://www.transactrx.com)) or phone at 800-971-5500 to obtain access to this free service.
2. You will need your TIN and NPI information to sign-up.
3. TransactRx will then give you access information.
4. Start using their real-time eligibility and, if the patient is eligible for Part D, you collect (and keep) any deductible or copay and submit the claim to TransactRx. You are reimbursed twice a month via check (for a small fee) or through an automated financial clearinghouse (ACH) for free.

**Wisconsin Medicaid**

Provider Electronic Solutions (PES) is a Health Insurance Portability and Accountability Act of 1996 (HIPAA)-compliant software used for submitting claims to ForwardHealth, which includes four payers: Wisconsin Medicaid, Wisconsin AIDS/HIV Drug Assistance Program (ADAP), Wisconsin Chronic Disease Program (WCDP), and Wisconsin Well Woman Program (WWWP). As a payer, Wisconsin Medicaid includes BadgerCare Plus and SeniorCare. PES software cannot be used for submitting claims to Medicare or other commercial health insurance payers.

PES is designed to operate on a personal computer system with the following minimum equipment requirements:

- Computer with at least a 500 MHz processor
- Windows XP or higher operating system
- 100 MB of free disk space available
- 256 MB RAM
- Internet connection
- Microsoft Internet Explorer 6.0 or higher or Firefox v. 1.5 or higher
- Printer with 8 point sans serif font (optional)

**Commercial Payers**

Some commercial payers offer DDE on their provider portals.

Group Health Cooperative uses the QuickClaim product from Smart Data Solutions, as described in their provider manual:

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\(^2\) CMS MLN Matters® Number: SE0727 Revised
The Cooperative has made an online claim submission software program available to contracted providers; QuickClaim is a claims submission program powered by Smart Data Solutions (SDS). This program combines direct online data entry and automation, allowing providers to submit HIPAA complaint claims directly to the Cooperative at no cost to the provider. This solution eliminates paper claims, reduces costs and shortens claims processing turnaround time.

UnitedHealthcare also offers a DDE option (Figure 5):

![Figure 5 - UnitedHealthcare DDE Option](image)

**Electronic health/medical record software**

The electronic health record (EHR) or medical record (EMR) is the latest tool in the electronic healthcare toolkit. There is a wealth of features found in EHR/EMR products today. If you are purchasing this type of software, be sure you are purchasing what you need now and that what you might need in the future (e.g., if public health continues to push toward payer reimbursement in other areas) can be added on (or turned on) as separate modules and will not require a new software package. The HealthIT.gov website has a set of tutorials on how to work your way through the process. The highlights of this information have been included in this section, however, more information can be found at: [http://www.healthit.gov/providers-professionals/about-national-learning-consortium](http://www.healthit.gov/providers-professionals/about-national-learning-consortium)

See Appendix 46 for a list of features you may find in EHR/EMR software. Vendors are starting to include features that support public health and/or Meaningful Use-related fields as we move further into full implementation of the PPACA.

As with payer contracts, you will need to be vigilant about the contract language and make sure it is protecting your assets. See Appendix 47 for contract items you want to be looking for during negotiations with a vendor.
In July 2013, the Office of the National Coordinator for Health Information Technology (ONC), released the ONC Certified Health Information Technology (HIT) symbol or “mark” (Figure 6) that will signify a software application meets standard criteria.

The ONC HIT Certification Program provides a defined process to ensure that electronic health record technologies meet the adopted standards and certification criteria to help providers and hospitals achieve Meaningful Use objectives and measures established by the Centers for Medicare and Medicaid Services (CMS). Meaningful Use establishes the requirements for providers to show they are using EHRs in ways that can be measured significantly in quality and quantity3.

Figure 6 - ONC Certified HIT Mark

Claim billing system
Some EHR/EMR software packages have incorporated billing programs, while others may have to be interfaced with a 3rd party product. When looking for a billing system, you want to make sure that it meets the needs for immunization billing, but that it also meets any future billing needs. The good news is that if a system is set up for professional claim billing, you should have all the necessary data (procedure, diagnosis, place of service codes) required to bill any medical claim.

You want a system that will enhance your workflow and not cause duplicate entry (e.g., for scheduling, insurance data maintenance, demographics).

Billing services
Outsourcing of claims billing is another option. But as with any vendor, you need to determine what service level you want – full service (coding, billing, collections, and customer service) or a more limited service.

The pros and cons of outsourcing are the same as with any service:

Pros
- **Timesaving** – Billing and coding are complex and take significant time. Having a service will free up staff time for other duties.
- **Training** – Training for staff is reduced if they are not going to handle coding and billing.
- **Less denials** – Coding requires training and, without proper training, errors can occur which may result in denials. A service can provide coding professionals that will result in fewer denials.
- **Improved collection** – Because services are only handling their core competency, they will be able to submit claims faster and receive payments faster.
- **Payer negotiations** - Medical billing services also provide skill in negotiating rates, especially in a non-network scenario, again increasing collections.

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3 Source: Criteria and Terms of Use for the ONC Certified HIT Certification and Design Mark
Cons

- **Expense** – The service companies often charge a percentage of your revenues.
- **Control** - When you outsource any service, you lose direct control. But if you set up a working relation and are diligent in reading and analyzing reports, you will be able to address any control issues.
- **Data access** – Unless you carefully review available data, you may find you don’t have access to all of your data. And since much claim data is now in electronic format, be sure there are user screens that allow you online access to view data.
- **Miscellaneous fees** - Some medical billing services charge for things like setup, or printing statements. Be sure you carefully review and discuss the contract.
- **Patient relationships** – There is a theory of thought that if someone else is handling the financial end of your business, you can have a better clinical relation with your clients. But you might not know if a problem exists, such as heavy handed collection tactics, until it’s too late.

Immunization Registry

The Wisconsin Immunization Registry (WIR) is a population-based Web application containing consolidated demographic and immunization history information. WIR is able to perform a variety of functions for health care providers, including:

- Recording immunizations, contraindications, and reactions.
- Validating immunization history and providing immunization recommendations.
- Producing recall and reminder notices, vaccine usage and client reports, and Clinic Assessment Software Application (CASA) extracts.
- Managing vaccine inventory.

When a provider joins WIR, immunization data from existing electronic data systems is loaded into the registry’s database. In addition, WIR receives weekly birth, death, and adoption data from the Wisconsin Vital Statistics database. New births are generally loaded into WIR within two to three weeks. As a result, WIR contains all Wisconsin birth data from January 1, 1995 to the present.

WIR is another application that does not need a contract, just an enrollment process and the following:

**Hardware Requirements**

- Pentium 100 MHz computer (500 MHz or higher recommended).
- 32 MB RAM (64 MB or higher recommended).
- 500 MB free disk space.
- Screen display set at a minimum of 800 x 600 resolution and 256 colors.

**Software Requirements**

- Internet Browser software:
  - Microsoft® Internet Explorer, version 5.0 or higher recommended. Internet Explorer version 4.0 will work, provided it is equipped with all security upgrades.
  - Netscape® version 4.7x is compatible for use with WIR.
- Windows® 95 and all subsequent Windows® versions.

For networked computers, port 443 of the network firewall must be open for outgoing HTTPS (secure HTTP). To verify, try typing the WIR Web address on your Internet browser: www.dhfswir.org/. If you are unable to access the site, contact your network administrator.
Vaccine ordering system for vaccine

Each LHD will have their own vendors for purchasing private supplies of vaccine. One of the most popular – MMCAP⁴ – gives its members access to a full range of pharmaceuticals and other healthcare products and services. The MMCAP programs available to bring value to members include, but are not limited to, the following (Figure 8):

Vaccine is available through the MMCAP contracted influenza vaccine manufacturers and distributors.

**Distributors**
- FFF Enterprises, Inc.
- ASD Specialty Healthcare, Inc.
- Novartis Vaccines

**Manufacturers**
- GlaxoSmithKline
- Sanofi Pasteur

MMCAP’s contract pricing is not available through your routine pharmaceutical wholesaler. MMCAP members:
- Select “Log In” from the upper right corner of the MMCAP website home page and then enter your user name and password.
- To view Influenza Pre-booking Information select “Programs” from the top banner.
- Select “Influenza Pre-booking & Pricing Information” from the left side.
- To place an order for Influenza Vaccine simply contact your chosen MMCAP contracted vendor as outlined in the spreadsheet. Be sure to identify yourself as an MMCAP member when placing your order.

As with most proprietary sales/ordering systems, you must be enrolled before you can access other information.

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¹ Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP) website
There are no tabs for Contracts or Accounts on the log-in page in Figure 9. However, once you log-in, you have access to both of those tabs and any proprietary information contained within those pages (Figure 10).
Section 9 – Vendor Management

Figure 9 – Logged in version of MMCAP website.