

\$8 Billion Annual Savings Opportunity for U.S. Healthcare With Adoption of Electronic Business Transactions

2014 CAQH Index Shows Progress, Gaps in Switch from Manual to Electronic

WASHINGTON, DC – March 17, 2015 – U.S. healthcare could save \$8 billion annually by transitioning six routine business transactions from manual to electronic, according to the newly published 2014 CAQH Index™. The CAQH Index tracks progress from manual (e.g., via phone, fax or mail) to industry standardized (HIPAA) electronic administrative transactions between health plans and healthcare providers. This annual report, the second from CAQH, details adoption rates and potential savings.

"Hospitals should be focusing on patients, not paperwork. By expanding automated electronic communications between providers and health plans, we can reduce health care costs, ease administrative burdens, and ensure that key stakeholders in our health care system communicate with each other more effectively," says Joel Perlman, Executive Vice President, Finance, and Chief Financial Officer, Montefiore Medical Center.

Based on data from 2013, the 2014 CAQH Index represents a collaboration between healthcare providers and health plans. Data submitted includes administrative transactions and cost estimates for analysis. The report reflects data from participating health plans representing 112 million enrollees – almost 45 percent of the privately insured U.S. population – on more than four billion transactions. In addition, a range of healthcare facilities and provider practices participated in a data collection process conducted on behalf of CAQH by Milliman, Inc.

Both this and the prior year's CAQH Index studied six transactions -- claim submission, eligibility and benefit verification, prior authorization, claim status inquiries, claim payment, and remittance advice transactions. This enabled year-over-year comparisons between health plans providing data counts for both reports. CAQH also measured two transactions for the first time: claims attachments and prior authorization attachments.

While overall adoption rates of fully electronic transactions (those automated for both health plans and healthcare providers) rose only slightly during this period, the volume of fully electronic transactions grew by double-digit rates for eligibility and benefit verifications, claim status inquiries and claim payments.

Average adoption rates of fully electronic transactions varied widely, from a high of 92 percent for claim submission to a low of 7 percent for prior authorization. About half of all claim payments and remittance advice transactions remain manual. Health plans continued to process about 1 billion transactions manually, and healthcare providers handled over 2.4 billion.

The potential for significant cost savings is due to the large volume of transactions, as well as the dramatic cost difference between manual and electronic transactions. For health plans, costs for each manual transaction averaged \$2 for the six transactions studied, while electronic transaction costs ranged from only 5 to 10 cents. Healthcare providers' estimated costs averaged more than \$5 for manual versus \$1.60 per electronic transaction.

“The CAQH Index shows that additional progress to realize the full potential of electronic transactions requires an ongoing commitment by all healthcare stakeholders, including health plans, providers, vendors and government,” says Robin Thomashauer, Executive Director, CAQH. “Findings can inform industry initiatives such as CAQH CORE and CAQH Solutions that support the move towards greater use of electronic transactions.”

Health plans and providers can estimate their potential cost savings by using an interactive savings calculator available at www.caqh.org. The complete 2014 CAQH Index report and highlights are also available for download.

The 2015 CAQH Index is underway, and is seeking additional participants. Health plans and providers that participate will receive a confidential, independent assessment of how they compare to their industry peers.

About the CAQH Index Advisory Council

The CAQH Index Advisory Council helps guide the measurement strategy and establish data submission specifications for the CAQH Index. The Council is composed of experts in claim-related transactions and business processes. Members are listed in the [2014 CAQH Index report](#).

About CAQH[®]

CAQH, a non-profit alliance, is the leader in creating shared initiatives to streamline the business of healthcare. Through collaboration and innovation, CAQH accelerates the transformation of business processes, delivering value to providers, patients and health plans. Visit www.caqh.org and follow us on Twitter: [@caqh](#) and [Linkedin](#).

2014 CAQH Index™ Highlights

- Health plans representing 112 million enrollees – approximately 45 percent of the commercially covered population in 2013 – contributed data for the 2014 Index. The responding health plans provided data on more than 4 billion transactions, including 1.4 billion claims submitted.
- For the six main categories of claim-related transactions studied, adoption rates of fully electronic standardized transactions (automated for both health plans and healthcare providers) varied from over 90 percent to less than 10 percent. For fully electronic (HIPAA standardized) transactions, adoption rates in 2013 were: claim submission (92%), eligibility and benefit verification (69%), prior authorization (7%), claim status inquiries (54%), claim payment (58%), and remittance advice (47%). Based on data from health plans responding in both years, adoption rates of fully electronic transactions rose slightly between 2012 and 2013.
- In 2013, the volume of fully electronic standardized transactions grew by double-digit rates on a year-over-year basis for eligibility and benefit verifications (+14%), claim status inquiries (+23%), and claim payments (+14%). The largest declines in the volume of manual transactions were for claim submission (-15%), claim payments (-15%), and remittance advice (-16%).
- Nearly 8 billion transactions were performed electronically by commercial health plans and about 6.5 billion were handled electronically by healthcare providers. Despite the increase in electronic transactions, approximately 1 billion transactions were handled manually (telephone, fax, mail etc.) by health plans in 2013, and there were over 2.4 billion transactions handled manually by healthcare providers. These counts are based on an extrapolation from the plans reporting for the 2014 Index (112 million enrollees) to the whole commercially covered population (approximately 245 million enrollees).
- The range of adoption of fully electronic standardized transactions varied widely among responding health plans. The rate of adoption for electronic claim submission had the narrowest range, from a high of 97 percent to a low of 81 percent. The transaction with the largest range of adoption rates of fully electronic transactions among health plans was claim status inquiries, from a high of 97 percent down to zero percent (i.e., no adoption).
- In 2013, a large share of claim payments and their corresponding remittance advice statements continued to be handled by paper checks and mail. Among all responding health plans, only 58 percent of claim payments were made electronically, and the remaining 42 percent were paid by check. Approximately half of remittance advice transactions were made electronically, with roughly equal percentages transmitted by HIPAA standardized electronic transactions (47 percent) and by mail (45 percent), and about 8 percent made via web portals.
- For health plans, costs for manual transactions averaged approximately \$2 per transaction for the six main transaction categories studied; costs of electronic transactions ranged from about 5 to 10 cents per transaction. Healthcare providers' estimated costs per transaction averaged more than \$5 for manual transactions and approximately \$1.60 for each electronic transaction.
- In total, completing the transition from manual to electronic processes for the six main transactions studied could save health plans and healthcare providers approximately \$8 billion annually. In addition, the 2014 Index studied claim attachments and prior authorization attachments for the first time, virtually all of which were handled manually. If those attachments were instead processed electronically, additional savings for both health plans and healthcare providers would be possible. The transaction type estimated to have the highest potential savings is eligibility and benefit verification (\$4 billion).

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