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ABC CODING SOLUTIONS

ALTERNATIVE LINK

Color-shaded Areas Indicate a Portion of the Gaps in National HIPAA Code Sets Addressed by ABC Codes

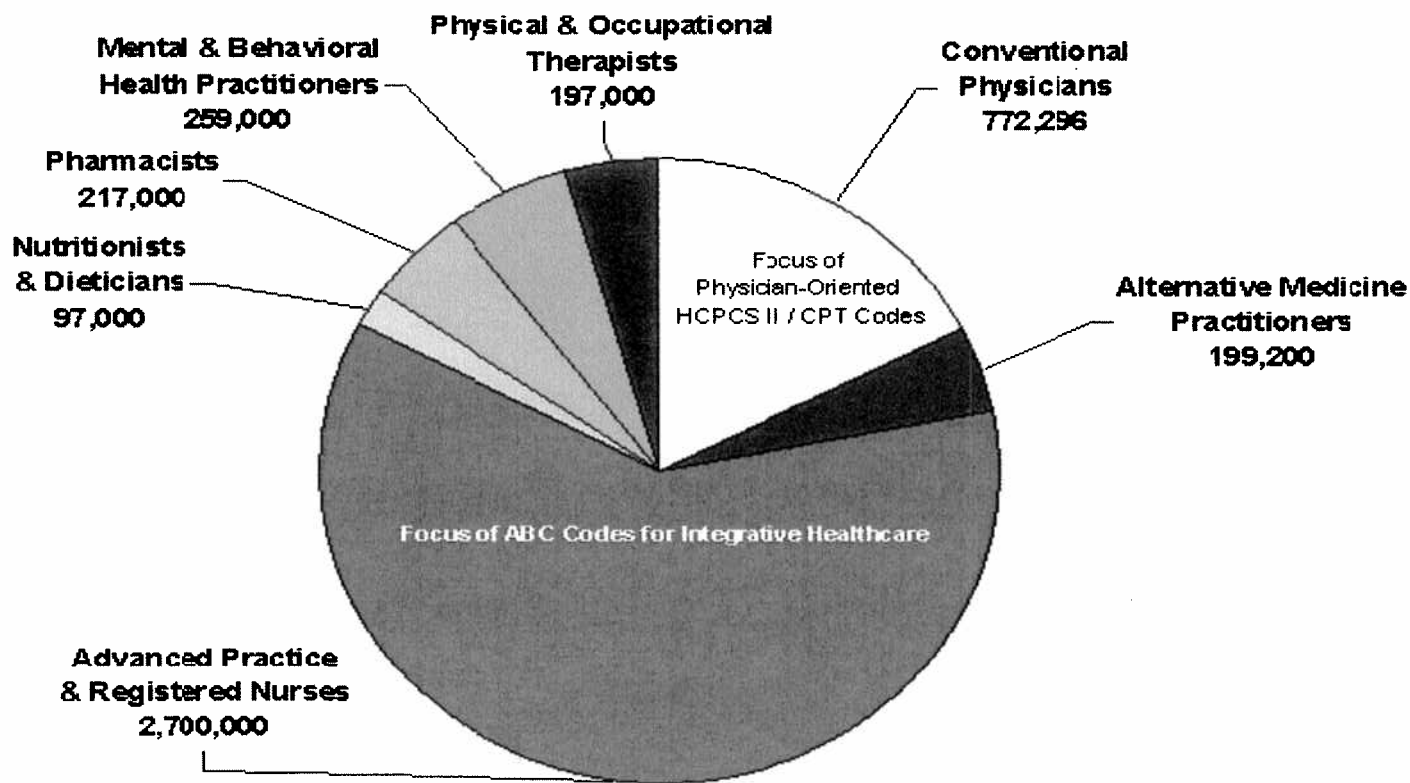


EXHIBIT C Separate Committee on Commerce/Labor
Date: 5/26/07 Page 1 of 25

THE SECRETARY OF HEALTH AND HUMAN SERVICES
Washington, D.C. 20201

JAN 16 2003

Ms. Synthia Molina
Chief Executive Officer
Alternative Link
P.O. Box 30168
Albuquerque, NM 87190

Dear Ms. Molina:

Thank you for your letter requesting an exception from the use of HIPAA code sets to test a proposed modification to those standards. Specifically, you propose to test the use of the ABCcode set to describe the products and services delivered by Complementary and Alternative Medicine and nursing practitioners. Your application indicates that the current adopted standard code sets do not contain adequate or specific elements to describe a number of alternative therapies and procedures. Our understanding is that the ABCcode set would be used in conjunction with HCPCS codes. I am pleased to approve this request, subject to the conditions set out below. Yours was the first request we received for an exception under section 45 CFR 162.940, and this process is critical in order for the HIPAA standards to improve and evolve over time. Please note that the conditions set out several additional pieces of information that you will need to supply prior to commencing the pilot. In addition, we have enclosed some guidance for your use in establishing an evaluation methodology.

Conditions of Approval

1. This approval covers the use of the ABCcode set by HIPAA-covered entities (health care providers, health plans, and health care clearinghouses) to describe products and services in HIPAA transactions. Any use of the codes by noncovered entities or for purposes other than conducting HIPAA transactions is not governed by the HIPAA regulations.
2. The start date of the pilot will be determined by you after consultation with the pilot participants. You may begin at any time prior to October 16, 2003. The duration of the pilot will be 2 years from the start date. You must notify us of your proposed start date and of the actual start date within 30 days of that date.
3. Participants must include health care providers and at least one health plan, and electronic transactions must also be included.
4. You must identify all pilot participants within 60 days of the date of this letter. Please provide a complete list including name, address, and tax identification number. This information is needed in the event that a complaint is submitted against a participant related to the participation in the pilot project. You may not add participants after submitting the list.

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Page 2 – Ms. Synthia Molina

5. The pilot evaluation must be conducted in accordance with the criteria in 45 CFR 162.940. If the pilot participants include noncovered entities or the code set is used for other purposes than conducting HIPAA transactions, the evaluation must clearly differentiate the costs and benefits from those.

We look forward to seeing the results of this pilot. We encourage you to submit your evaluation methodology for our review prior to starting the pilot, and would be happy to meet with you to review it. You should submit the additional information requested to Jared Adair, Director, Office of HIPAA Standards at (410) 786-4160, and contact her if you have any further questions. I also will provide this response to Ms. Melinna Giannini.

Sincerely,

Tommy G. Thompson

Enclosure

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Evaluating Results of the ABC Code Pilot

Below is a list of some of the specific criteria from section 162.940 with our recommendations for addressing them in the evaluation. The evaluation must separately quantify the costs and benefits of the use of ABC codes in HIPAA transactions between covered entities from any other costs and benefits.

162.940 (a) (1) (i) Improve the efficiency and effectiveness of the health care system by leading to cost reduction for, or improvements in benefits from, electronic health care transactions.

Your documentation states that because ABC codes are more precise their use reduces administrative burdens which in turn reduces costs, and that ABC codes allow stakeholders to manage access, quality, and cost of CAM and nursing care by using business processes identical to those used to manage conventional physician services. Please provide clarification from your testing on how costs would be reduced or benefits improved with 3 to 5 specific examples comparing ABC codes with other adopted standard codes.

162.940 (a) (1) (ii) Meet the needs of the health data standards user community, particularly health care providers, health plans, and health care clearinghouses.

Pilot participants should include providers, health plans, and if possible at least one clearinghouse. The evaluation should document the volume of transactions, and specifically the volume of electronic transactions conducted, which transactions were used, and any problems encountered.

162.940 (a) (1) (iv) Have low additional development and implementation costs relative to the benefits of using the standard.

The pilot participants should include covered entities that have not previously used the ABC codes, as well as entities that have already adopted them. The evaluation should study the implementation costs of these two groups separately.

162.94 (a) (1) (vi) Have timely development, testing, implementation, and updating procedures to achieve administrative simplification benefits faster.

Your documentation explains the development of a new term and corresponding code but does not provide details on the openness of ABC code maintenance. Please provide a description of how the update process worked throughout the pilot.

162.940 (a) (1) (vii) Be technologically independent of the computer platforms and transmission protocols used in electronic health transactions, unless they are explicitly part of the standard.

The evaluation should demonstrate that ABC codes can work on different computer platforms.

162.940 (a) (1) (viii) Be Precise, unambiguous and as simple as possible

Provide sample instructions that participants used to train coders, as well as data regarding the time needed to train coders on ABC use, error rates, etc..

162.940 (a) (1) (ix) Result in minimum data collection and paperwork burdens on users.

The CAM and Nursing Coding Manual includes a number of undefined codes. Please provide an explanation of how the undefined codes are tracked and from 1-3 sample reports of ABC code use during your testing that demonstrate reduction in data collection and paperwork burdens.



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BARBARA A. BLAVENEY, MS, RN
 PRESIDENT

LINDA J. REIZLER, MSN, RN, CNAA,BC
 CHIEF EXECUTIVE OFFICER

October 5, 2005

The Honorable Michael O. Leavitt
 Secretary
 U.S. Department of Health and Human Services
 Room 615-P
 200 Independence Avenue, SW
 Washington, DC 20201

Dear Secretary Leavitt:

The purpose of this letter is to petition for immediate recognition of the ABC codes as a designated standard code set that can be used for healthcare services reporting, including HIPAA transactions.

The American Nurses Association (ANA) recognized the ABC codes as a standardized terminology supporting nursing practice in 2000. The ANA is a full-service national professional association representing all registered nurses in all practice settings throughout the United States. Our 54 constituent member state nurses associations help foster high standards of nursing practice and address healthcare and other issues affecting nurses and the public.

The ABC codes, unlike the pre-existing ICD-9 CM, CPT, and HCPCS II coding systems, were developed in 1996 by Alternative Link to follow the ten guiding principles governing the adoption of national standards for healthcare transactions under HIPAA. The National Library of Medicine served as a resource as Alternative Link built the coding system with 1) historical tracking features, 2) non-duplication of concepts, 3) expansion requirements, 4) code inventory management, and 5) hierarchical construction.

The ABC codes include over 800 nursing interventions from three existing ANA recognized nursing terminologies, western and oriental nutraceuticals, homeopathic remedies, other interventions also not included within CPT and HCPCS II, and a rules engine to track laws regulating legal use of ABC coded interventions for each profession in each state. These interventions can be delivered by nursing, alternative medicine, and other integrative healthcare practitioners, including physicians, incorporating such services with their practice.

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Michael O. Leavitt
October 5, 2005

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Although registered nurses continue to effect change through participation in the editorial processes for the recognized coding systems, sole reliance on the ICD-9 CM, HCPCS II, and CPT coding systems will continue to force incorrect or omitted documentation of health services provided by registered nurses, advanced practice registered nurses (APRNs), and many other providers addressing healthcare needs along the care continuum from prevention to treatment to cure. This practice often results in inaccurately reported and represented diagnoses, procedures or interventions, and total costs of healthcare services. Additionally, identification of best practices by the best provider in the best setting and evaluation of quality initiatives, quality measures, and outcomes cannot be completed within the existing structures. Therefore, not designating the ABC codes as a coding set recognized by the federal government reinforces barriers that prevent the accurate representation of healthcare services provided by all clinicians, including over 2.7 million registered nurses, in all settings. Maintaining such coding and documentation constraints also hinders achievement of the goals of improved quality and reduced costs of healthcare services espoused in the massive federal promotion of interoperable electronic health records and personal health records.

I have included several examples to reflect our significant concern about the continued adverse effects in the delivery of health care services to our citizens without clinician access to ABC codes. The few HCPCS II codes that describe nursing services are designated by CMS as "not billable for Medicare." HCPCS II includes only one code for nursing evaluation and management, which is not at all useful because it does not include a time element, does not include a description of where the care took place, lacks sufficient detail to allow assignment of a relative value unit, and again is not valid for Medicare. The inability to correctly document delivery of nursing services, in conjunction with the current CMS policy prohibiting direct billing of nursing care for seniors, one of our growing vulnerable populations, will continue to be a costly and ineffective policy decision.

The CPT codes for evaluation and management describe medical assessments. This prevents nurses and other healthcare professionals from delineating their assessments, evaluations, and care management initiatives which evolve from a different focus and framework of practice. Such constraints prevent billing parity with physicians and development of accurate relative value units (RVUs) to reflect differences across care settings. Please see the accompanying enclosure describing the use of ABC codes to support the necessary economic analyses to compare one or more alternative courses of action and better quantify the costs of that care (Stone, Lee, Giannini, and Bakken, 2004).

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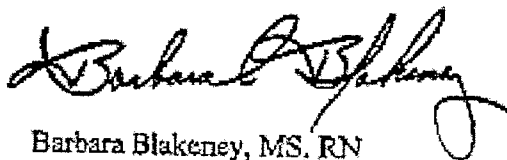
Michael O. Leavitt
October 5, 2005

Page 3

Your decision to recognize ABC codes as a designated standard code set would reflect understanding and appreciation that ABC codes complement and do not duplicate HCPCS II or CPT codes. More importantly, such an affirmative decision would provide the necessary code set to address the needs of nursing and other healthcare providers as they seek to evaluate the outcomes, effectiveness, and costs of their care and interventions.

We appreciate your consideration of our request to immediately recognize the ABC codes as a designated standard code set that can be used for healthcare services reporting, including HIPAA transactions. Please feel free to contact Carol J. Bickford, PhD, RN, BC, at 301-628-5060 or via e-mail at carol.bickford@ana.org for questions or additional information.

Sincerely,



Barbara Blakeney, MS, RN
President



Linda J. Stiefle, MSN, RN, CNAAB, BC,
Chief Executive Officer

Enclosure

cc: Pamela C. Hagan, MSN, RN, Chief Programs Officer
Mary Jean Schumann, MSN, RN, director, Department of Nursing Practice and Policy
Rose Gonzalez, MPS, RN, director, Government Affairs

Sen. Charles Grassley
Sen. Orrin Hatch
Sen. Pete Domenici
Sen. Jeffrey Bingaman
Sen. George Allen
Sen. Trent Lott
Sen. Hillary Clinton
Rep. Dan Burton
Rep. Joe Barton

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ABOUT THE COMPANIES

Mission Empowering greater access to quality care at less cost.

Vision Improving the health and welfare of our nation and our world.

Business Overview

Alternative Link, Inc. is privately held and funded and was first established in 1996 as a New Mexico LLC. The Company wholly owns an operating company, Alternative Link Systems, Inc., dba, ABC Coding Solutions. The two LLCs became Nevada C corporations in 2000 and headquarter in Albuquerque, NM.

ABC codes, the foundation of the Company's intellectual property, fill major gaps in medical code sets used for conducting healthcare transactions. The Company holds U.S. and international patents on its methods and system of validating and pricing coded healthcare interventions offered by the 80% of U.S. healthcare practitioners who do not practice conventional medicine. Without codes, these practitioners are not able to work without physician oversight – creating an artificial and costly bottleneck for healthcare services in the U.S.

Former U.S. Secretary of Health and Human Services (HHS), Tommy Thompson, granted the first exception under HIPAA¹ in 2003 to test the cost-benefits of using ABC codes in electronic HIPAA transactions. ABC codes are a recognized code set of the American Nurses Association (representing 2.7 million nurses). ABC codes and data content are copyright protected, published by the National Library of Medicine since 1999, and updated annually (ninth edition, January 2007).

Alaska Medicaid, a New Mexico Medicare Advantage Plan, and the Department of Defense, among others, use ABC codes. Thousands of entities and practitioners support the adoption of ABC codes as a permanent HIPAA standard. Documentation is available upon request.

Business Case:

Over 3 million qualified health care practitioners (advanced practice nurses, behavioral health, complementary and alternative medicine, etc.) lack codes to document and bill for their care. This situation directly affects the public's right to choose the care they want, unless that care is medical in nature.

The Company develops codes, data content and web-hosted software essential for accessing these practitioners who frankly charge less than conventional doctors. The Company estimates that our nation will save over \$50 billion each year when its citizens can directly access qualified care provided by more than 20 distinct professions. Without ABC codes to provide the infrastructure for processing direct payments to these caregivers, they will continue to work under physicians.

The Company recently launched an online claims filing application, eClaim.biz, to facilitate direct billing by non-physician practitioners, a market five times larger than the conventional physician market.

ABC codes and eClaim.biz bring to the U.S. health industry the same efficiencies that bar codes bring to the retail industry and that automated teller machines (ATMs) bring to the banking industry. Thus, ABC Coding Solutions enable increased access to quality care at reduced costs.



Products and Services

eClaim.biz is an online claim filing tool that electronically connects practitioners to insurers/payors. Monthly subscriptions begin at \$47.95 per month – providing an inexpensive solution to the entire industry. eClaim.biz includes word searches for ICD-9, CPT, HCPCS II and ABC codes. Unique legal scope of practice guidelines are also built into the application to help reduce billing fraud.

Consulting Services are available for benefit plan design, managed care contracting, internal billing processing and other special insurer/payor needs. Consulting services are priced on a per project or retainer basis, at the equivalent of \$150.00 to \$375.00 per hour.

Customized Web Services provide data elements associated with ABC codes for national and regional payors, clearinghouses and IT vendors. Transaction fees (for editing claims by practitioner type and state scope of practice) range from \$.25 - \$1.00 per claim based on volume.

Coding Tools & Publications

- **ABC Coding Manual for Integrative Healthcare.** A complete listing of ABC codes and explanations of care, published annually. List price: \$99.95 (hardcopy) and \$79.95 (interactive CD-ROM).
- **Practitioner's Guide to Billable Interventions Using ABC Codes.** Over 600 sub-sets of the national ABC Coding Manual by practitioner and state, print-on-demand. List price: \$124.95 (soft cover).
- **ABC Codes and Terminology: ASCII Data File.** \$49.95 (CD-ROM or eFile) plus \$10.00/seat license.
- **Superbill for Integrative Healthcare.** \$229.95 base price. Practitioner-specific billing forms with modifications available @ \$150 per hour.
- **Relative Values for Integrative Healthcare Using ABC Codes.** \$197.00 (eFile plus hardcopy) or \$107.00 (hardcopy). Includes Relative Value for Physician and Medicare/Medicaid Relation Based Relative Value Scale (RBRVS) RVUs.

Management

Melinna Giannini, CEO/President and Founder

Melinna, President and Founder of ABC Coding Solutions (formerly Alternative Link), has worked in the health insurance industry since the 1980s. She is one of the nation's leading experts on contracting, billing, and practice management for nursing, alternative medicine, behavioral health and other forms of integrative healthcare. Melinna helped design ABC codes to fill gaps in national medical code sets, including those mandated by HIPAA. She is responsible for raising capital and oversees product development.

Before launching Alternative Link in 1996, Melinna patented a method and system for determining the cost and legality of coded treatments delivered by over a dozen licensed practitioner types. Today this technology



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provides over 15 million units of information to the health and worker's compensation industry on a per-practitioner/code/state basis.

Melinna frequently speaks at national conventions, testifies before numerous health-related government committees, and writes articles for leading health-related publications. Prior to founding the Company, Melinna designed, sold, and monitor costs in self-funded benefit plans for employers in multiple states.

Edward Johnson, PhD, Executive Vice President

Dr. Johnson has over thirty years experience in transitioning research and development organizations to commercially viable businesses. He is proficient in program management, systems engineering, business development and the Federal proposal process. Dr. Johnson is responsible for managing fast growth, government relations, strategic alliances, and procuring grants.

Prior to joining ABC Coding Solutions, Dr. Johnson was a Naval officer and then worked for Whalen and Company, a telecommunications construction management firm owned by TetraTech, Inc. While with Whalen; he managed a budget of \$150 million and developed new business in the U.S., Canada, and Brazil; built the first digital TV cable system for Rogers Cable System in Toronto; and built the first digital cell system in Rio de Janeiro. Following Whalen, Dr. Johnson worked for Science Applications International Corporation (SAIC) as an engineering department manager and new business manager.

In 2002, Dr. Johnson became the Technical Director of the Naval Oceanographic Office responsible for a \$170 million budget. From 2005 until joining ABC Coding Solutions, Dr. Johnson was the Director of Applied Science for the National Aeronautics and Space Administration (NASA).

Bernd G. Lucks, Chief Operating Officer

Bernd has been with the Company since its inception to establish company process controls. Bernd oversees operations, finances and manages the Company's intellectual property, including foreign patents (he is fluent in English, German, and French).

Bernd was certified as a commercial banker (specializing in lending and investment banking) from Deutsche Bank in his native Germany. He served in the German Bundeswehr (armed forces) in the areas of logistics, operations management, team development, and training. After the fall of the Berlin Wall, Bernd managed the startup and staff training for a construction company's new branch office in the German Democratic Republic (East Germany).

Betty Haley (formerly Blaylock), Director of Client Services and Human Resources

Betty is a seasoned employee benefits and group health claims administration executive and has over 30 years of experience in claims administration. Betty helped design the Company's new online claim service, eClaim.biz. In addition to managing client services and human resources, Betty also provides consulting services in the areas of practice management, insurance benefit plan design, worker's compensation, benefit analysis, product training, and managed care contracting.

Prior to joining ABC Coding Solutions, Betty was the Director of Employee Benefits for Kindercare Learning Centers, Senior Benefits Manager for Kinko's, Inc., and has also worked for Sutter Health, Aetna, and Hartford Insurance companies. She served as Regional Vice President for Risk Management Resources,



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formerly the largest third party administrator in the western U.S. Betty specialized in managing relations and providing benefit analysis for key accounts. Her clients included school districts, Fortune 500 companies, and other large employers.

Jeff Roybal, Financial Controller

Jeff is a proven finance, technology and plant manager in diverse industries with annual sales of one billion dollars or more. In addition to his responsibilities in developing financial statements, forecasting, trends analysis and capital tracking, Jeff was the principal architect for a database budgeting system that compiled and provided reporting tools for 200 departments. Jeff also has extensive experience in financial system implementations.

Prior to joining the Company in January of 2007, Jeff was the plant controller for Windsor Foods, a leading manufacturer of frozen foods, with annual sales of nearly one billion per year. He was the senior budgeting analyst for the University of New Mexico Hospital from 2001-2003. From 1995-2001, Jeff was the assistant controller Crown Paper, Inc. where he managed \$1 billion in receivables, \$500M in accounts payable with a \$500M operating budget and a staff of 7 employees. From 1989-1995, Jeff was the senior financial analyst for the James River Corporation in Oakland, CA. James River products include Dixie Cup, Northern Tissue, and Brawny Paper Towels.

Christopher M. Baca, Systems Architect

Chris is the owner of Paradigm Wave and an astute businessman who brings projects in on time and on budget. He is a technically competent software engineer with program / infrastructure development, project management / integration, programming / software engineering, design / implementation, preventative maintenance / systems analysis, requirements development / client integration, systems support / troubleshooting, networking / network infrastructure integration, human resources / technology integration, and enterprise resource planning. He has extensive experience with full life-cycle IT project engineering including strategic planning, operations and maintenance, and customer support. Chris provides a full range of technical services to the Company and is involved in all strategic planning

Prior to forming his own company in 2004, Chris was a software architect for Anteon Corporation for two years (now division of General Dynamics). From 1995 – 2000, Chris was a contract systems analyst for Robert Half International's technology division.

Sam Brunelli, Lobbyist

Sam is a major fundraiser for national political campaigns and a highly influential lobbyist with experience in overcoming entrenched political adversaries and transforming outmoded models of healthcare. Sam's personal relationship with former Secretary of Health and Human Services, Tommy Thompson, was key to the Secretary granting the first exception under HIPAA to test the cost benefits of ABC codes.

Sam is the former CEO of the American Legislative Exchange Council, with expertise building public-private partnerships; past Director of Intergovernmental Affairs under the Reagan Administration; a widely published author on public policy issues; a former owner/operator of Brunelli Farms, a multi-million dollar agricultural operation; and a former consultant to the agriculture and energy industries.

12/3/05



ABC CODING SOLUTIONS

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David A. Webster, General Counsel

David practices transactional, tax, business and corporate law. He is Board Certified by the Florida Bar as a specialist in Taxation, and is AV rated by Martindale-Hubbell. David has headed the tax and business departments of the Orlando office of a major national law firm, served as the General Counsel and Senior Vice President of St. Anthony Publishing, a healthcare coding publishing company. David acted as the lead negotiator in the sale of St. Anthony Publishing to Ingenix, a division of United Healthcare.

David's experience includes transactions in England, Switzerland, Luxembourg, Republic of South Africa, Germany, Zimbabwe, Australia, Channel Islands and several other countries. Mr. Webster also owns a manufacturing business and has achieved a pragmatic business perspective regarding the role of a lawyer and understands that legal services must be properly utilized and managed to support to the decision-makers of the business.

Steve Johnson, Board Member

Steve is a member of the board of directors and a sales and marketing expert. Steve is currently the national sales manager for the surface grinding and cutting tool division of Radiac Abrasives, a manufacturer of bonded abrasives for aerospace, automotive and primary metals industries (steel mills). Steve creates sales distribution networks as well as manages direct sales to key end users. During his tenure, Steve has grown market share from 10% to 40% and continues to increase profits to at least 10% per year in a mature and shrinking industry.

Steve advises the Company on marketing and sales strategies and tactics.

Complete biographies are available upon request.

Endnotes

¹ HIPAA is the acronym for the Health Insurance Portability and Accountability Act of 1996. This legislation governs code sets used to conduct electronic healthcare transactions.

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INCREASE NEVADA HEALTHCARE OPTIONS AND REDUCE COSTS

How? Enact legislation to Facilitate Direct Access to All Qualified Caregivers

- All qualified caregivers? Empowered by Nevada laws; educated, trained, and often licensed by Nevada
- Able to treat and bill directly but without adequate tools
- Direct access? Direct and legal reimbursement w/o unnecessary physician oversight, mark up, and bottlenecks

Problem? HHS-mandated code sets do NOT support Direct Access to All Qualified Caregivers

- HHS contracted with AMA for free use of its codes and agreed not to support competing codes – 1983
- HHS mandates use of AMA's codes for electronic claims – 2000
- Mandate results in U.S. reliance on conventional medicine – the most expensive care option
- Reducing care and coverage is NOT an option!

Solution? Direct Access to All Qualified Caregivers – SMART Option!

- Former HHS Secretary, Tommy Thompson, approves commercial testing of ABC codes -2003
- Alaska Medicaid processes over 500,000 e-health claims using ABC codes and saves 50% - 2004
- American Nurses Association (2.7 million nurses) emphatically endorses ABC codes – 2005
- Department of Defense uses ABC codes in Army and Navy projects – 2005-2006

Solution? ABC codes support Direct Access and transparent pricing for All Qualified Caregivers

- Over 4,000 ABC codes mapped to HHS codes in online claim filing system - 2007.
- System assures practitioners comply with federal AND state reimbursement laws - 2007.
- Data assures “apples to apples” cost comparisons by diagnosis to conventional medical care.

Solution? ABC codes maximize Direct Access to All Qualified Caregivers

- Usually less expensive and thus, threatening to the physician-dominated status quo
- HHS reviewers fail to report ABC code cost benefit and industry support data to HHS Secretary – 2005
- HHS excludes use of ABC codes in electronic healthcare transactions - 2006
- ABC solves problem with system that: documents care using ABC codes; bills using mandatory codes

Result? Nevada leads the nation in healthcare and healthcare tourism!

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**The Department of Health and Human Services
And The Department of Justice
Health Care Fraud and Abuse Control Program**

Annual FY 2005 Report

EXECUTIVE SUMMARY

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) established a national Health Care Fraud and Abuse Control Program (HCFAC or the Program), under the joint direction of the Attorney General and the Secretary of the Department of Health and Human Services (HHS)¹, acting through the Department's Inspector General (HHS/OIG), designed to coordinate federal, state and local law enforcement activities with respect to health care fraud and abuse. In its ninth year of operation, the Program's continued success again confirms the soundness of a collaborative approach to identify and prosecute the most egregious instances of health care fraud, to prevent future fraud or abuse, and to protect program beneficiaries.

Monetary Results

During FY 2005, the Federal Government won or negotiated approximately **\$1.47 billion** in judgments and settlements, and it attained additional administrative impositions in health care fraud cases and proceedings. The Medicare Trust Fund received transfers of nearly \$1.55 billion during this period as a result of these efforts, as well as those of preceding years, in addition to \$63.64 million in federal Medicaid money similarly transferred to the Centers for Medicare and Medicaid Services (CMS) as a result of these efforts. The HCFAC account has returned over \$8.85 billion to the Medicare Trust Fund since the inception of the program in 1997.

Enforcement Actions

In FY 2005, U.S. Attorneys' Offices opened 935 new criminal health care fraud investigations involving 1,597 potential defendants. Federal prosecutors had 1,689 health care fraud criminal investigations pending, involving 2,670 potential defendants, and filed criminal charges in 382 cases involving 652 defendants. A total of 523 defendants were convicted for health care fraud-related crimes during the year. Also in FY 2005, the Department of Justice (DOJ) opened 778 new civil health care fraud investigations, and had 1,334 civil health care fraud investigations pending at the end of the fiscal year. DOJ filed complaints or intervened in 266 civil health care cases in FY 2005.

¹ Hereafter, referred to as the Secretary.



ABC CODING SOLUTIONS

ALTERNATIVE LINK

Code Maintenance Program (CMP) – ABC codes are grouped into categories and legal citations are used to substantiate 'yes/no code assignment' decisions for 17 different practitioner types. This example shows Chiropractic information for Nevada.

Nevada

Select Provider and Query
 Provider Type: 1A Query: Activity or Exercise-yes Show Highlights

No Change: Change: Decision:

Change Checkmarks Training Standard Exception Unregulated Exception

Run Query New Exc

Cell Info: 1A 167

	UI	CODE	CODE_DESC	1A	1B	1C	1D	1F	1G	1H	1J	1K	1L	1M	1N	1S	1T	1U
	167	BBAAA	Abdominal exercise individu	X				X	X	X		X	X	X	X			
	168	BBAAB	Breathing exercise individu	X	X	X		X	X	X		X	X	X	X			
	172	BBAAF	Hiatal hernia toning exercis	X	X			X	X	X		X	X	X	X			
	174	BBAAH	Postural exercise individual	X	X			X	X	X		X	X	X	X			
	185	BBAAS	Free weights individual eac	X									X	X	X			
	1968	BBAAY	Stretching group each 15 r	X	X			X	X	X	X	X	X	X	X			
	1969	BBABA	Stretching individual each	X	X			X	X	X	X	X	X	X	X			
	2385	BBABD	Balance exercise individua	X	X								X					
	2386	BBABP	Muscle control exercise inc	X	X								X					
	5221	BBABS	Postural exercise group ea	X	X			X	X	X		X	X	X	X			
	5222	BBABT	Free weights group each 1	X									X	X	X			
	5223	BBABU	Balance exercise group ea	X	X								X					
	5224	BBABV	Muscle control exercise grc	X	X								X					
	1	AAAAA	Simple new in-office 10 min	X				X	X	X			X	X	X			
	2	AAAAB	Usual new in-office 20 min	X				X	X	X			X	X	X			
	3	AAAAC	Detailed new in-office 30 m	X				X	X	X			X	X	X			
	4	AAAAD	Detailed new in-office 45 m	X				X	X	X			X	X	X			

Rationale
 Case Law
 Other Text

Statute
 Admin Reg

Training Standards
 Chiropractic Training Standard
 Save training standard for all codes in query.

16 7 25

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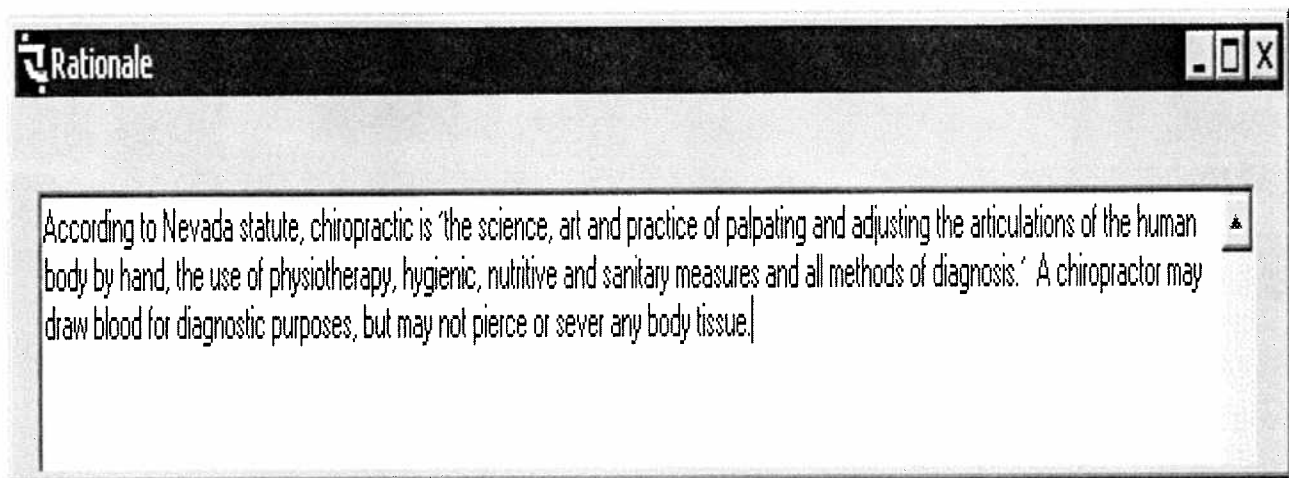
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Code Maintenance Program – Rationales – Rationales provide a summary of the laws governing the practice of each of the 17 practitioner types in the database. Rationales are arrived at by researching state code in all fifty states and the District of Columbia. This example shows the Chiropractic rationale for Nevada.



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Code Maintenance Program – Training Standards – Training and licensure requirements are maintained for 17 different practitioner types. This example shows training standard for Chiropractors in Nevada.

Select

Country
United States

Providers
1A
1B
1C
1D
1E
1F
1G
1H
1J
1K

Regions
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
Nevada

Training Standard Name
Advanced Homeopathy
Alexander Technique Training Standard
Chiropractic Training Standard
Jin Shin Do

New Training Standard
 Rename Training Standard
 Update Training Standard

Training Standard Name
Chiropractic Training Standard

Training Standard
A chiropractor in Nevada must: (1) have a high school education; (2) complete at least sixty (60) credit hours at an accredited college or university; (3) graduate from a college of chiropractic accredited by the Council on Chiropractic Education; and (4) pass parts I - IV and the physiotherapy section of the National Board of Chiropractic Examiners' examination.

Cancel

18 g 25

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Code Maintenance Program – Prescriptive Authority Differences – This screen shows how the Company tracks prescriptive authority differences between practitioner types in all fifty states. This example highlights prescriptive authority variations for Clinical Nurse Specialists across several states. Nevada is included on this screen.

Compare Query

Queries: Physical Performance-no, Physical Performance-yes, Physiological Therapeutics, Physiotherapeutic devices I, Prayer based healing, Prescribe No, Prescribe No-X

Region/PT: United States

Build Query Grid

		1A	1B	1C	1D	1E	1F	1G	1H	1J	1K	1L	1M	1N	1S	1T	1U	1V
VT	Vermont	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
VA	Virginia	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
WA	Washington	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
WV	West Virginia	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
WI	Wisconsin	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
WY	Wyoming	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#

UI	CODE	CODE_DESC	NM/1F	NV/1F	NY/1F	OH/1F	OK/1F	OR/1F	PA/1F	RI/1F	SC/1F	SD
5358	ADDAN	Recommended and/or prescribed medication re	#	#		#	#	#		#	#	
5359	ADDAO	Recommended and/or prescribed medication re	#	#		#	#	#		#	#	
5013	ADXAM	Legend noncontrolled substance prescription(s)	#	#		#	#	#		#	#	
5015	ADXAD	Schedule III controlled substance prescription n	#	#		#	#	#				
5190	ADXAP	Schedule IV controlled substance prescription n	#	#		#	#	#				
5191	ADXAQ	Schedule V controlled substance prescription n	#	#		#	#	#			#	
3927	ADZAT	Pharmaceutical dispensing no charge, Preparing	#	#		#		#		#		
4698	ADZBJ	Medication refill no charge, Preparing and/or di	#	#		#	#	#		#	#	
4506	ECBAZ	Methergine(R) each cc, Miscellaneous solutions	#			#	#	#		#		
4507	ECBBU	Oxytocin each cc, Miscellaneous solutions, Solu	#			#	#	#		#		
4508	ECBBV	RhoGam each cc, Miscellaneous solutions, Solu	#			#	#	#		#		
4510	ECBBX	Xylocaine each cc, Miscellaneous solutions, Sol	#			#	#	#		#		
1	AAAAA	Simple new in-office 10 minutes, New client in-of										
2	AAAAB	Usual new in-office 20 minutes, New client in-off										
3	AAAAC	Detailed new in-office 30 minutes, New client in-										
4	AAAAD	Detailed new in-office 45 minutes, New client in-										
5	AAAAE	Comprehensive new in-office 60 minutes, New c										
6	AAAAF	Comprehensive prolonged new in-office 90 minu										
7	AAAAG	Comprehensive prolonged new in-office 120 min										
8	AAAAH	Comprehensive prolonged new in-office 150 min										
3965	AAAZZ	Undefined new client in-office with ICD diagnosi										
9	AABAA	Simple existing in-office 5 minutes, Existing client										

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Code Maintenance Program – Prescriptive Authority Differences – This example shows prescriptive authority for Advanced Practice Nurses (Nurse Practitioners) in Nevada, with the accompanying rationale, legal citation(s) and training standard.

Nevada

Select Provider and Query
 Provider Type: 1H Query: Prescribe No-X Show Highlights

No Change: Change: Decision:

Change Checkmarks Training Standard Exception Unregulated Exception

Run Query New Exc

Cell Info: 1H 3927

UI	CODE	CODE_DESC	1H	1A
	3927	ADZAT Pharmaceutical dispensing no charge, Preparing and/or dispensing and/or training services with or without ICD diagn		
	4698	ADZBJ Medication refill no charge, Preparing and/or dispensing and/or training services with or without ICD diagnosis, Gen		
	5013	ADXAM Legend noncontrolled substance prescription(s) no charge, Recommendation and/or prescription services with or with		
	5014	ADXAN Schedule II controlled substance prescription no charge, Recommendation and/or prescription services with or witho		
	5015	ADXAD Schedule III controlled substance prescription no charge, Recommendation and/or prescription services with or withc		
	5190	ADXAP Schedule IV controlled substance prescription no charge, Recommendation and/or prescription services with or withc		
	5191	ADXAQ Schedule V controlled substance prescription no charge, Recommendation and/or prescription services with or witho		
	5358	ADDAN Recommended and/or prescribed medication review each report, Analysis and/or documentation services with or with		
	5359	ADDAD Recommended and/or prescribed medication review in-facility each report, Analysis and/or documentation services w		
1	AAAAA	Simple new in-office 10 minutes, New client in-office with ICD diagnosis, Client evaluation, Clinical practice managem	X	X
2	AAAAB	Usual new in-office 20 minutes, New client in-office with ICD diagnosis, Client evaluation, Clinical practice managem	X	X
3	AAAAC	Detailed new in-office 30 minutes, New client in-office with ICD diagnosis, Client evaluation, Clinical practice manager	X	X
4	AAAAD	Detailed new in-office 45 minutes, New client in-office with ICD diagnosis, Client evaluation, Clinical practice manager	X	X
5	AAAAE	Comprehensive new in-office 60 minutes, New client in-office with ICD diagnosis, Client evaluation, Clinical practice m	X	X
6	AAAAF	Comprehensive prolonged new in-office 90 minutes, New client in-office with ICD diagnosis, Client evaluation, Clinical	X	X
7	AAAAG	Comprehensive prolonged new in-office 120 minutes, New client in-office with ICD diagnosis, Client evaluation, Clinici	X	X
8	AAAAH	Comprehensive prolonged new in-office 150 minutes, New client in-office with ICD diagnosis, Client evaluation, Clinici	X	X

Rationale Case Law Other Text

Advanced practice nurses in Nevada can prescribe controlled substances, poisons, dangerous drugs and devices with additional

Statute Admin Reg

N.R.S. 639.2351 Result List Current Document NAC 632.255

Training Standards: Prescriptive Authority

Save training standard for all codes in query.

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Code Maintenance Program – Prescriptive Authority Training Standard – Prescriptive authority training standards are very strict and comprehensive. This example details the requirements necessary for Advanced Practice Nurses in Nevada to prescribe controlled substances.

An advanced practice nurse in Nevada seeking authorization/certification to issue written prescriptions for poisons, dangerous drugs or devices must: (1) complete an advanced course in pharmacotherapeutics as part of an approved program of advanced nursing; or (2) complete a program of study approved by the board of nursing that consists of at least two semester credits or an equivalent number of quarter credits in advanced pharmacotherapeutics and is completed within two years immediately preceding the date the application for authorization is submitted to the board; (3) document one thousand (1000) hours of active practice in the immediately preceding two years as an advanced practitioner of nursing under a collaborating physician; and (4) pass an examination administered by the state board of nursing relating to pharmacy. According to Nevada regulation, advanced practitioners of nursing include nurse midwives, nurse practitioners, and clinical nurse specialists. A protocol or written agreement between a physician and the advanced practice nurse will set forth matters including the specific poisons, dangerous drugs, controlled substances, and devices which the advanced practice nurse may prescribe.

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**EXCERPT FROM A REPORT SENT
BY
ALTERNATIVE LINK
TO
HHS SECRETARY MICHAEL LEAVITT
ON
OCTOBER 5, 2005**

Comparing ABC Codes with Other Adopted Standard Codes

The program director for Alaska Medicaid's Behavioral Health Program wrote the following:

"During calendar year 2004, the Alaska Medical Assistance program processed over 360,000 claims for outpatient mental health rehabilitation services that were billed using the ABC codes. These rehabilitation services were rendered to over 4,000 recipients from our severely emotionally disturbed and severely mentally ill client population who might otherwise require institutionalized care..."

"The loss of the ABC code sets would cripple our current mental health system. Based on current regulations and code sets that would be available, professional staff would be required to deliver rehabilitation services that are currently being delivered by paraprofessional staff. Due to Alaska's limited number of professional providers, this would create significant wait lists. The need for hospitalization would also increase as a result of delays in, or lack of, treatment. Concurrently, the state's cost would increase." (Documentation is provided in Exhibit A.)

In each instance that Alaska Medicaid chose an ABC code over a CPT® or HCPCS II code, the agency documented why the ABC code better described the services and/or matched the legislative language governing the service described by an ABC code. This information is provided in Exhibit B.

Comparing the Specific Cost of ABC Codes to Other Adopted Standard Code Sets

The following table provides documentation of the savings that Alaska Medicaid realized using five (5) ABC codes for paraprofessional services instead of using CPT® or HCPCS II codes. Claims data was provided by Alaska Medicaid and is included on the attached CD-ROM as Exhibit C. Code service fees are included as Exhibit D.

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Table 1. includes five (5) examples comparing the cost of ABC codes to HCPCS by transaction.

Number of Electronic Claim Transactions	Documented ABC Code Used by the State	ABC Fee per Unit	Alaska Medicaid Payments (if one unit)	HCPCS Fee (Source Alaska Medicaid) Note 1a.	HCPCS Cost (including adjusted CPT time)	HCPCS Payments (if ABC codes not available)	ABC Savings Over HCPCS
2,646	CDABF - Family-involvement training family	\$12.50 per 15 minutes	\$33,075	90847 – Family psychotherapy	\$40.00 per 30 minutes @ 50% Note 1b.	\$52,920	\$19,845
2,870	CDBAP - Psychological testing brief assessment	\$12.50 per 15 minutes	\$35,875	H0031 - Mental health assessment, by non-physician	\$21.25 per 15 minutes	\$60,988	\$25,113
54,934	CDACM - Coping skills development assistance	\$5.00 per 15 minutes	\$274,670	90804 – Individual psychotherapy, insight oriented, behavior modifying and/or supportive, in an office or outpatient facility	\$40.00 per 30 minutes @ 50% Note 1b.	\$1,098,680	\$824,010
84,322	CDAEQ - Social skills assistance group	\$7.50 per 15 minutes	\$632,415	90853 – Group psychotherapy	\$22.50 per 30 minutes @ 50% Note 1b.	\$948,623	\$316,208
113,024	CDAEP – Self responsibility education assistance	\$12.50 per 15 minutes	\$1,412,800	90804 – Individual psychotherapy, insight oriented, behavior modifying and/or supportive, in an office or outpatient facility	\$40.00 per 30 minutes @ 50% Note 1b.	\$2,260,480	\$847,680
257,796		\$9.27	\$2,388,835		\$17.15	\$4,421,691	\$2,032,856

Notes to Table 1

1a. The CPT® codes in the above table describe services that are the closest approximations to ABC codes used by Alaska Medicaid. This information was extracted from Exhibit B.

1b. The CPT® codes are for 30-minute time increments while the time increments for the ABC codes are 15 minutes. In order to provide a precise cost comparison by time, we have reduced the charges for the CPT® codes by 50% to reflect 15-minute time increments. While these time increments are not available in CPT®, a time-cost comparison does result in a quantifiable cost comparison. Alaska did not provide the number of units it billed per code. Table 1, therefore, assumes both ABC and HCPCS codes are billed for one unit of time.

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1c. The average time-adjusted cost for HCPCS coded transactions is \$17.15. (See Table 1., bottom of “HCPCS Cost” column).

1d. Without using ABC codes, Alaska Medicaid would have experienced a minimum average increase of \$7.88 per claim transaction. (Table 1., bottom of “HCPCS Cost” column and “ABC Cost” column, $\$ 17.15 - \$ 9.27 = \7.88) per coded unit.

1e. Alaska Medicaid would have experienced a minimum cost increase of \$2,032,856 (Table 1., bottom of last column) if HCPCS codes were available for 15- vs. 30-minute time increments.

Summary

Alaska Medicaid was able to improve the efficiency and effectiveness of its health care system and ensure that benefits were available from electronic health care transactions using ABC codes to support paraprofessional care. Without ABC codes, the cost of professional vs. paraprofessional care to Alaska Medicaid’s population would have resulted in cost increases. Using ABC codes, the care was provided by paraprofessionals for less than \$2.4 million. The minimum net cost-benefit of using ABC codes to document and process payments for paraprofessional claims vs. professional claims was **over \$2 million dollars.**

Insert (not submitted to the Secretary): Each claim that was processed was also paid using an 835 HIPAA transaction. Thus, the total number of HIPAA transactions processed in one year by Alaska Medicaid was 515,592.

Other improvements in business processes from electronic transactions available to Alaska Medicaid were attributable to using ABC codes. Alaska Medicaid’s Behavioral Health Program Director also documented other cost-savings that were not quantified.

“...both cost and time required for post-payment review would increase substantially for both providers and the state. This option [not having access to ABC codes] will require manual intervention on the part of providers to bill for these services and for the Medicaid program to reimburse them. Figures from providers across the state indicate that the cost to submit a paper claim is at least 10 times the cost of using EDI. Additionally, manual processing results in delayed payment to providers and the error rate for paper claim processing is greater. Cost to the state would rise significantly due to the additional time and labor that is required in processing these claims.”

This documentation from Daniel Weigman, Director of Behavioral Health, Alaska Medicaid, is also found in Exhibit A.

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Saving in a New Mexico Medicare Advantage Plan

Bridges in Medicine¹ is a New Mexico PPO network of integrative medicine physicians and non-physician providers. Bridges in Medicine has used ABC codes for over seven years. Member providers have been submitting and receiving payment on over 7,000 claims.² Bridges in Medicine claims are submitted to a New Mexico Medicare Advantage plan. Without ABC codes, Bridges in Medicine provider services would not be covered under this health plan. Dr. Jeffery Sollins provided verification of this statement in Exhibit E.....

Lovelace Sandia Health Plan Example: Exhibit G was used by Lovelace Sandia Health Plan to document

- a list of ABC codes used,
- the relative value of each ABC code mapped to the relative values of the nearest CPT® and or HCPCS II codes,
- the Medicare fee schedule for each ABC code compared to the closest CPT® or HCPCS II fee (using the New Mexico Medicare conversion factor),
- the comparative cost of each coded service, and
- the percentage of cost-benefit of using each code.

There were 44 ABC codes that had a code cross to a CPT® or HCPCS II code with a relative value. Exhibit G shows that use of the ABC codes saved Lovelace Sandia 8.69% over fees that would have resulted if the health plan had used CPT® or HCPCS II codes (Lovelace Sandia determined that these codes did not clearly identify the services provided). There were 18 ABC codes that would only cross to an unlisted procedure in either CPT® or HCPCS II. Unlisted procedures require manual review and additional documentation. None of the ABC codes used by Lovelace Sandia were for unlisted procedure in the ABC code set.

By using ABC codes, Lovelace Sandia health plan was able to expand access to alternative medicine from approximately 500 seniors in 1999 (who paid \$5.00 per month to gain these benefits³) to over 21,000 seniors in 2005 (who do not pay the \$5.00 per month fees). The plan was able to establish rationale fees for each ABC coded intervention and assess the cost benefits of using ABC codes as compared to CPT® and HCPCS II codes. Senior access to care expanded while costs were reduced using ABC codes.

¹ <http://www.bridgesinmedicine.com/bim/home/>

² Source: Bridges in Medicine: 2005 – 4,000 claims, 2004 – 2,300 claims, 2003 – 760 claims, 2002 – 330 claims, 2001 – 270 claims.

³ In 1999, St. Joseph's HMO report that just over 500 seniors paid \$5 per month for access to Bridges in Medicine. In 2001, the HMO dropped the rider charge and open access to the 5,000 senior on its Medicare Advantage Plan. In 2002, St. Joseph's HMO and hospital were purchased by Ardent Health System and merged with the Lovelace Health Plan formerly owned by Cigna.

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