

2023 CAQH Index

A New Normal: How Trends From the Pandemic are Impacting the Future of Healthcare Administration

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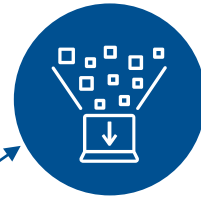
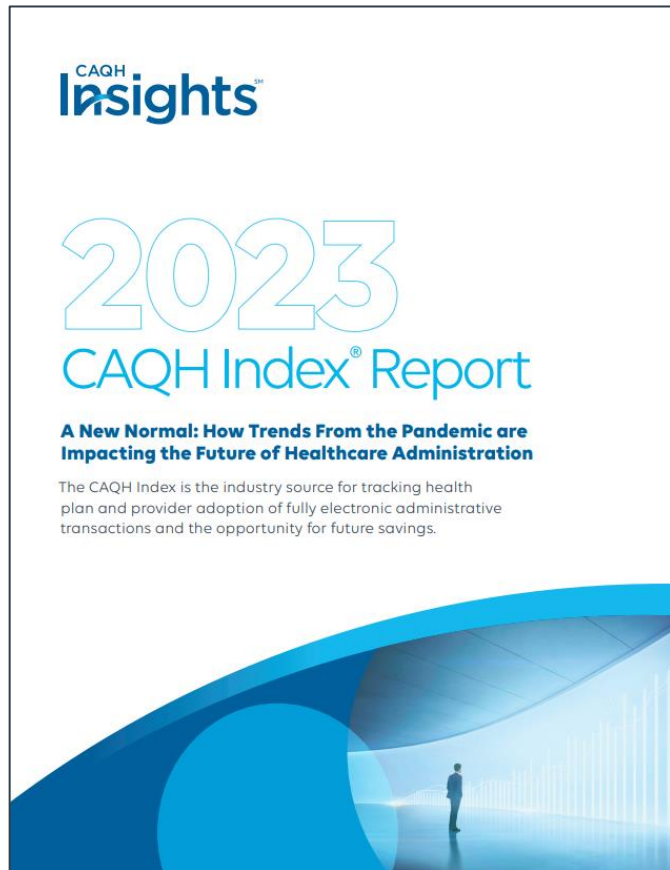
Agenda

- 2023 CAQH Index Overview
- Key Findings
- Transaction Findings
- Industry Call to Action

2023 CAQH Index Overview

11th Annual Report

What Is the CAQH Index?



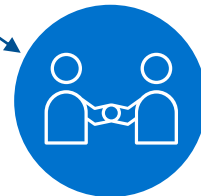
A National Benchmarking Survey

- Trends adoption of fully electronic administrative transactions
- Estimates partially electronic portal use and fully manual use
- Estimates cost and time savings opportunities
- Estimates national cost avoided and spend



A Tool to Track and Monitor Industry Progress

- Tracks industry progress in the ongoing transition from manual to electronic administrative transactions
- Monitoring progress makes it possible to identify successes and to make course corrections when necessary

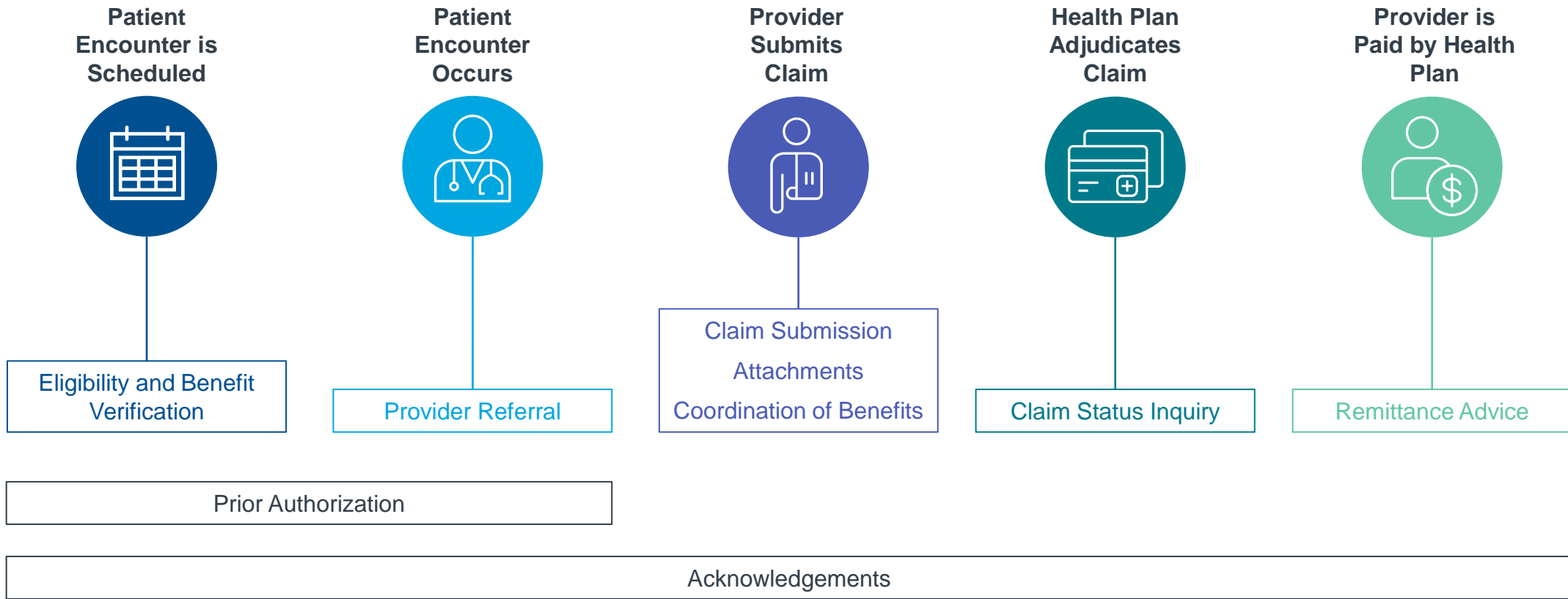


A Collaborative Initiative

Guided by the CAQH Index Advisory Council which is:

- Comprised of experts in administrative transactions, data analysis and healthcare management
- Represents providers, health plans, SDOs, vendors and other industry partners

The CAQH Index Tracks Transactions Across the Revenue Cycle



Note: This diagram illustrates the administrative workflow in its simplest form. In practice, some transactions may occur multiple times or in multiple steps and triggered by other events.

2023 Index Additional Metrics and Supplemental Questions

Additional Metrics

| | Volume | Cost | Time |
|--|--------|------|------|
| FHIR APIs: Patient Access and Provider Directory (medical Plans) | ◆ | ◆ | |
| Pharmacy Transactions: NCPDP SCRIPT, RTPB and Formulary and Benefits (medical providers) | ◆ | ◆ | ◆ |

Supplemental Questions

- Artificial Intelligence (AI) Usage (medical plans and providers)
- Value-Based Payment (VBP) contracts (medical providers)
 - ✓ Methods to exchange provider attribution
 - ✓ Growth in VBP contracts
 - ✓ Time to review provider attributions

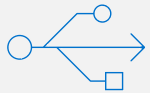
Segmentation

- First time: Provider Type Segmentation

Index Definitions



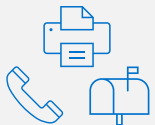
Transaction Costs: Cost and savings estimates only account for labor time required to conduct the transaction. Systems costs as well as pre- and follow-up work are not included.



Electronic Transaction: Automated transaction conducted using the adopted HIPAA standard.



Partially Electronic Transaction: Transaction includes web portals and interactive voice response (IVR) systems.



Manual Transaction: Transaction requiring end-to-end human interaction, such as telephone, fax, and/or mail.

Costs Savings Opportunity: The savings associated with switching from manual/partially electronic transactions to fully electronic transactions.

Estimated Spend: The amount of money medical and dental plans and providers spend on exchanging a transaction by modality (fully electronic, partially electronic, manual).

Electronic Spend: Costs necessary to conduct the transaction.

Cost Avoided: The amount of money that was saved by conducting an automated/electronic transaction instead of a manual or partially electronic transaction.

2023 Index Transactions Reported

| Transaction | Adoption | | Cost Per Transaction | | National Spend and Cost Savings Opportunity | | Time to Conduct a Transaction | | First Index Report Year Studied | |
|--------------------------------------|----------|--------|----------------------|--------|---|--------|-------------------------------|--------|---------------------------------|--------|
| | Medical | Dental | Medical | Dental | Medical | Dental | Medical | Dental | Medical | Dental |
| Eligibility and Benefit Verification | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | 2013 | 2015 |
| Prior Authorization | ◆ | N/R | ◆ | | ◆ | | ◆ | | 2013 | |
| Claim Submission | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | 2013 | 2015 |
| Attachments | ◆ | ◆ | ◆ | | ◆ | | ◆ | | 2014 | 2016 |
| Acknowledgements | ◆ | ◆ | | | | | | | 2017 | 2021 |
| Coordination of Benefits | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | | | 2015 | 2022 |
| Claim Status Inquiry | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | 2013 | 2015 |
| Claim Payment | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | 2013 | 2015 |
| Remittance Advice | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | ◆ | 2013 | 2016 |

N/R = No Benchmark Reported (Insufficient Data)

2023 CAQH Index Data Collection

| Data Contribution | Medical | Dental |
|---------------------------------|--------------------|-------------|
| Plans - Covered Lives | 60% | 45% |
| Providers | Increased by ~ 30% | |
| Number of Transactions Reported | 15 Billion | 852 Million |
| Reportable Transactions | 9 | 8 |

Timeframe: End of June to the early September

Reporting Period: 2022

Enhancements:

- Segmentation by provider type
- Content/supplemental questions

Key Findings

In 2022, a “new normal” for the U.S. healthcare system began to emerge.



Adoption of electronic transactions continued to **grow** as hybrid work models foster automated workflows.



After a large increase the previous year, **utilization** began to **stabilize** as pent-up demand to schedule appointments and procedures lessened.



Spending on administrative transactions **increased** for both industries as staffing issues impacted the cost to complete tasks and industry responded to security challenges.

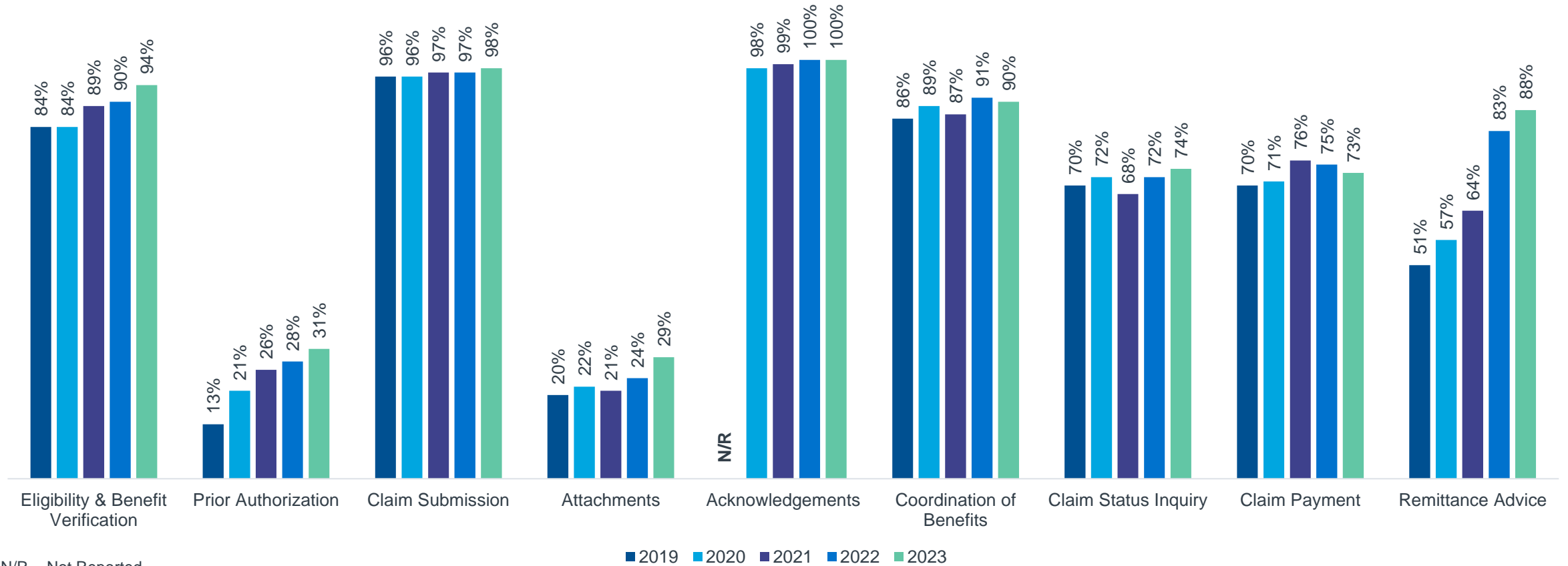


Cost savings opportunities decreased for the medical and dental Industries as the gap between provider manual and electronic costs decreased and adoption increased.

Medical Plan Electronic Adoption

Improved or Remained Stable for Most Transactions

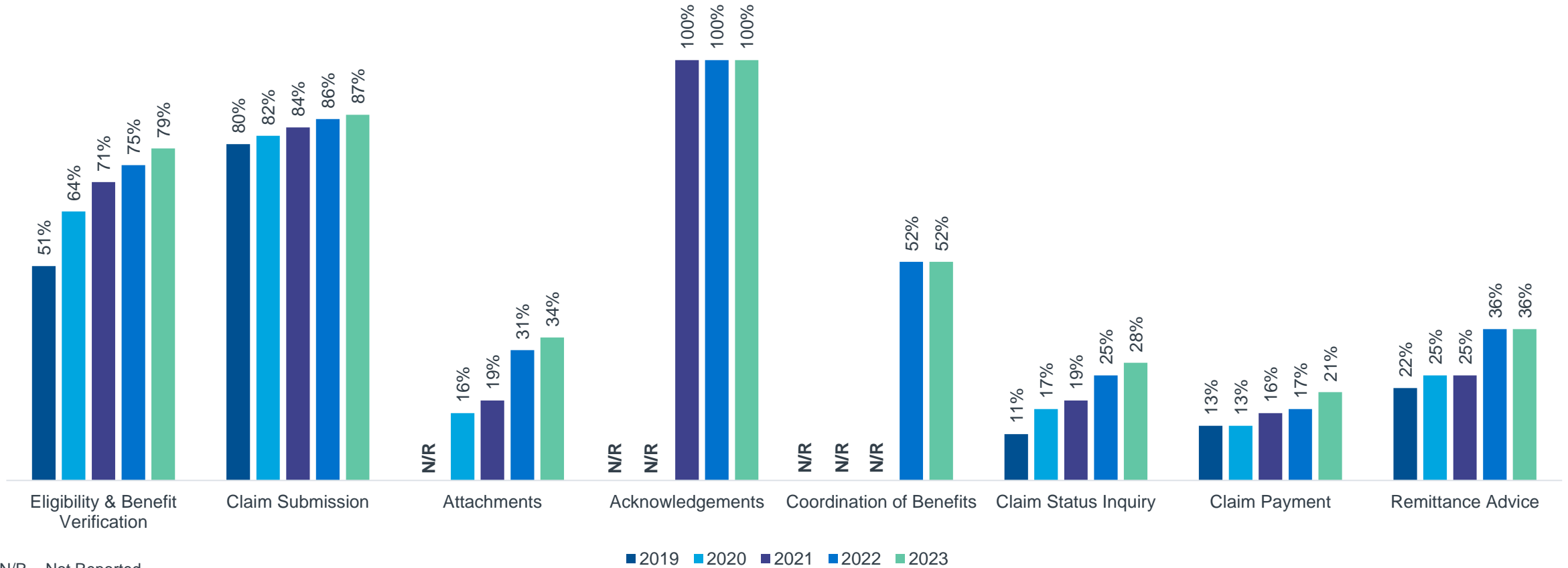
Medical Adoption



Dental Plan Electronic Adoption

Improved or Remained Stable for Most Transactions

Dental Adoption

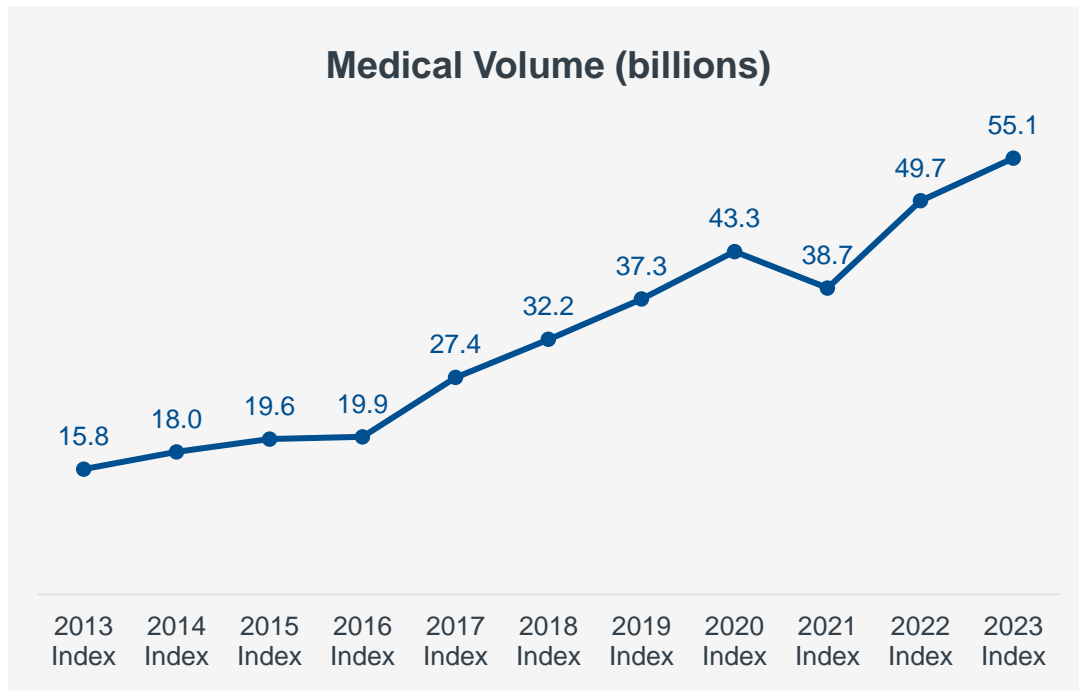


Overall Volume (in billions)

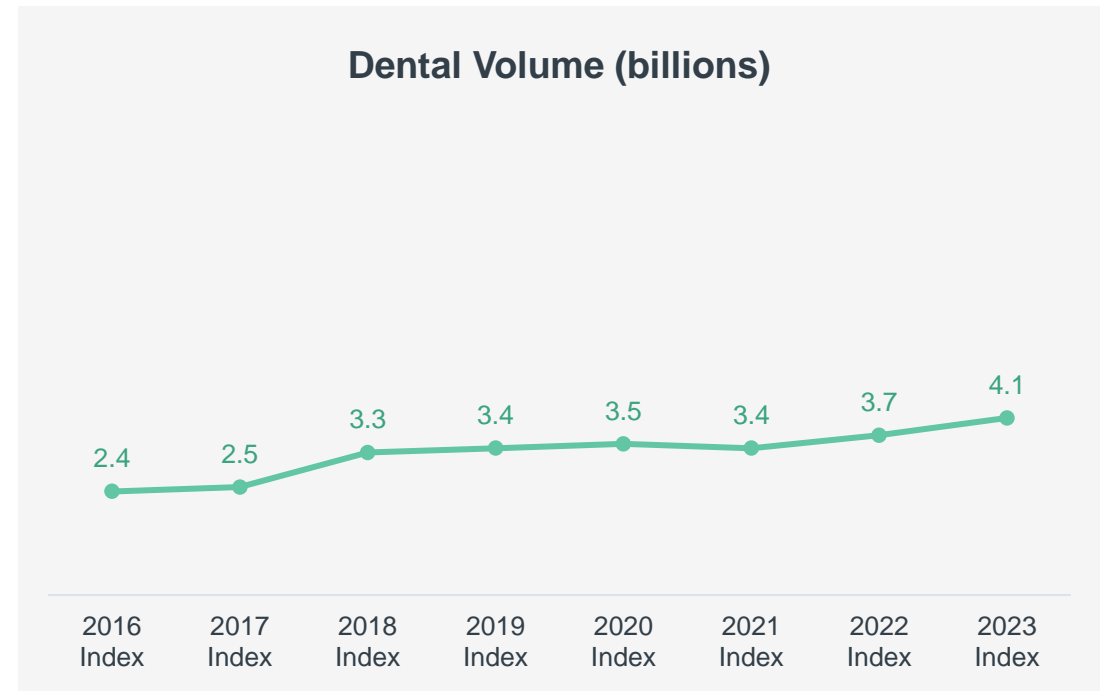
Increased for Both **Medical** and **Dental** Industries



Increased 11%



Increased 9%



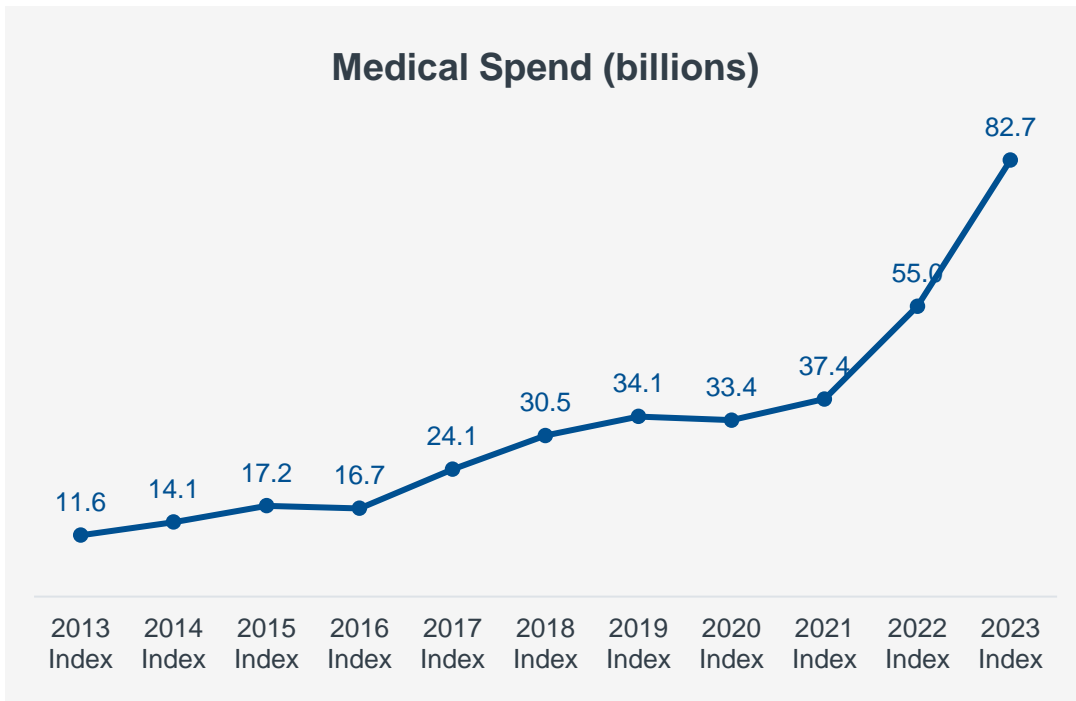
Note: From year to year reported transactions may change due to low volume collected.

Overall Spend (in billions)

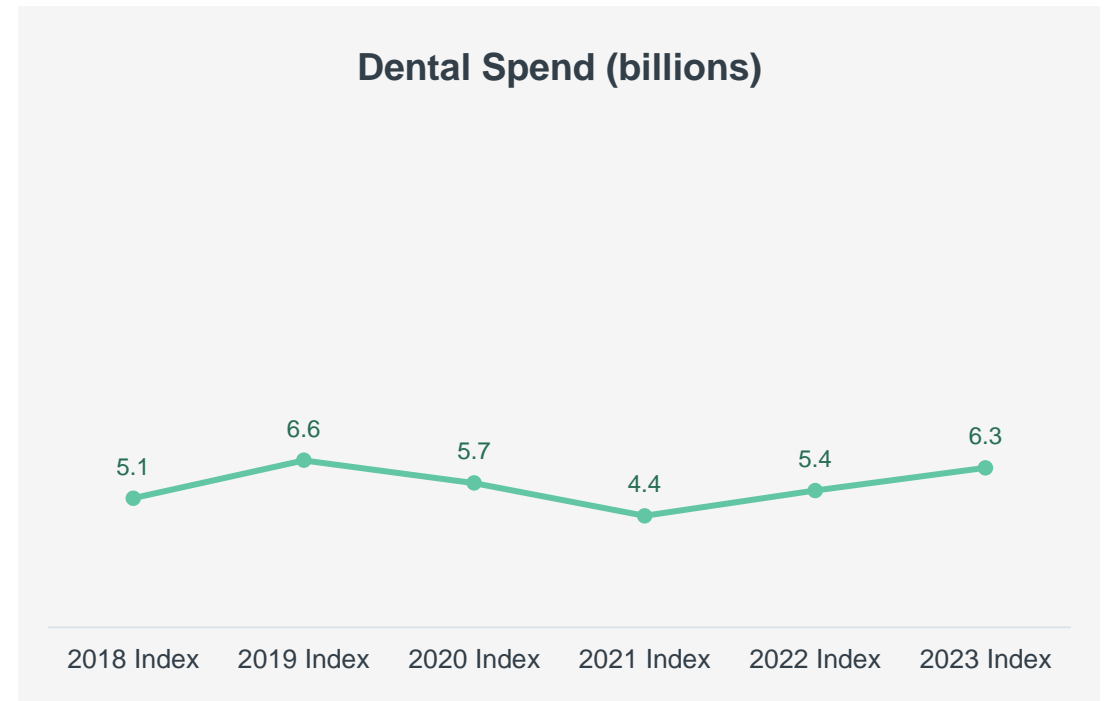
Increased for Both **Medical** and **Dental** Industries



Increased 50%



Increased 18%



Note: From year to year reported transactions may change due to low volume collected.

Medical Spend (in millions)

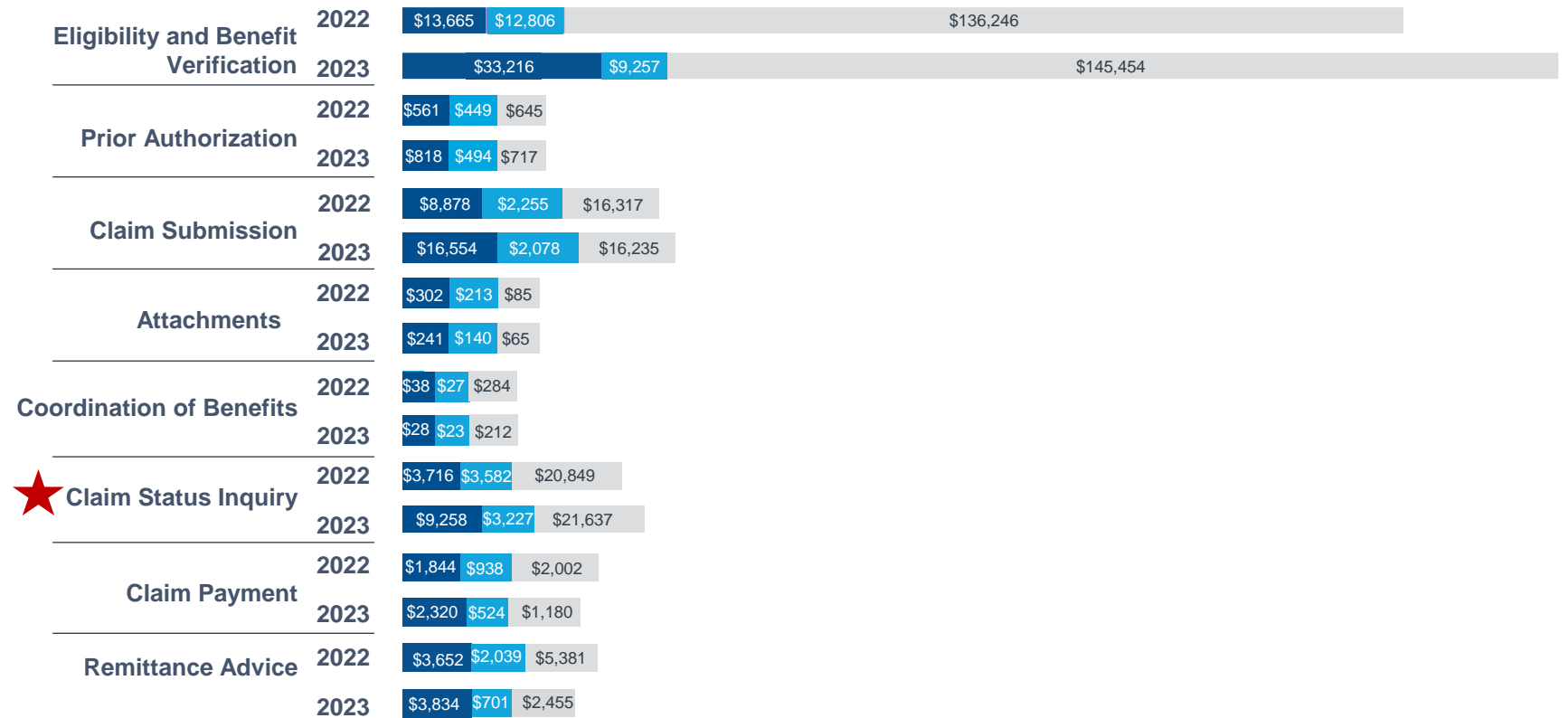
Increased due to Increased Time to Conduct Transactions



- \$82.7 B annual **estimated medical spend**
 - Eligibility and benefit verification represents 51% of the total annual spend
 - Claim submission represents 23% of the total annual spend
 - Claim status inquiry represents 15% of the total annual spend
- Largest increase in spend: Claim status inquiry, 71 percent

Electronic Spend + Savings Opportunity = Estimated Spend

Electronic Spend + Savings Opportunity + Cost Avoided = Estimated spend if all transactions were manual



Note: May not be drawn to scale.

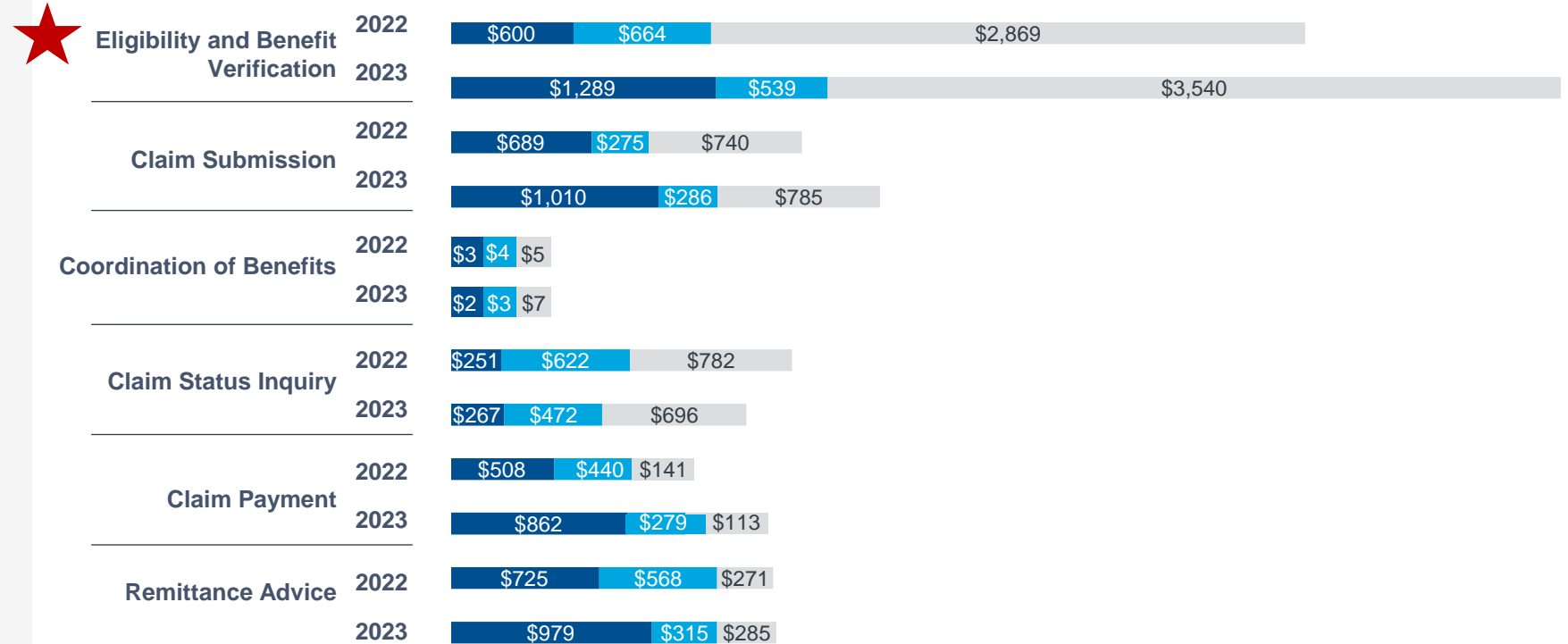
Dental Spend (in millions)

Increased due to Increased Time to Conduct Transactions



- \$6.3 B annual **estimated dental spend**
 - Eligibility and benefit verification represents 29% of the total annual spend
 - Claim submission and Remittance advice represents 21% of the total annual spend
- Largest increase in spend: Eligibility and benefit verification , 45 percent

■ Electronic Spend + ■ Savings Opportunity = Estimated Spend
■ Electronic Spend + ■ Savings Opportunity + ■ Cost Avoided = Estimated spend if all transactions were manual



Note: May not be drawn to scale.

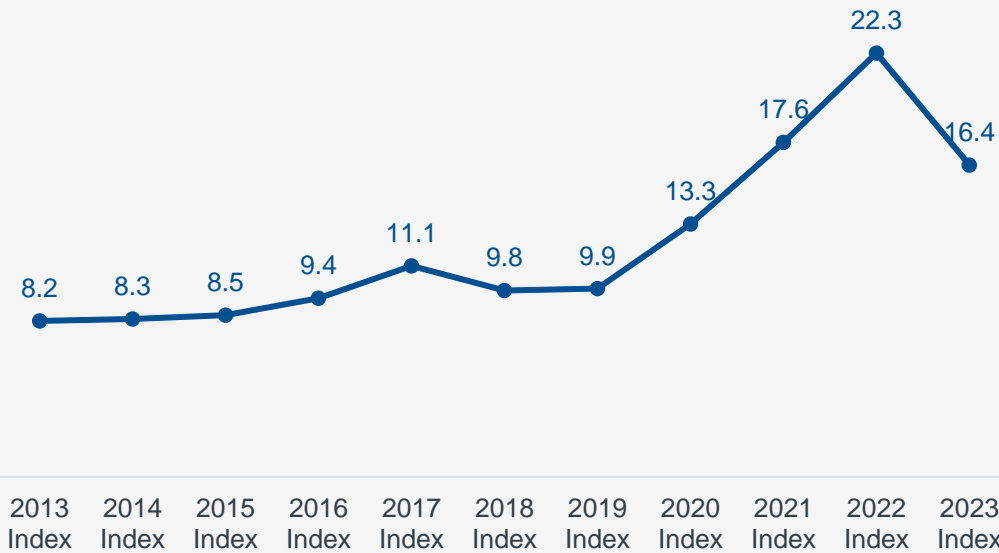
Cost Savings Opportunity (in billions)

Decreased for both **Medical** and **Dental** Industries Due to Increased Adoption



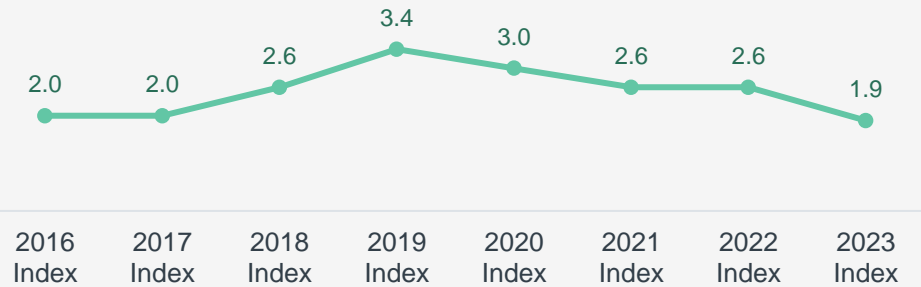
Decreased 26%

Medical Cost Savings Opportunity (billions)



Decreased 26%

Dental Cost Savings Opportunity (billions)



Medical Average Cost per Transaction and Savings Opportunity

| Transaction | Mode | Plan Cost | Provider Cost | Industry Cost | Plan Cost Savings Opportunity | Provider Cost Savings Opportunity | Industry Cost Savings Opportunity |
|--------------------------------------|------------|-----------|---------------|---------------|-------------------------------|-----------------------------------|-----------------------------------|
| Eligibility and Benefit Verification | Manual | \$4.59 | \$7.97 | \$12.56 | \$4.55 | \$5.79 | \$10.34 |
| | Partial | \$0.04 | \$4.07 | \$4.11 | \$0.00 | \$1.89 | \$1.89 |
| | Electronic | \$0.04 | \$2.18 | \$2.22 | | | |
| Prior Authorization | Manual | \$3.52 | \$10.97 | \$14.49 | \$3.47 | \$5.18 | \$8.65 |
| | Partial | \$0.05 | \$8.04 | \$8.09 | \$0.00 | \$2.25 | \$2.25 |
| | Electronic | \$0.05 | \$5.79 | \$5.84 | | | |
| Claim Submission | Manual | \$1.09 | \$5.65 | \$6.74 | \$0.99 | \$2.55 | \$3.54 |
| | Electronic | \$0.10 | \$3.10 | \$3.20 | | | |
| Attachments | Manual | \$0.83 | \$5.54 | \$6.37 | \$0.69 | \$2.24 | \$2.93 |
| | Electronic | \$0.14 | \$3.30 | \$3.44 | | | |
| Coordination of Benefits | Manual | \$2.16 | N/A | \$2.16 | \$1.93 | N/A | \$1.93 |
| | Partial | \$0.23 | N/A | \$0.23 | \$0.00 | N/A | \$0.00 |
| | Electronic | \$0.23 | N/A | \$0.23 | | | |
| Claim Status Inquiry | Manual | \$4.59 | \$11.37 | \$15.96 | \$4.55 | \$7.08 | \$11.63 |
| | Partial | \$0.04 | \$6.83 | \$6.87 | \$0.00 | \$2.54 | \$2.54 |
| | Electronic | \$0.04 | \$4.29 | \$4.33 | | | |
| Claim Payment | Manual | \$0.60 | \$4.10 | \$4.70 | \$0.51 | \$1.48 | \$1.99 |
| | Electronic | \$0.09 | \$2.62 | \$2.71 | | | |
| Remittance Advice | Manual | \$0.60 | \$4.76 | \$5.36 | \$0.52 | \$1.90 | \$2.42 |
| | Partial | \$0.08 | \$4.58 | \$4.66 | \$0.00 | \$1.72 | \$1.72 |
| | Electronic | \$0.08 | \$2.86 | \$2.94 | | | |



- Biggest industry cost savings opportunities:
 - Claim status inquiry (\$11.63)
 - Eligibility and benefit verification (\$10.34)
- On average, each manual transaction costs the industry \$5.43 more than each electronic transaction.
- Medical industry could save as much as \$43.43 for a single patient encounter by conducting all transactions electronically instead of manually.
 - \$26.22 for providers
 - \$17.21 for plans
- Cost Savings opportunities associated with moving from partially electronic portals to fully electronic transactions:
 - Claim status inquiry (\$2.54)
 - Prior Authorization (\$2.25)

N/A = Not Applicable; Note: Costs include the labor time required to conduct the transaction, not the time and cost associated with gathering information for the transaction and follow up. Does not include system costs. All participants were asked to report cost for each transaction by the three modes of completion (manual, partial electronic, electronic). For some transactions, partial costs were not reported.

Dental Average Cost per Transaction and Savings Opportunity

| Transaction | Mode | Plan Cost | Provider Cost | Industry Cost | Plan Cost Savings Opportunity | Provider Cost Savings Opportunity | Industry Cost Savings Opportunity |
|--------------------------------------|------------|-----------|---------------|---------------|-------------------------------|-----------------------------------|-----------------------------------|
| Eligibility and Benefit Verification | Manual | \$3.22 | \$7.94 | \$11.16 | \$3.19 | \$5.29 | \$8.48 |
| | Partial | \$0.03 | \$4.07 | \$4.10 | \$0.00 | \$1.42 | \$1.42 |
| | Electronic | \$0.03 | \$2.65 | \$2.68 | | | |
| Claim Submission | Manual | \$0.49 | \$4.27 | \$4.76 | \$0.39 | \$2.06 | \$2.45 |
| | Electronic | \$0.10 | \$2.21 | \$2.31 | | | |
| Coordination of Benefits | Manual | \$0.39 | N/A | \$0.39 | \$0.32 | N/A | \$0.32 |
| | Partial | \$0.07 | N/A | \$0.07 | \$0.00 | N/A | \$0.00 |
| | Electronic | \$0.07 | N/A | \$0.07 | | | |
| Claim Status Inquiry | Manual | \$3.22 | \$11.60 | \$14.82 | \$3.19 | \$8.88 | \$12.07 |
| | Partial | \$0.03 | \$4.70 | \$4.73 | \$0.00 | \$1.98 | \$1.98 |
| | Electronic | \$0.03 | \$2.72 | \$2.75 | | | |
| Claim Payment | Manual | \$0.27 | \$3.12 | \$3.39 | \$0.26 | \$0.80 | \$1.06 |
| | Electronic | \$0.01 | \$2.32 | \$2.33 | | | |
| Remittance Advice | Manual | \$0.27 | \$3.31 | \$3.58 | \$0.23 | \$1.13 | \$1.36 |
| | Partial | \$0.04 | \$2.81 | \$2.85 | \$0.00 | \$0.63 | \$0.63 |
| | Electronic | \$0.04 | \$2.18 | \$2.22 | | | |

N/A = Not Applicable; Note: Costs include the labor time required to conduct the transaction, not the time and cost associated with gathering information for the transaction and follow up. Does not include system costs. All participants were asked to report cost for each transaction by the three modes of completion (manual, partial electronic, electronic). For some transactions, partial costs were not reported.



- Biggest industry cost savings opportunities:
 - Claim status inquiry (\$12.07)
 - Eligibility and benefit verification (\$8.48)
- On average, each manual transaction costs the industry \$4.29 more than each electronic transaction.
- Dental industry could save as much as \$25.74 for a single patient encounter by conducting all transactions electronically instead of manually.
 - \$18.16 for providers
 - \$7.58 for plans
- Savings associated with moving from partially electronic portals to fully electronic transactions:
 - Claim status inquiry (\$1.98)
 - Eligibility and benefit verification (\$1.42)

Key 2023 CAQH Index Findings

Time Savings Opportunities

| Provider Average Time Savings Opportunity by Switching from Manual to Fully Electronic Transactions | Medical | Dental |
|---|-----------------------------|-----------------------------|
| Patient Requiring All Transactions | 62 mins | 29 mins |
| Claim Status Inquiry | 17 mins (24 mins manual) | 13 mins (18 mins manual) |
| Eligibility & Benefit Verification | 16 mins (20 mins manual) | 9 mins (13 mins manual) |

Time savings opportunities across the **medical and dental** industries are significant, with claim status inquiry and eligibility & benefit verification representing the highest opportunities.

Transaction Findings

Eligibility and Benefit Verification

Eligibility and Benefit Verification

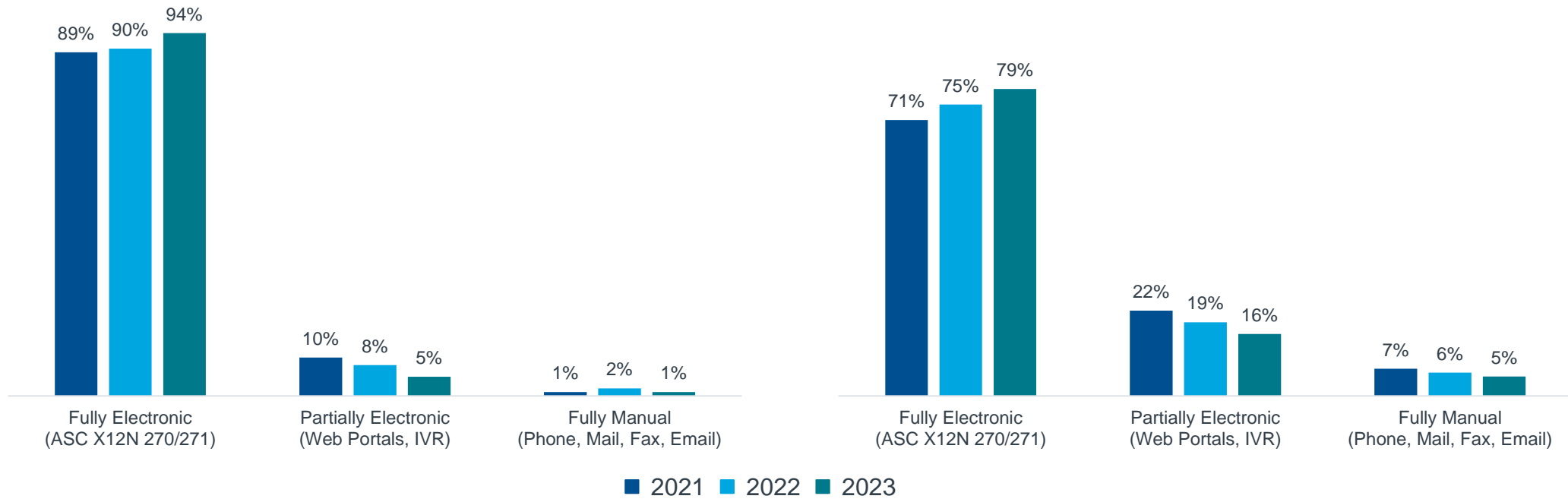
Medical and Dental Plan Adoption by Mode



Medical



Dental

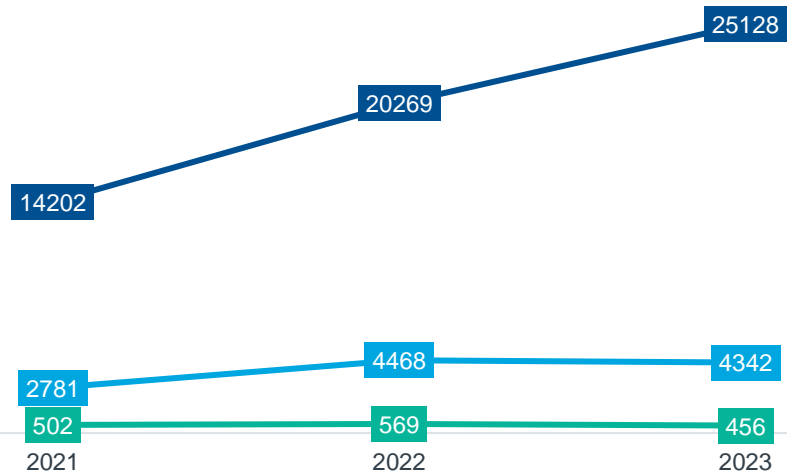


Eligibility and Benefit Verification

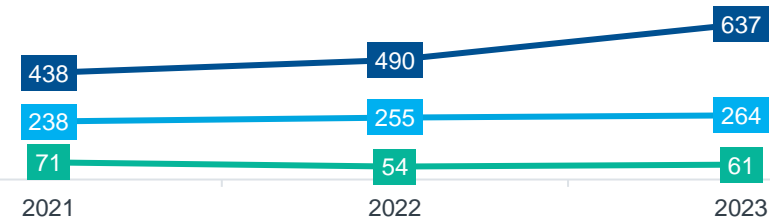
Medical and Dental Industry Estimated Volume by Mode (in millions)



Medical



Dental



■ Electronic ■ Partially Electronic ■ Manual

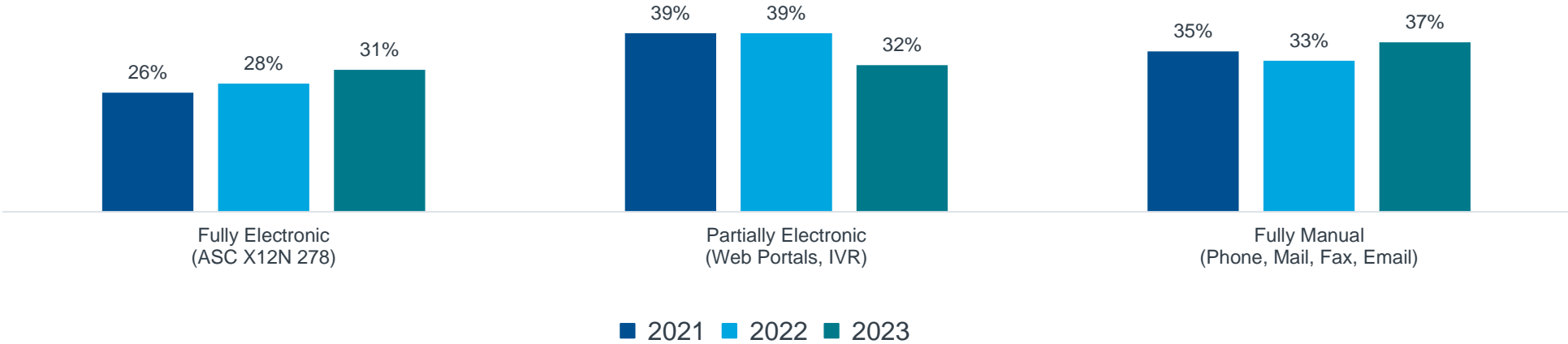
Note: Data represents plans and providers.

Prior Authorization

Prior Authorization Medical Plan Adoption by Mode



Medical

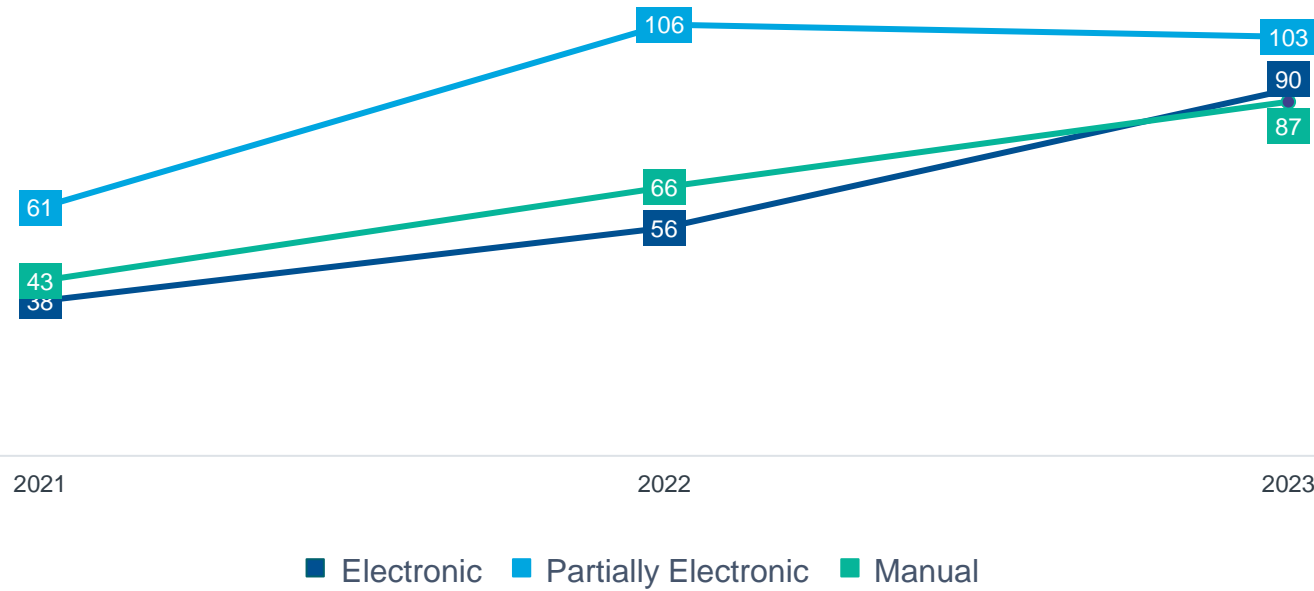


Prior Authorization

Medical Industry Estimated Volume by Mode (in millions)



Medical



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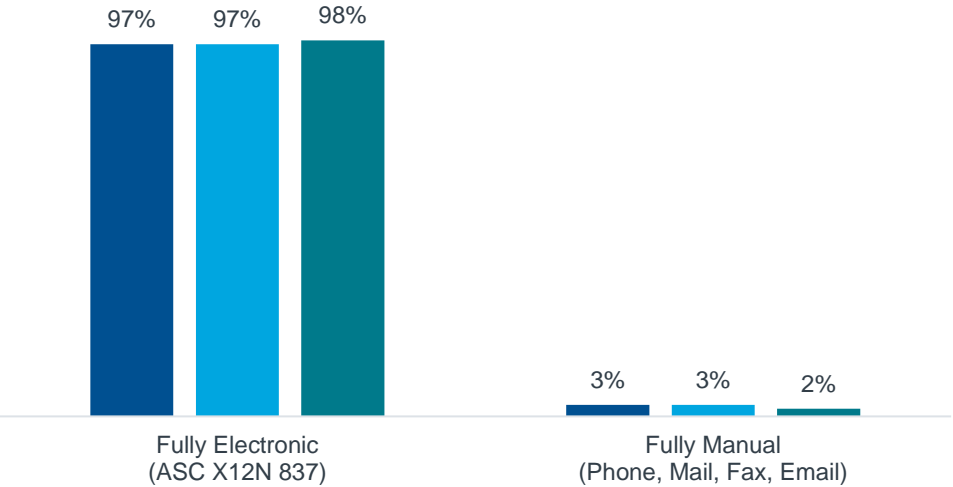
Claim Submission

Claim Submission

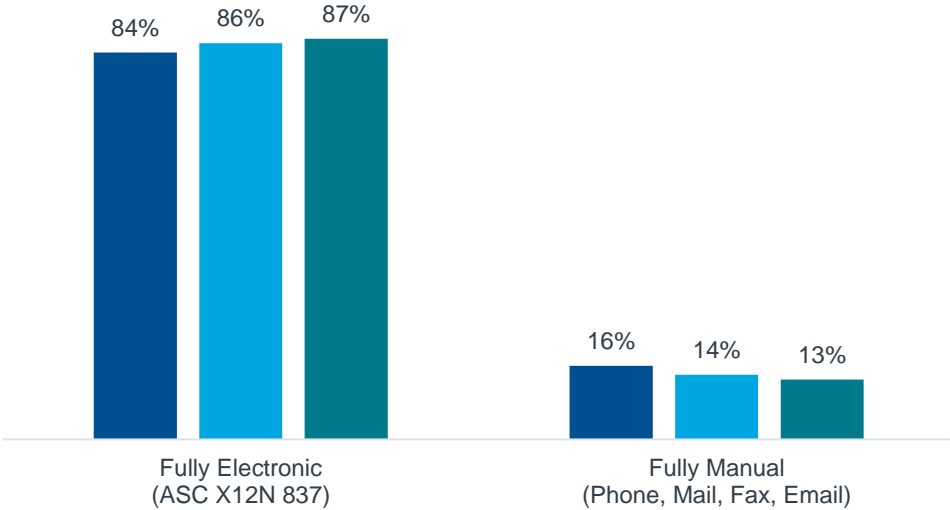
Medical and Dental Plan Adoption by Mode



Medical



Dental



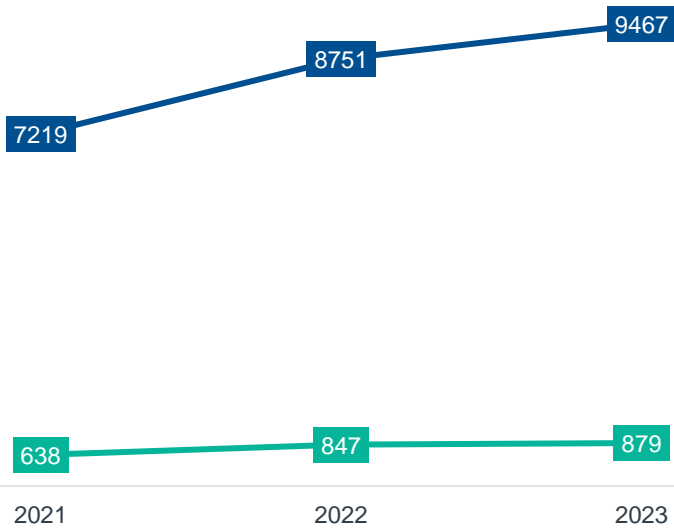
■ 2021 ■ 2022 ■ 2023

Claim Submission

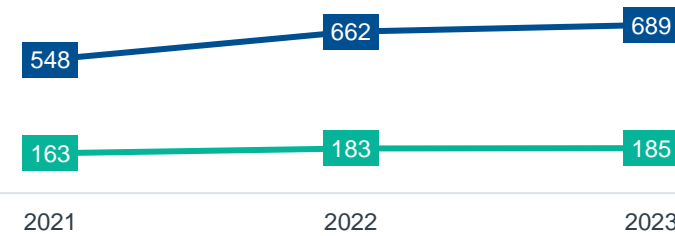
Medical and Dental Industry Estimated Volume by Mode (in millions)



Medical



Dental



■ Electronic ■ Manual

Note: Data represents plans and providers.

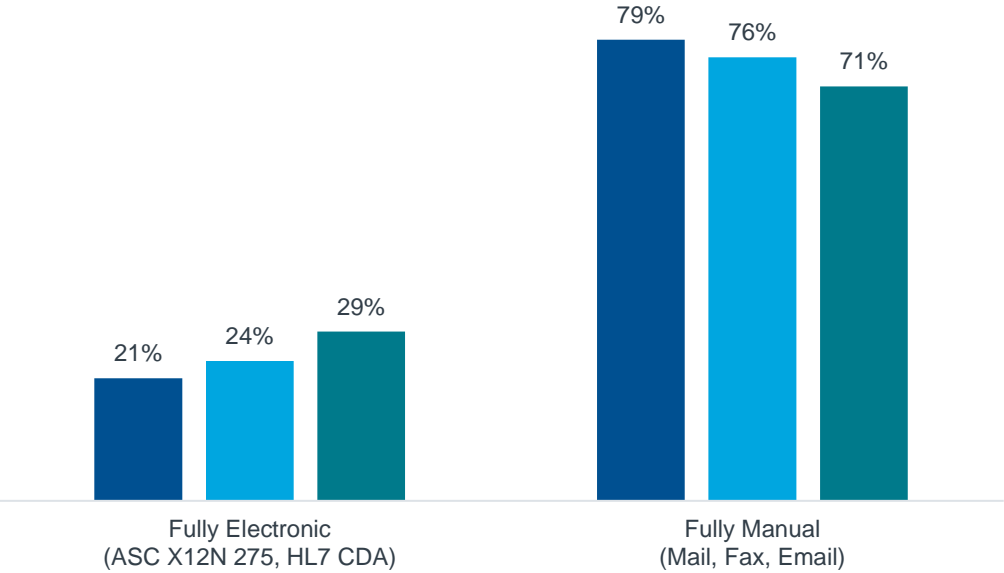
Attachments

Attachments

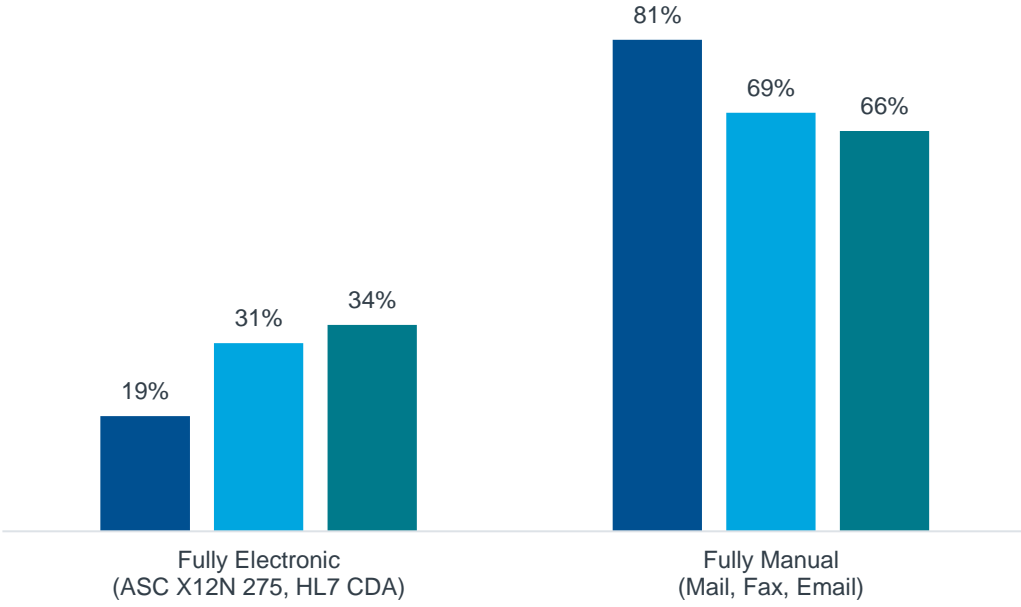
Medical and Dental Plan Adoption by Mode



Medical



Dental



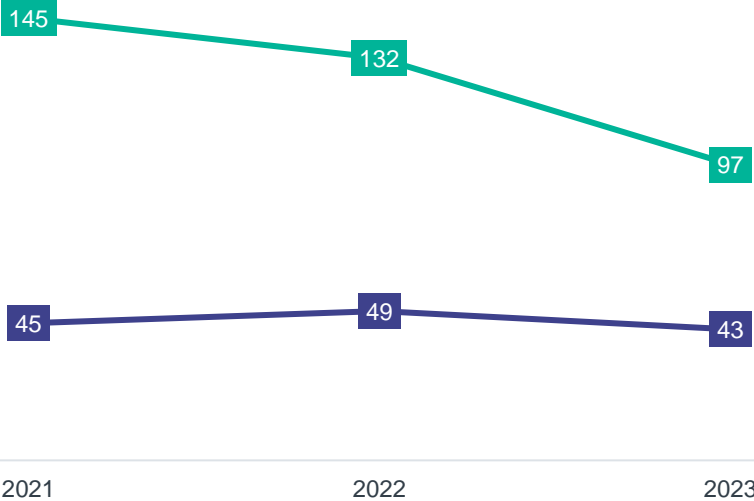
■ 2021 ■ 2022 ■ 2023

Attachments

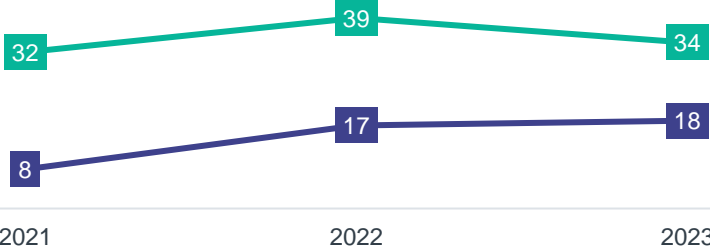
Medical and Dental Industry Estimated Volume by Mode (in millions)



Medical



Dental



■ Electronic ■ Manual

Note: Data represents plans and providers.

Acknowledgements

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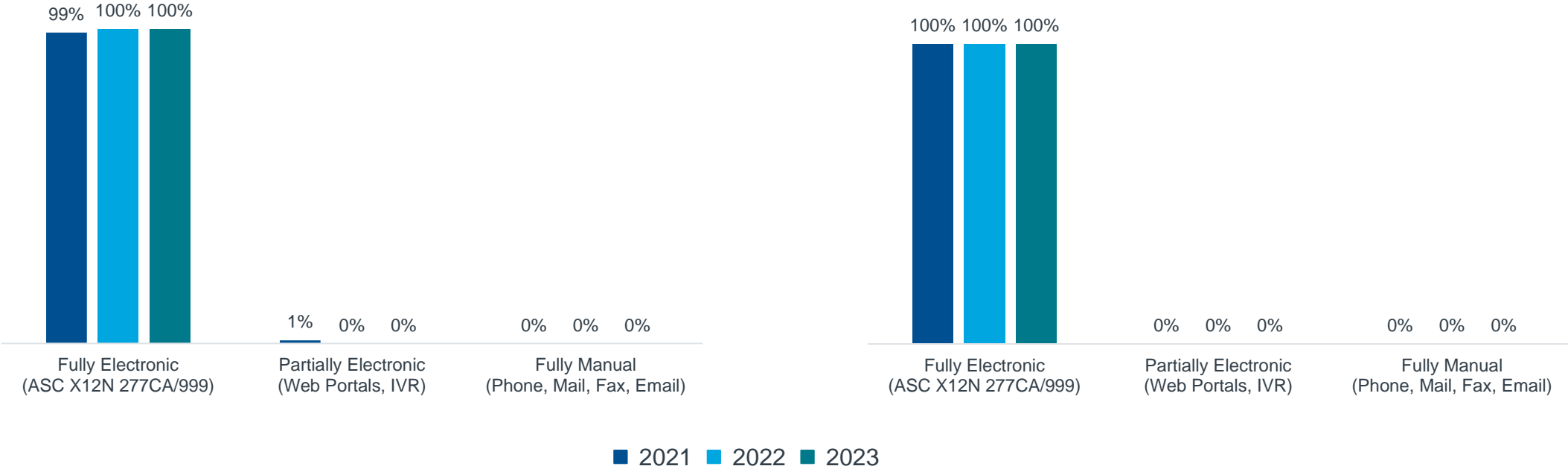
Medical and Dental Plan Adoption by Mode



Medical



Dental

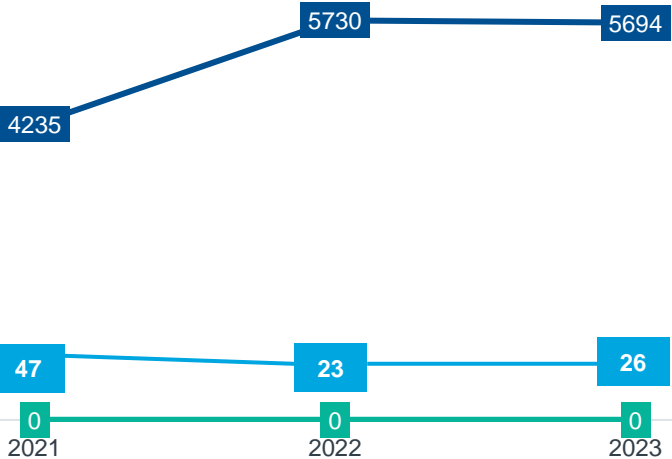


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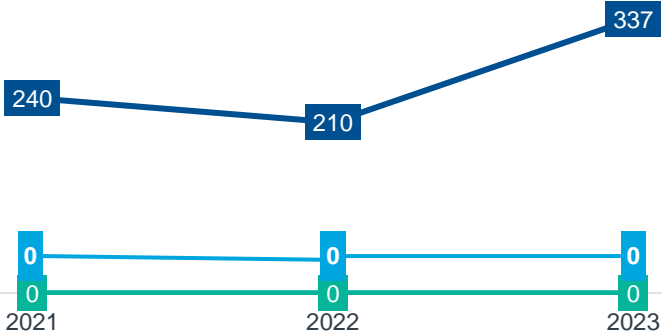
Medical and Dental Industry Estimated Volume by Mode (in millions)



Medical



Dental



■ Electronic ■ Partially Electronic ■ Manual

Coordination of Benefits

Coordination of Benefits (COB)

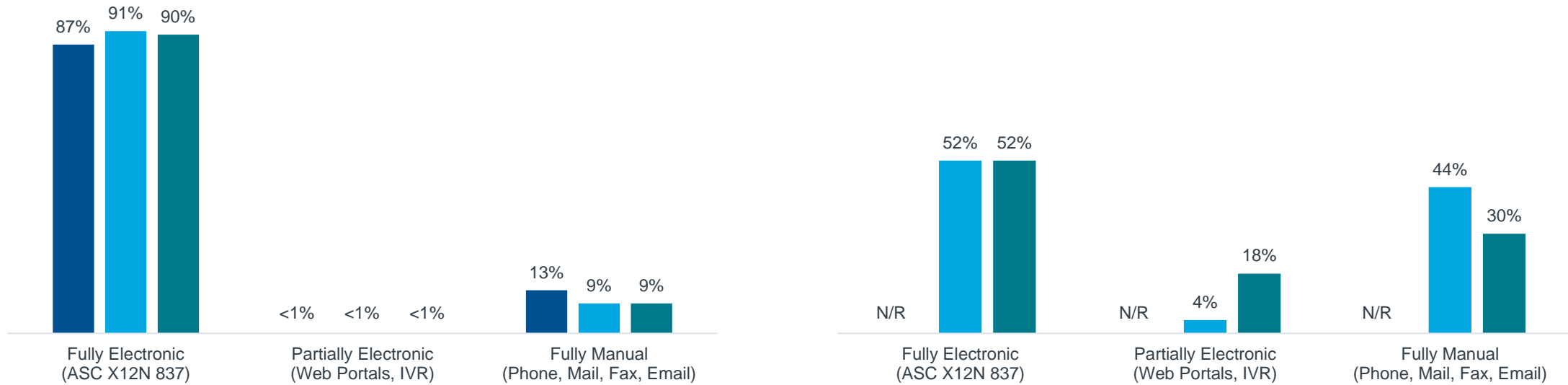
Medical and Dental Plan Adoption by Mode



Medical



Dental



■ 2021 ■ 2022 ■ 2023

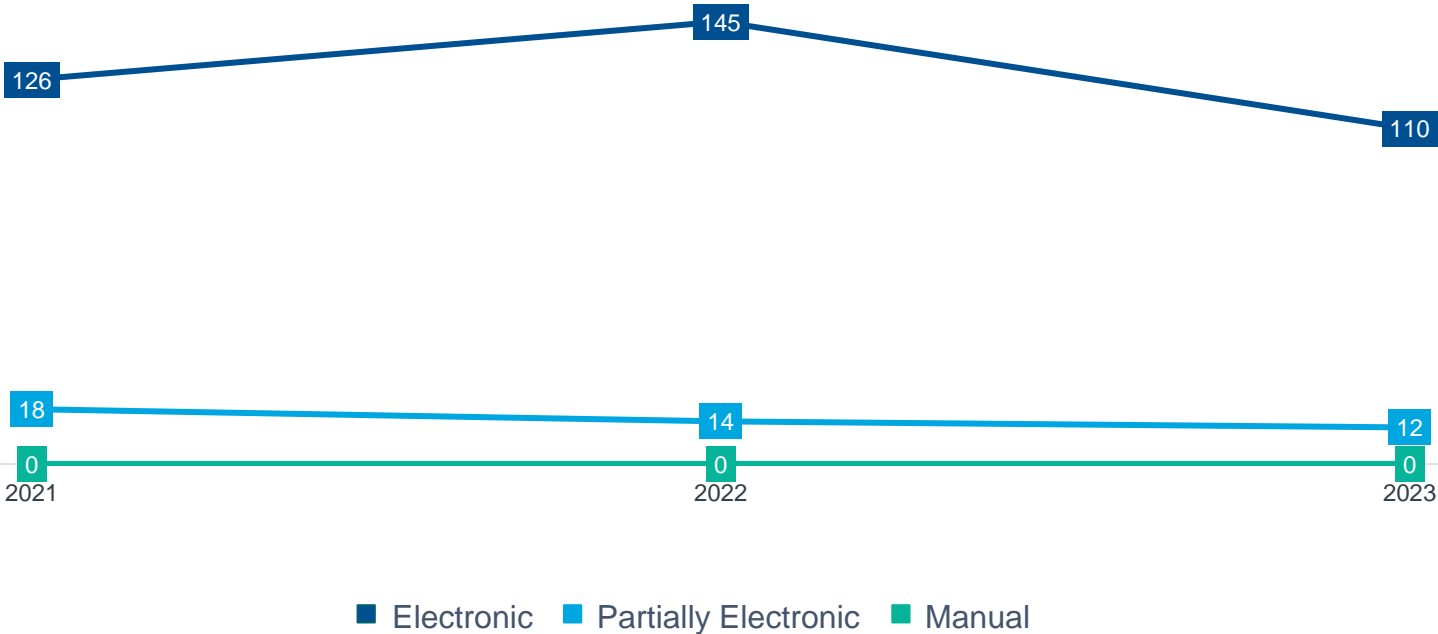
N/R = Not Reported

Coordination of Benefits (COB)

Medical Industry Estimated Volume by Mode (in millions)



Medical



Claim Status Inquiry

Claim Status Inquiry

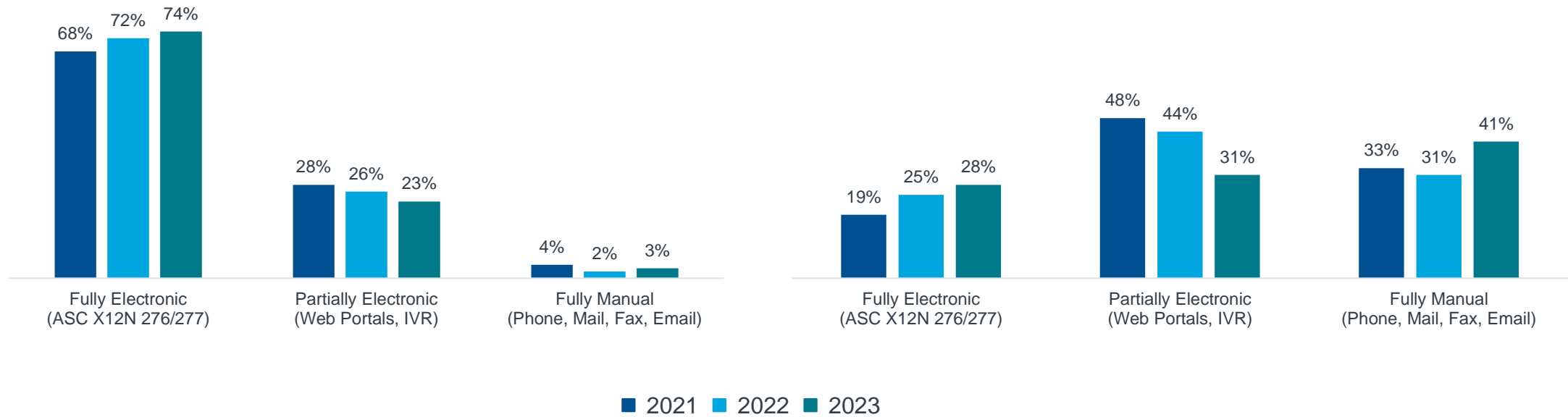
Medical and Dental Plan Adoption by Mode



Medical



Dental



Claim Status Inquiry

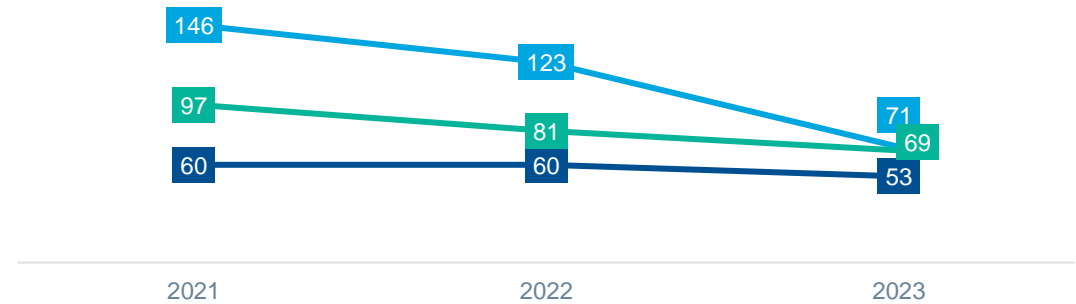
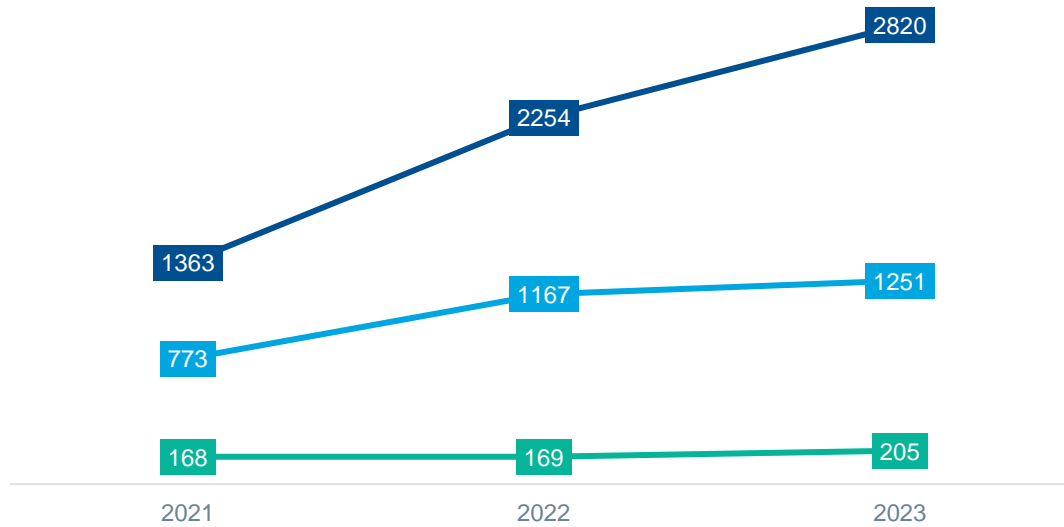
Medical and Dental Industry Estimated Volume by Mode (in millions)



Medical



Dental



■ Electronic ■ Partially Electronic ■ Manual

Note: Data represents plans and providers.

Claim Payment

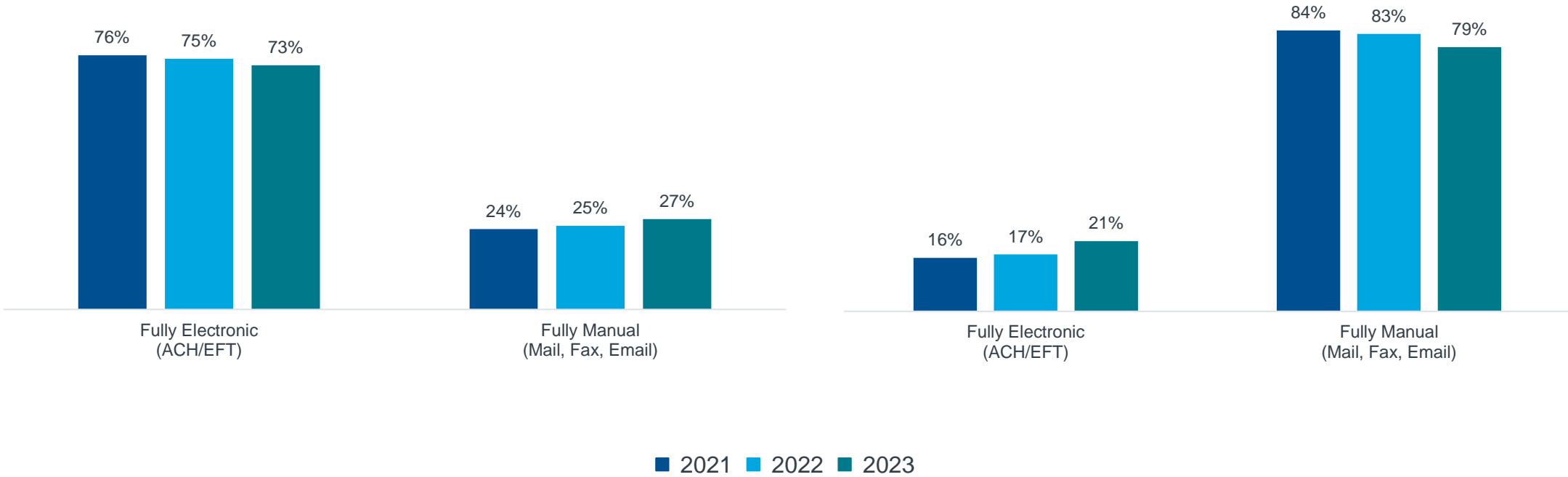
Claim Payment Medical and Dental Plan Adoption by Mode



Medical



Dental

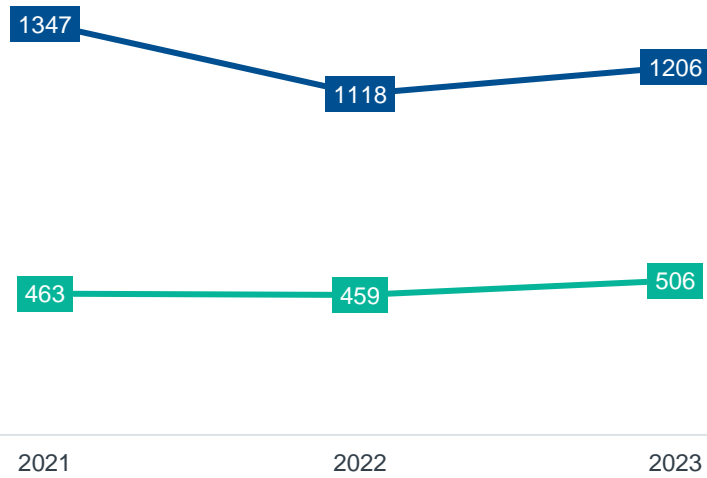


Claim Payment

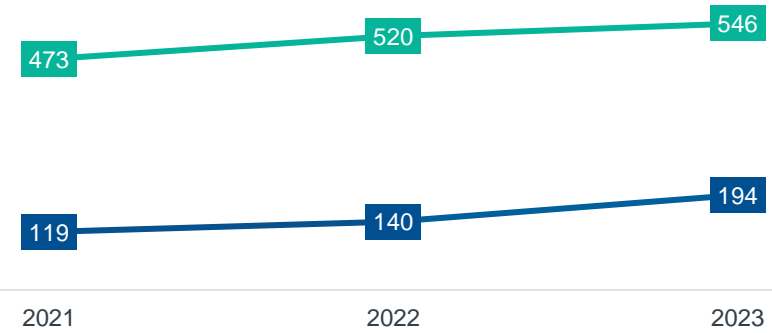
Medical and Dental Industry Estimated Volume by Mode (in millions)



Medical



Dental



■ Electronic ■ Manual

Note: Data represents plans and providers.

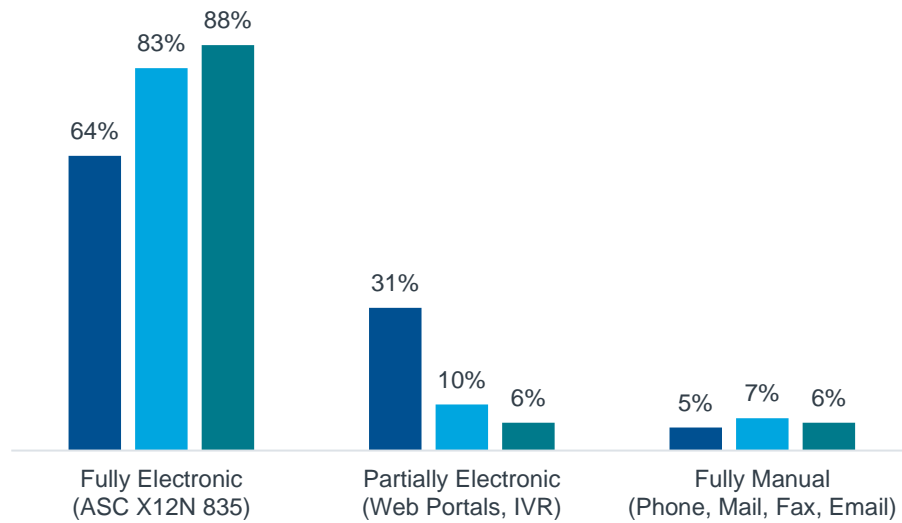
Remittance Advice

Remittance Advice

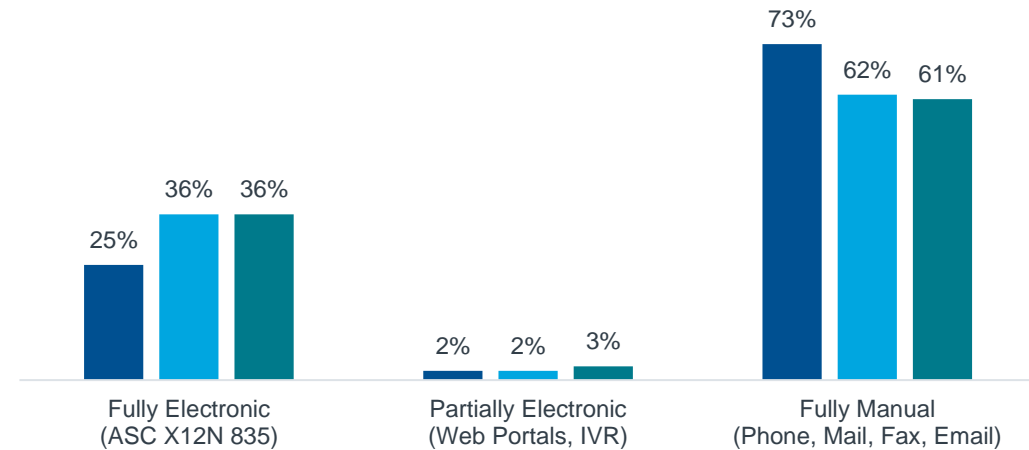
Medical and Dental Plan Adoption by Mode



Medical



Dental

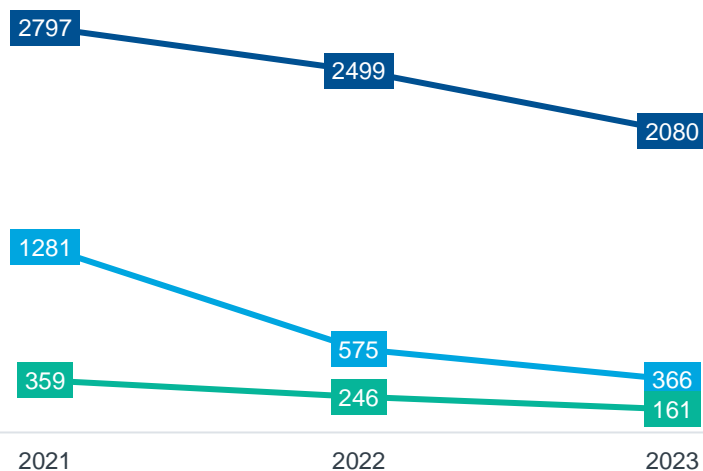


■ 2021 ■ 2022 ■ 2023

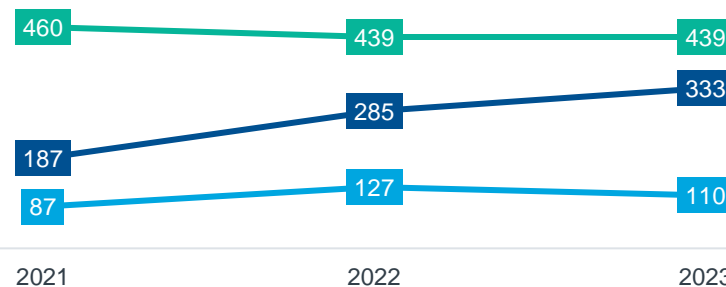
Remittance Advice: Medical and Dental Industry Estimated Volume by Mode (in millions)



Medical



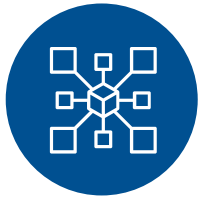
Dental



■ Electronic ■ Partially Electronic ■ Manual

Note: Data represents plans and providers.

Industry Call to Action



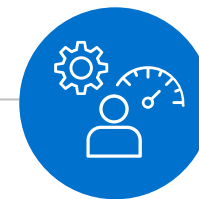
Continue Advancing Automation with an Eye Towards New Opportunities and Threats

- Automated tasks provided flexibility to staff as work environments changed and adapted to a new normal.
- Despite the increase in electronic transactions and decrease in manual ones, overall spending on administrative tasks grew



Identify Time-Saving Opportunities for Providers

- Online learning modules, forums and courses related to conducting administrative transactions



Understand Emerging Technologies

- Explore the potential benefits and challenges of AI tools in conducting administrative tasks and understanding cyber threats

Questions

The 2023 CAQH Index report is available now at:
caqh.org/insights/caqh-index-report

A recording of this webinar will also
be available at the link above