2016 CAQH Index®: A Report of Industry Progress towards Adoption of Electronic Transactions and Cost Savings

July 19, 2017

2:00 – 3:00 pm ET

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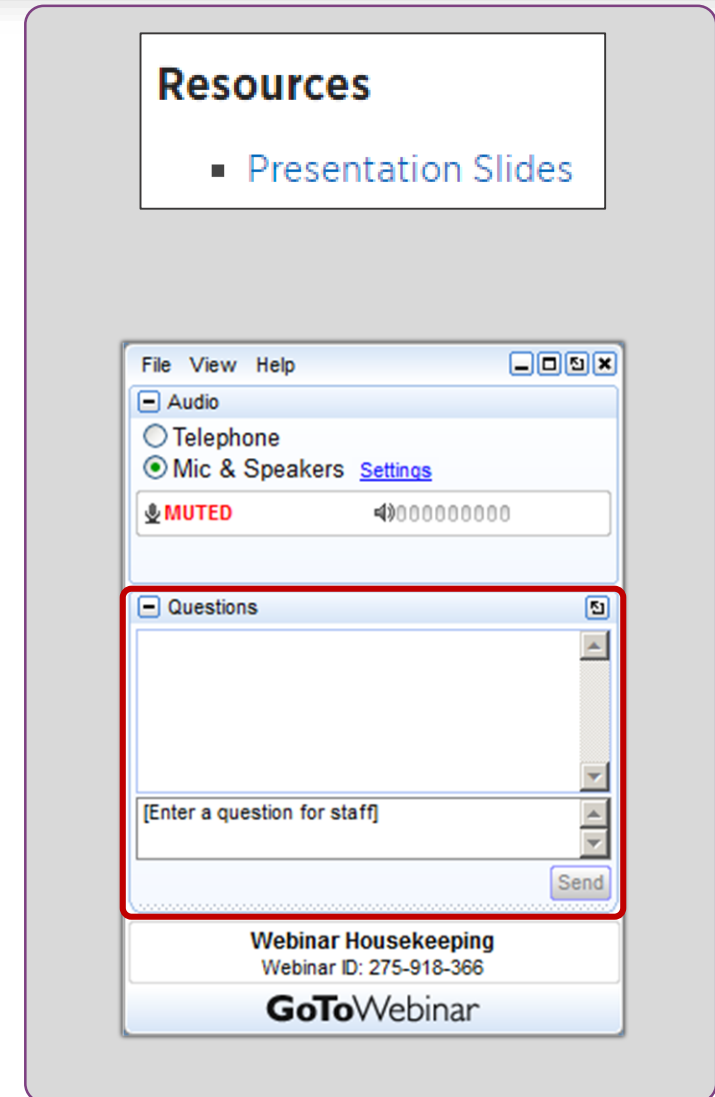
Thank You Speakers!

CAQH CORE would like to thank our guest speaker for today's webinar.

Tom Conklin
Director, Provider Website & Reporting
Analytics, Provider eSolutions

Session Outline

- CAQH Index Presentation.

- Role of CAQH CORE in Moving Industry to Electronic Healthcare Transactions.

- Virtual Dialog on CAQH Index.

- Q&A.

2016 CAQH Index Report

Reid Kiser
Interim Director,
CAQH Explorations

What is the CAQH Index?

- A voluntary nationwide survey of commercial medical and dental health plans and healthcare providers.

- The only industry source tracking the industry-wide transition to "full adoption" of electronic transactions and establishing benchmarks for volume and costs of transactions.
    - Tracking is critical to monitoring progress and identifying specific opportunities for further improvement.

- Guided by the CAQH Index Advisory Council.
    - Experts in administrative transactions, data analysis, and healthcare management representing providers, health plans, vendors, and other industry partners.

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Why Does the Index Matter?

- Over two decades ago, HIPAA established requirements for adoption and use of electronic transaction standards – yet, the industry continues to use resource-intense manual processes.

- Industry-wide transition to electronic, real-time transactions is a critical component to a modern healthcare system.
    - Reduces unnecessary healthcare costs.
        - > More than $31 billion spent annually by healthcare providers alone conducting basic business transactions with health plans.
        - > Electronic transactions are significantly less expensive than manual.
    - Eases provider administrative burden.
        - > Electronic transactions require less staff time.
    - Reduces friction between providers and health plans.
        - > Needed information communicated more rapidly and easily, reducing errors.
    - Complements revolution of clinical use of Health IT.
        - > Results in more efficient, integrated healthcare ecosystem.
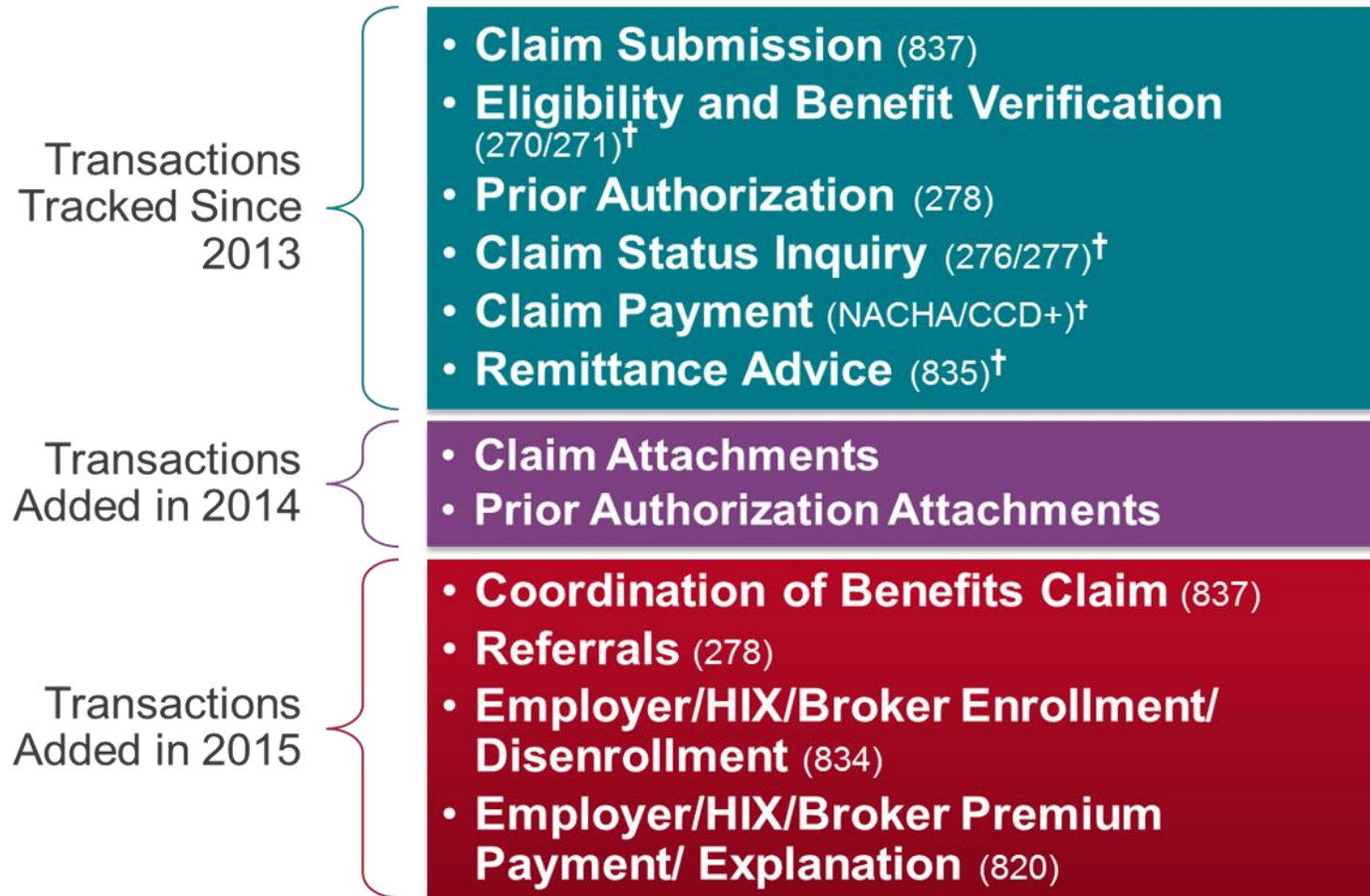
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Who Participated in the Index?

- Health Plans
  - Data for calendar year 2015 were collected from commercial medical and dental health plans, including managed Medicaid and managed Medicare.

- Healthcare Providers
  - Partnered with NORC at the University of Chicago to manage the provider data component.
  - Data submissions were received from a large, diverse sample of providers representing a variety of specialties.

	Medical				Dental	
	2012	**2013**	**2014**	**2015**	**2014**	**2015**
Enrollment						
Covered Lives (total in millions)	104	112	118	140	93	112
Proportion of Total Commercial Enrollment (%)	41	42	45	46	44	46
Number of Claims Received (total in billions)	1.2	1.4	1.4	1.5	0.2	0.2
Number of Transactions (total in billions)	3.2	3.9	4.3	5.4	0.4	0.7

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Which Administrative Transactions Were Analyzed?

Transactions Tracked Since 2013

- **Claim Submission** (837)
- **Eligibility and Benefit Verification** (270/271)[†]
- **Prior Authorization** (278)
- **Claim Status Inquiry** (276/277)[†]
- **Claim Payment** (NACHA/CCD+)[†]
- **Remittance Advice** (835)[†]

Transactions Added in 2014

- **Claim Attachments**
- **Prior Authorization Attachments**

Transactions Added in 2015

- **Coordination of Benefits Claim** (837)
- **Referrals** (278)
- **Employer/HIX/Broker Enrollment/ Disenrollment** (834)
- **Employer/HIX/Broker Premium Payment/ Explanation** (820)

[†] Both HIPAA standards and operating rules are federally mandated.

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Trends Show Steady Progress in Full Electronic Transaction Adoption

- On average, adoption of electronic transactions with commercial dental health plans was 30 percent lower than with commercial medical health plans.

Adoption of Fully Electronic Administrative Transactions for Commercial Medical and Dental Health Plans, 2014 – 2015

	2014	2015
MEDICAL		
Claim Submission	93%	94%
Eligibility & Benefit Verification	71%	76%
Claim Status Inquiries	57%	63%
Claim Payment	61%	62%
COB Claims	49%	56%
Remittance Advice	51%	55%
Prior Authorization	10%	18%
Referral Requests	6%	7%
DENTAL		
Claim Submission	70%	74%
Eligibility & Benefit Verification	56%	58%
Claim Status Inquiries	27%	28%
Claim Payment	6%	8%

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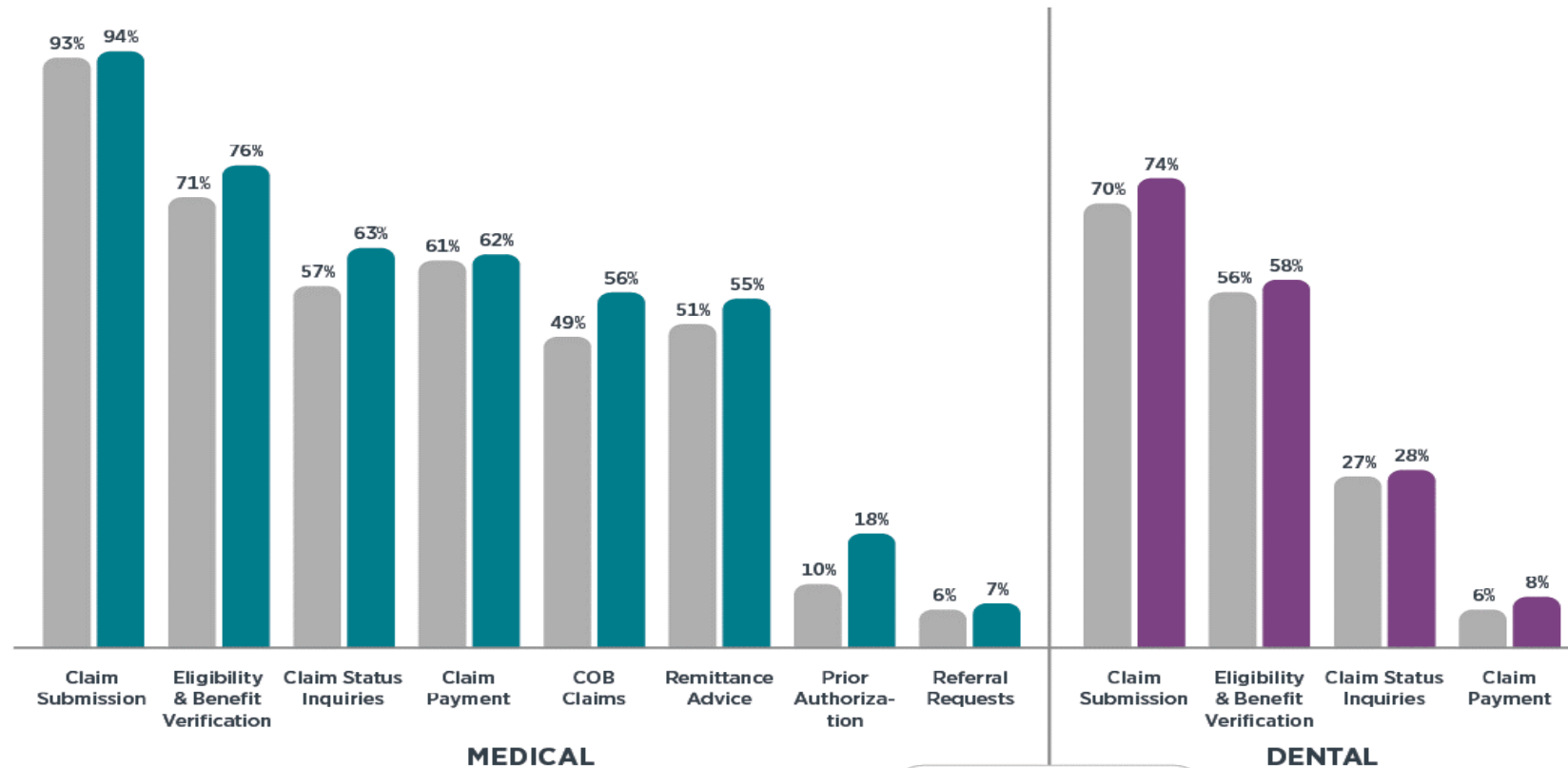
Medical: Volume of Administrative Transactions, Enrollment & Claim Volume

	NUMBER OF TRANSACTIONS (in millions)	NUMBER OF TRANSACTIONS PER MEMBER	NUMBER OF TRANSACTIONS PER CLAIM SUBMITTED
Claim Submission	1,475	11	—
Eligibility/Benefit Verification	2,403	17	1.7
Claim Status Inquiry	489	3	0.2
Claim Payment	173	1	0.1
Remittance Advice	173	1	0.1
Claim Attachments	48	<0.1	<0.1
COB Claims	42	<0.1	<0.1
Prior Authorization	32	<0.1	<0.1
Referral Certification	9	<0.1	<0.1
Total Transactions*	**4,844**	**36**	**—**

* Total Transactions does not include enrollment and disenrollment transactions reported by participating health plans.

- These estimates support industry benchmarking of the volume of transactions per member per claim and stability compared to last year.

- The 36 transactions per member is similar to previous years even with the addition of claim attachments.

- The majority of transactions were eligibility and benefit verifications.

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Dental: Volume of Administrative Transactions, Enrollment & Claim Volume

	NUMBER OF TRANSACTIONS (in millions)	NUMBER OF TRANSACTIONS PER MEMBER	NUMBER OF TRANSACTIONS PER CLAIM SUBMITTED
Claim Submission	173	2	—
Eligibility/Benefit Verification	215	2	1.2
Claim Status Inquiry	44	0.4	0.3
Claim Payment	132	1	0.8
Total	564	6	—

- Only data for these four transactions were reported for dental health plans and providers due to reporting limitations of contributors.

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New: Information on Time Spent Processing, Manual & Electronic

- At least 1.1 million labor hours per week could have been more efficiently used providing patient care or doing other clinical tasks by achieving full adoption of only six of the twelve electronic transactions.

Transaction	Method	Time Providers Spend per Transaction (minutes)	
		Average	Minimum - Maximum
Claim Submission/ Receipt	Manual	5	4 – 9
	Electronic	1	<1 – 4.1
Eligibility and Benefit Verification	Manual	10	6 – 21
	Electronic	1	1 – 3
Prior Authorization	Manual	20	10 – 27
	Electronic	6	4 – 9
Claim Status Inquiry	Manual	12	9 – 29
	Electronic	5	3 – 8
Claim Payment	Manual	7	5 – 17
	Electronic	2	1 – 4
Claim Remittance Advice	Manual	15	6 – 31
	Electronic	3	2 – 7

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Manual Transaction Costs – $4 More per Transaction for Providers and $3 More per Transaction for Health Plans

TRANSACTION	METHOD	HEALTH PLAN COST	PROVIDER COST	INDUSTRY COST	HEALTH PLAN SAVINGS OPPORTUNITY	PROVIDER SAVINGS OPPORTUNITY	INDUSTRY SAVINGS OPPORTUNITY
Claim Submission/ Receipt	Manual	$0.62	$2.02	$2.64	$0.52	$1.43	$1.95
	Electronic	$0.09	$0.59	$0.68			
Eligibility and Benefit Verification	Manual	$4.36	$4.02	$8.39	$4.29	$3.60	$7.89
	Electronic	$0.07	$0.42	$0.49			
Prior Authorization	Manual	$3.68	$7.50	$11.18	$3.64	$5.61	$9.25
	Electronic	$0.04	$1.89	$1.93			
Claim Status Inquiry	Manual	$4.39	$5.40	$9.79	$4.35	$3.59	$7.94
	Electronic	$0.04	$1.81	$1.85			
Claim Payment	Manual	$0.57	$2.89	$3.46	$0.48	$2.20	$2.68
	Electronic	$0.09	$0.69	$0.78			
Claim Remittance Advice	Manual	$0.50	$5.69	$6.19	$0.45	$4.74	$5.19
	Electronic	$0.05	$0.95	$1.00			
Claim Attachments	Manual	$1.74	$5.25	$6.99	$1.64	$4.08	$5.72
	Electronic	$0.10	$1.17	$1.27			

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Full Adoption of the Electronic Transactions Analyzed in the Index Could Save Commercial Medical ($9.4B) & Dental ($1.9B) Industry Each Year

- The potential cost savings for medical health plans and providers exceeds previous CAQH Index estimates due to the addition of claim attachments and improved measurement of per transaction cost for providers.

	Medical			Dental		
	Health Plan Savings Opportunity (in millions $)	Provider Savings Opportunity (in millions $)	Industry Savings Opportunity (in millions $)	Health Plan Savings Opportunity (in millions $)	Provider Savings Opportunity (in millions $)	Industry Savings Opportunity (in millions $)
Eligibility & Benefit	$649	$4,391	$5,040	$273	$794	$1,067
Claim Status	$309	$1,375	$1,684	$87	$260	$348
Remittance Advice	$65	$906	$972			
Claim Attachments	$155	$385	$540			
Claim Payment	$71	$324	$395	$62	$284	$346
Prior Authorization	$90	$323	$412			
Claim Submission	$88	$240	$328	$57	$156	$214
Total	**$1,427**	**$7,944**	**$9,371**	**$479**	**$1,495**	**$1,974**

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Industry Call to Action

- While the healthcare industry has made significant progress, the transformation is far from complete.

- These findings demonstrate significant opportunity and more efforts needed to drive adoption further to maximize cost savings and increase efficiency.

- Some key industry actions include:
  1. Share and expand best practices to increase adoption of electronic transactions and reduce utilization of manual transactions among industry stakeholders by accelerating industry- and government-led outreach and education for health plans, providers and their agents, including practice management system vendors.
  2. Increase targeted industry-led efforts to reduce adoption barriers for health plans and providers, including consideration of financial incentives and contractual requirements.
  3. Continue systematic review of business processes for potential improvements in technical and policy requirements that can improve efficiency and reduce cost.

- As the national benchmark, the CAQH Index will continue evolving each year to inform industry efforts that are targeted towards increasing adoption.

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Participate in the 2017 CAQH Index

- Health plans and healthcare providers (practices and health systems) can participate in the 2017 Index by submitting data for calendar year 2016.

- Vendors may also participate in the Index by:
  - Sharing the call for data submissions with healthcare providers in your network.
  - Completing the new 2017 vendor cost survey.

- For more information:
  - Contact Reid Kiser (explorations@caqh.org).
  - Visit www.caqhindex.org.

- All participants receive benchmark reports, which provide important organization-specific information:
  - How your company compares to the industry at-large.
  - How much time and effort your staff spends on electronic and manual transactions.
  - Potential for efficiency gains by further transition to electronic transactions.

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CAQH Index Data Submission & Collection

For more information, contact Reid Kiser via explorations@caqh.org.

Polling Question #1

Are you a health plan or provider interested in participating the 2017 CAQH Index?

1. Yes.

2. No.

3. Not a Health Plan or Provider.

4. Already participating in the CAQH Index.

5. Unsure/Need More Information.

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Role of CAQH CORE in Moving Industry to Electronic Healthcare Transactions

Robert Bowman
CAQH CORE Associate Director
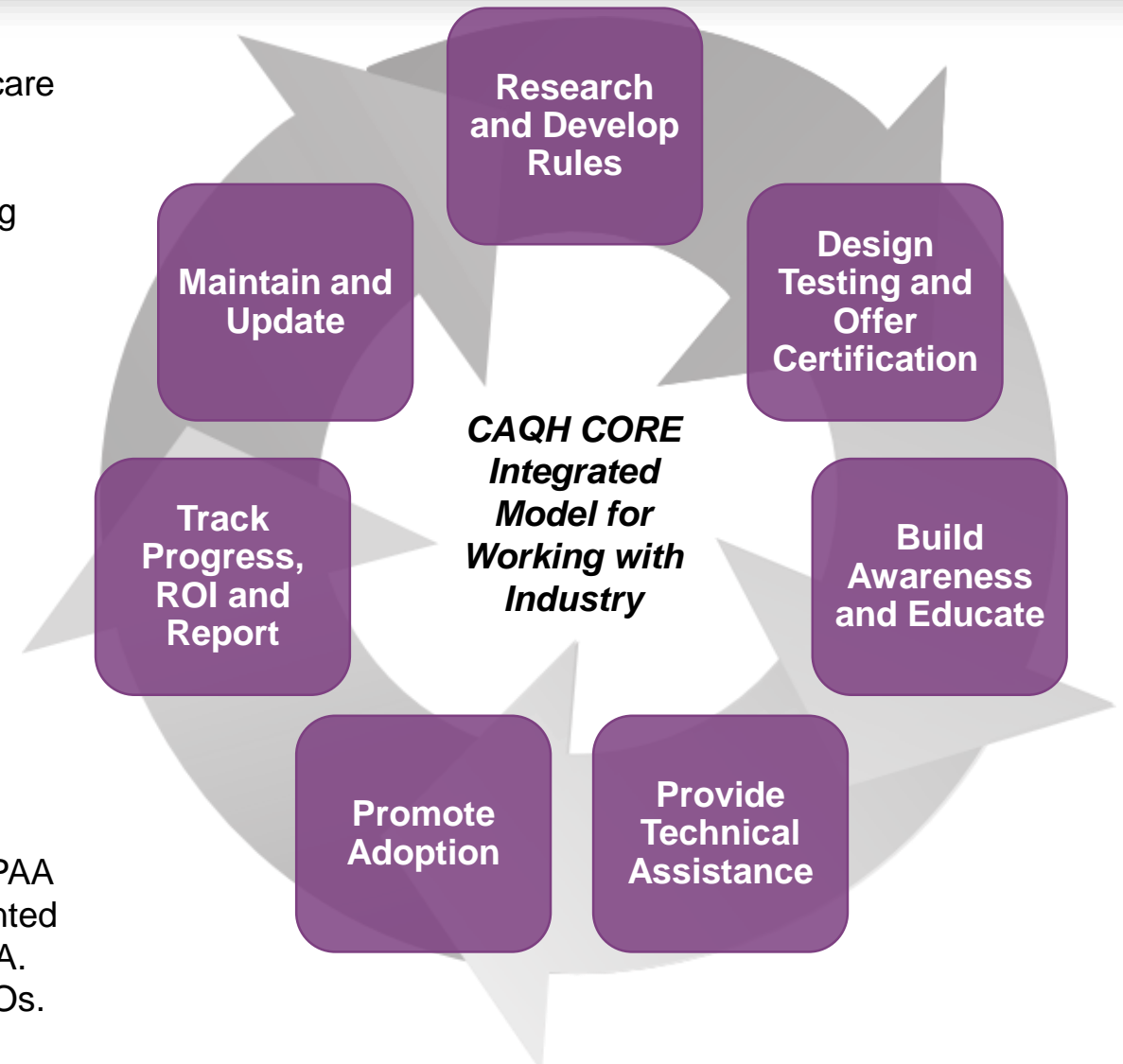
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CAQH CORE Mission and Vision

MISSION Drive the creation and adoption of healthcare operating rules that support standards, accelerate interoperability, and align administrative and clinical activities among providers, payers, and consumers.

VISION An industry-wide facilitator of a trusted, simple, and sustainable healthcare data exchange that evolves and aligns with market needs.

DESIGNATION Established in 2007. Named by Secretary of HHS to be national author for three sets of operating rules mandated by the Affordable Care Act.

BOARD Multi-stakeholder. Voting members are HIPAA covered entities, some of which are appointed by associations such as AHA, AMA, MGMA. Advisors are non-HIPAA covered, e.g. SDOs.

CAQH CORE Integrated Model for Working with Industry

- Research and Develop Rules
- Design Testing and Offer Certification
- Build Awareness and Educate
- Provide Technical Assistance
- Promote Adoption
- Track Progress, ROI and Report
- Maintain and Update

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Role of Operating Rules

- Developed to facilitate administrative interoperability, by building upon recognized standards and ensuring benefit for each critical stakeholder.

- Compliments and supports healthcare industry neutral standards – they *do not repeat or reiterate standards.*

- Used by other industries.

| INFRASTRUCTURE	CONTENT
Connectivity & Security	Supports use of recognized standards that can deliver valuable structured data or require access to unstructured data.
Response Time (Batch/Real-time)	
System Availability	
Exception Processing Error Resolution	
Roles & Responsibilities	
Companion Guides	
Acknowledgements	

Infrastructure rules apply across transactions – establishing basic expectations on how the US data exchange "system" works, e.g. ability to track response times across all trading partners. *Infrastructure rules can be used with any version of a standard.*

Content rules support the exchange of valuable data that allow stakeholders to access information needed to manage an identified process; rules can address ongoing maintenance, setting expectation of evolution. *Content supports further use of base standards whenever possible.*

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How Much Could the Industry Save?

2016 CAQH Index Reported Labor-only Savings Opportunity for Six HIPAA Transactions that have CAQH CORE Operating Rules; Adoption by Transaction is at Different Stages:
1. Eligibility and Benefit Verification (Phases I-II).
2. Claim Status Inquiry (Phase II).
3. Claim Payment (Phase III).
4. Remittance Advice (Phase III).
5. Claim Submission (Phase IV).
6. Referral Certification (Phase IV).
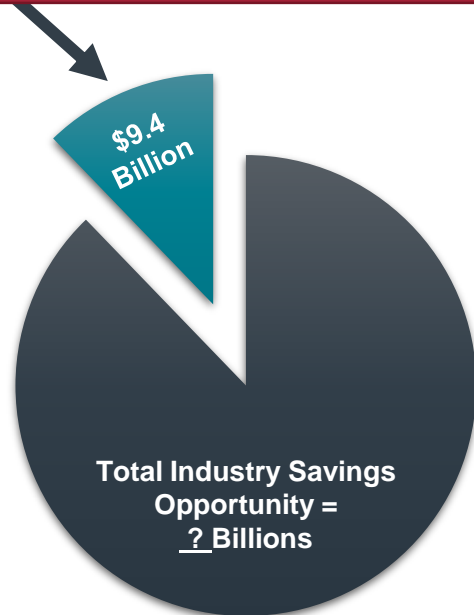
- Report used data from 5.4 billion transactions.
- These cost estimates only represent a fraction of the true industry savings opportunity associated with adoption of electronic transactions:
  – Includes direct labor cost for only *six* of the twelve key transactions in the claims cycle for commercial plans.
  – A more comprehensive estimate of industry cost savings opportunity would include indirect and direct cost for all twelve transactions in the claim cycle for *private and public* payers.

$9.4 Billion

Total Industry Savings Opportunity = ? Billions

Other Cost Not Currently in CAQH Estimates
Six Additional HIPAA Transactions
Indirect Labor Cost (transaction prep & follow-up)
Vendor and Other Overhead
Public Payers
Host of Other Transactions Beyond HIPAA

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Why Implement the CAQH CORE Operating Rules?

Electronic insurance eligibility verifications took approximately seven minutes less than telephone verifications, saving providers $3.59 per verification.

Providers working with CORE-certified health plans saw 10-12% fewer claims denials, resulting in improved practice payment.

Electronic remittance advice adoption (55%) continues to steadily increase, but more than a third are still being sent via mail. Providers could save 12 minutes and $4.74 per transaction by switching to ERA.

Providers who switched to electronic prior authorizations saved 14 minutes and $5.61 per transaction.

Sources: CAQH Index 2016, IBM 2009

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Operating Rule Phase Implementation & Tangible Benefit

Phase	Benefit
Phase I	▪ **Faster patient registration and improves revenue cycle management** as providers are able to verify health plan coverage and will know the proper co-pay and deductible while the patient is present, not after the fact when a follow-up bill would be required. ▪ **Real-time eligibility and benefit checks reduces claim denials**, preventing patients from receiving unexpected bills and helping providers avoid taking on bad debt.
Phase II	▪ **Decreased duplicate claim submissions** as claim status information is provided in real time, taking no longer than 20 seconds round- trip. ▪ **Reduces misidentification of patients and mistaken denials** by improving on processes on how patient names are stored and retrieved during eligibility checks.
Phase III	▪ **Improved cash flow via expedited payment and remittance reconciliation** through the receipt of electronic payments and remittances. ▪ **Eliminates the need for manual re-keying of reconciliations** of EFTs and ERAs by requiring a trace number that links the two transaction so payments can be associated with service. ▪ **Increases ability to conduct targeted payment issue follow-ups** through uniform and maintained ERA codes (CARCs, RARCs, and CAGCs) to give the market consistent approach to reporting and interpreting the claim denials/adjustments.
Phase IV	▪ **Enhances revenue cycle management during healthcare claim submission** as use of operating rules means providers will immediately learn if the claim submission was successfully received by the plan and moved into their adjudication system; providers are quickly made aware of obvious errors, so they can be corrected, reducing payment time. ▪ **Reduces staff time on manual phone or fax inquiries for prior authorization** requests as operating rules help to inform whether a health plan has received and is reviewing a prior authorization request for a specific medical procedure or service. ▪ **Alleviates delays or errors in processing employee change-of-life events** through acknowledging the receipt of employee information between health plan and employer

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Dialog on CAQH Index

Tom Conklin
Director, Provider Website & Reporting Analytics,
Provider eSolutions

Reid Kiser
Interim Director,
CAQH Explorations

Robert Bowman
CAQH CORE Associate Director

Moderator: Jessica Porras
Senior Manager

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Polling Question #2

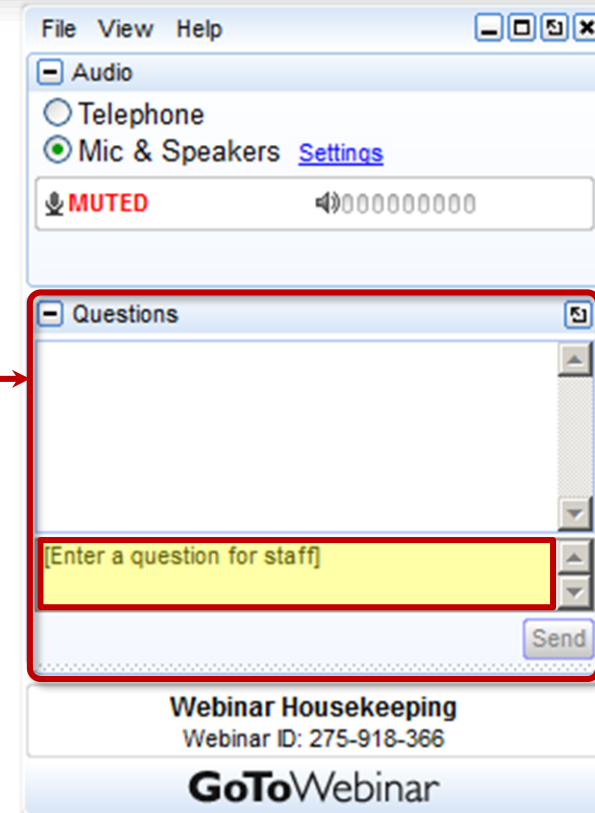*Would you like more information about the CAQH Index?*

1. Yes.

2. No.

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Audience Q&A

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Resources

- Presentation Slides

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Upcoming CAQH CORE Education Sessions

> **CAQH CORE Participant Call on Approach to Adoption of Electronic Prior Authorization Transactions**
> THURSDAY, JULY 27TH, 2017 – 2 PM ET
> THIS CALL IS ONLY OPEN TO CAQH CORE PARTICIPATING ORGANIZATIONS

> **Save Time and Money! CAQH CORE and OrboGraph Discuss Value of Implementing the Phase III CAQH CORE Operating Rules**
> THURSDAY, AUGUST 31ST, 2017 – 2 PM ET

To register for these, and all CORE events, please go to **www.caqh.org/core/events**

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Thank you for joining us!

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Website: www.CAQH.org/CORE

Email: CORE@CAQH.org

The CAQH CORE Mission
Drive the creation and adoption of healthcare operating rules that support standards, accelerate interoperability, and align administrative and clinical activities among providers, payers and consumers.

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