



# CAQH Index<sup>®</sup>

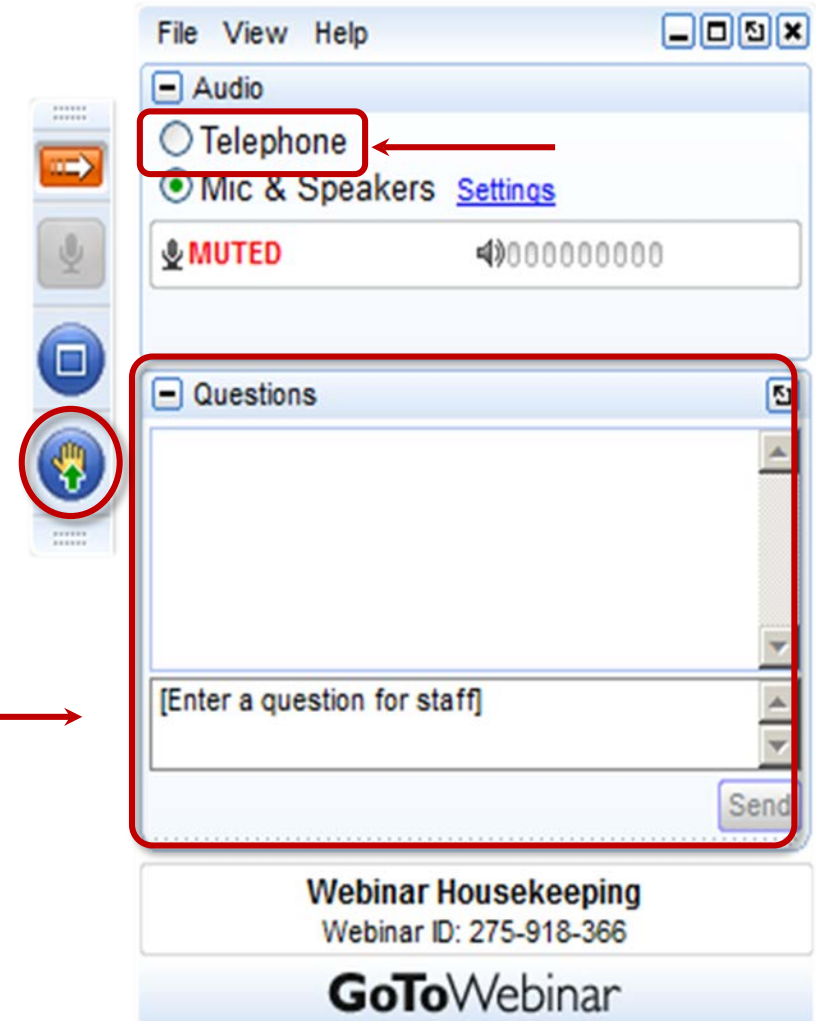
**A Report of Healthcare  
Industry Adoption of  
Electronic Business  
Transactions and  
Cost Savings**

Reid Kiser, CAQH Explorations  
Angela Fontes, NORC at the  
University of Chicago  
Susan Philip, Milliman, Inc.

June 14, 2018

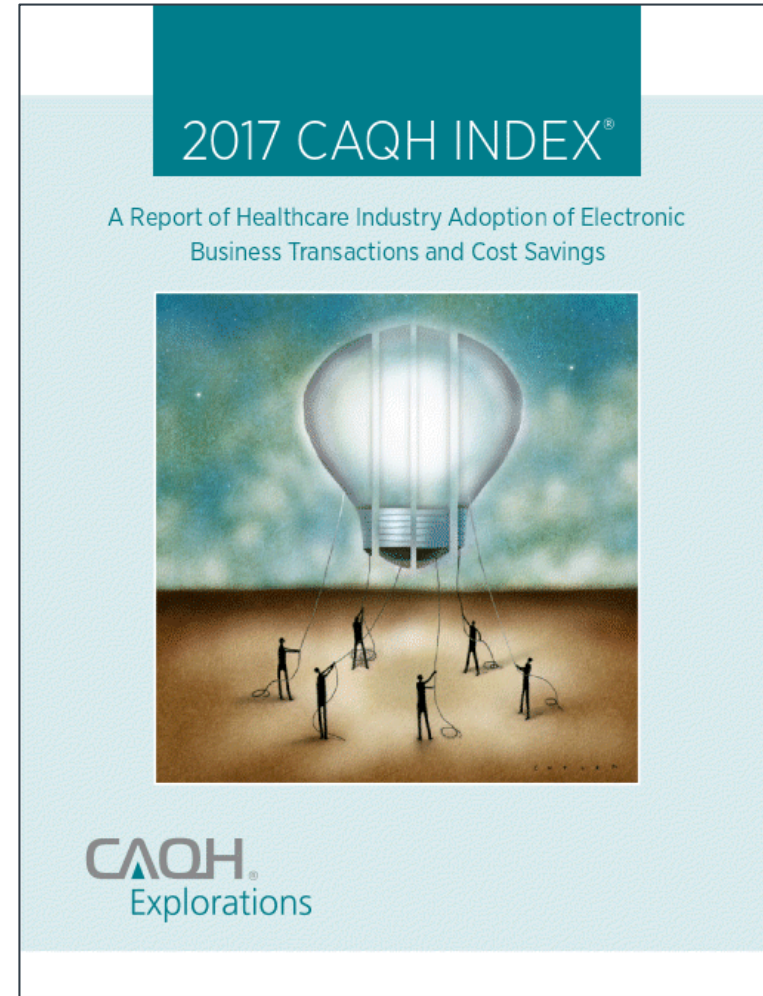
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# Welcome

- The CAQH Index is available now for download at [www.caqhindex.org](http://www.caqhindex.org).
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# Presenters



Reid Kiser

- Lead Researcher, 2017 CAQH Index
- CAQH



Susan Philip

- Clearinghouses & Practice Management System Research
- Milliman, Inc.



Angela Fontes

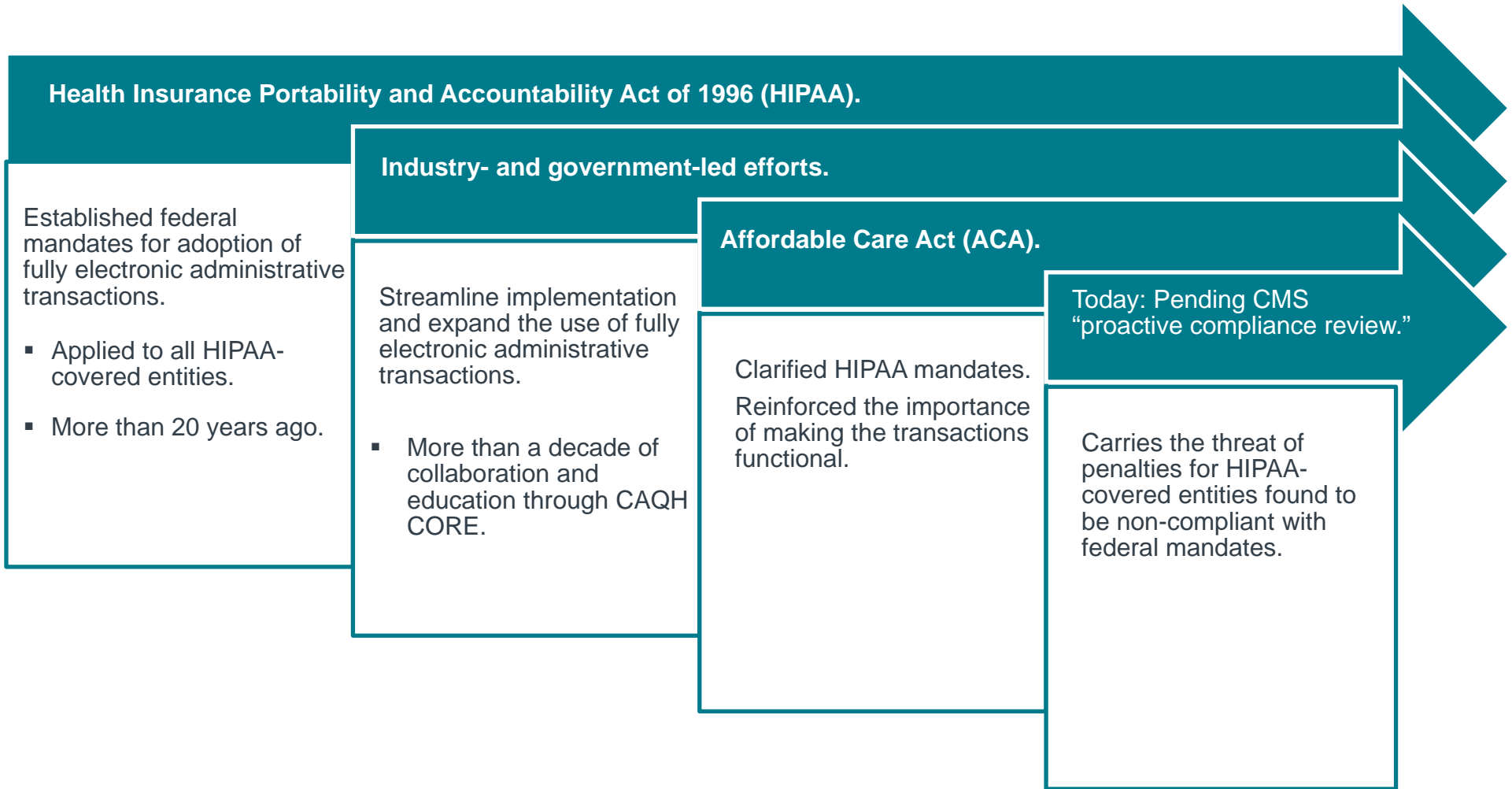
- Provider Cost & Time Research
- NORC at University of Chicago

# Agenda

- About the CAQH Index
- High-Level Findings
- Multiple Reasons for the Increase in Industry Savings Potential
- Cost of Administrative Transactions
- The Provider EDI Adoption Experience
- Participate in the 2018 CAQH Index
- Questions?

# About the CAQH Index

# The Transition to Electronic Administrative Transactions



# What is the CAQH Index?

## A national survey.

- Commercial medical health plans.
- Commercial dental health plans.
- Healthcare providers.

## The industry source.

- Tracks progress in the ongoing transition from manual to electronic administrative transactions
- Measures adoption of fully electronic administrative transactions.
- Estimates the cost savings opportunity and provider time savings opportunity.

## Guided by industry experts.

- The CAQH Index Advisory Council.
- Experts in administrative transactions, data analysis, and healthcare management.
- Represent providers, health plans, vendors and other industry partners.



# Why Track Progress?

- Monitoring progress makes it possible to identify successes – and to make course corrections when necessary.
- The transition from manual to electronic transactions is critical for a modern healthcare system.
  - Reduces unnecessary healthcare costs.
    - > Electronic transactions are significantly less expensive than manual.
  - Eases health plan and provider administrative burden.
    - > Electronic transactions require less staff time.
  - Reduces friction between providers and health plans.
    - > Needed information is communicated more rapidly and easily, reducing errors.
  - Complements clinical use of health IT.
    - > Results in a more efficient, integrated healthcare ecosystem.

# Who Participated?

## Health Plans

- Medical health plans covering more than half (51%) of U.S. commercially insured covered lives.
- Dental plans covering nearly half (48%) of the commercially insured dental population.
- Data for calendar year 2016.
- CAQH managed health plan participation.



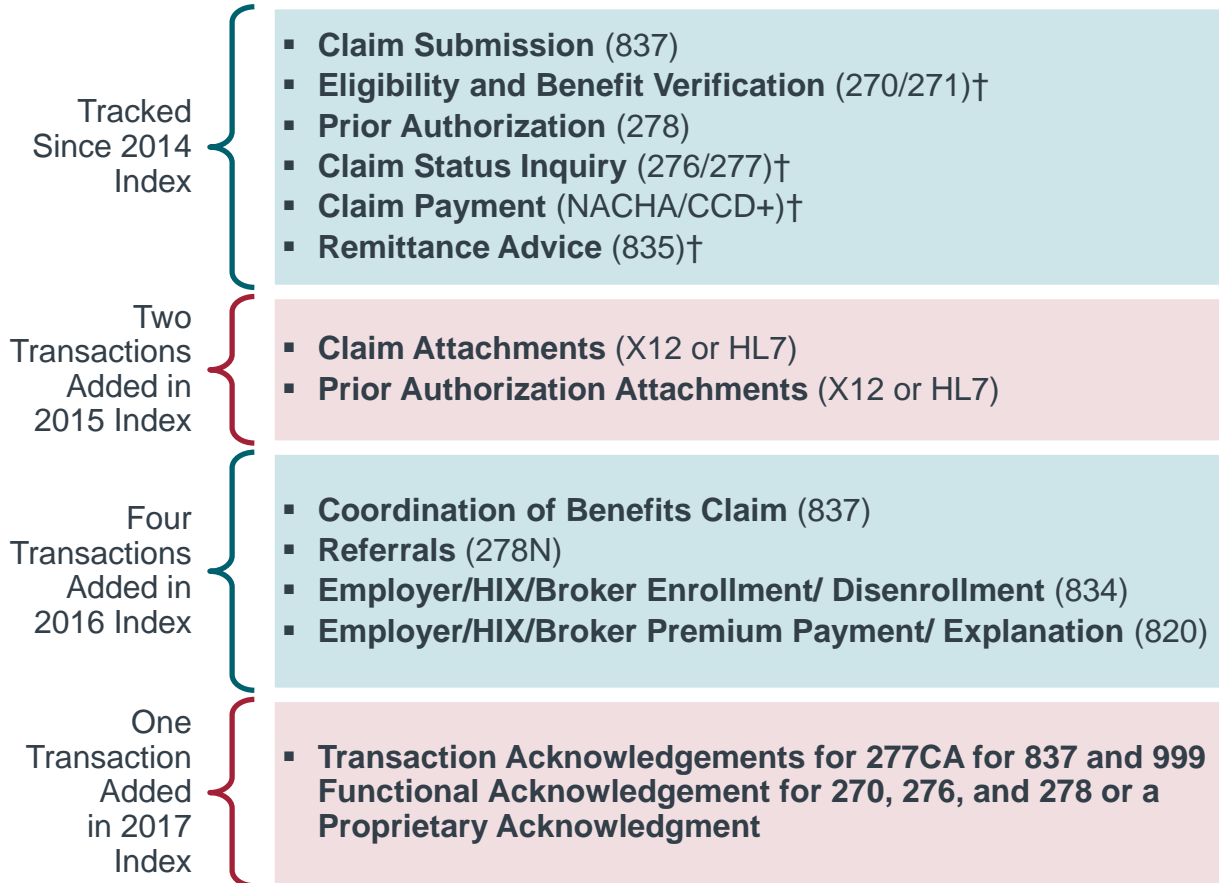
## Healthcare Providers

- Represent a range of specialties.
- Large, more diverse sample.
- Data for calendar year 2017.
- NORC at University of Chicago managed provider participation.

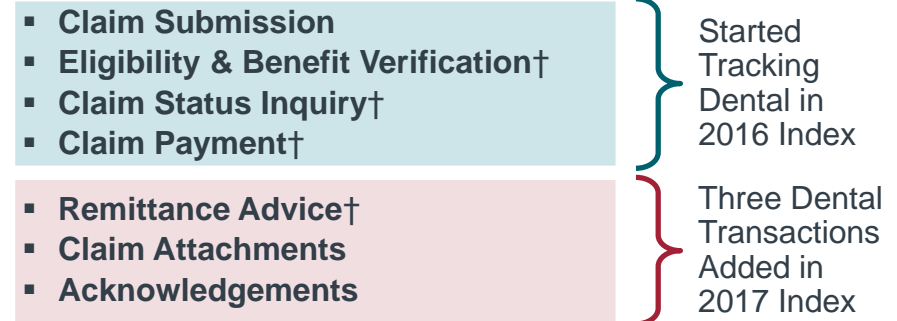


# Which Transactions Were Tracked?

## Medical



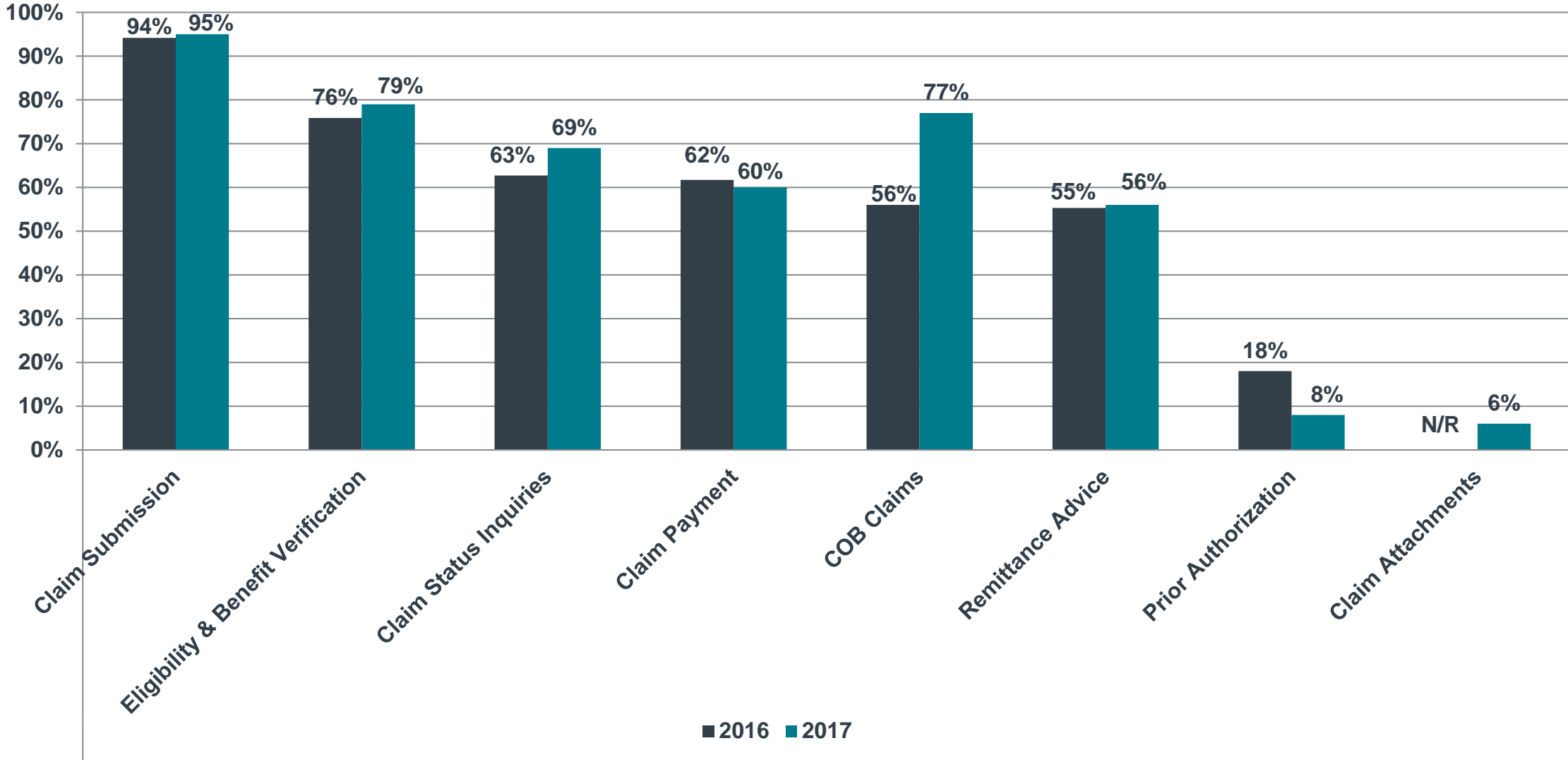
## Dental



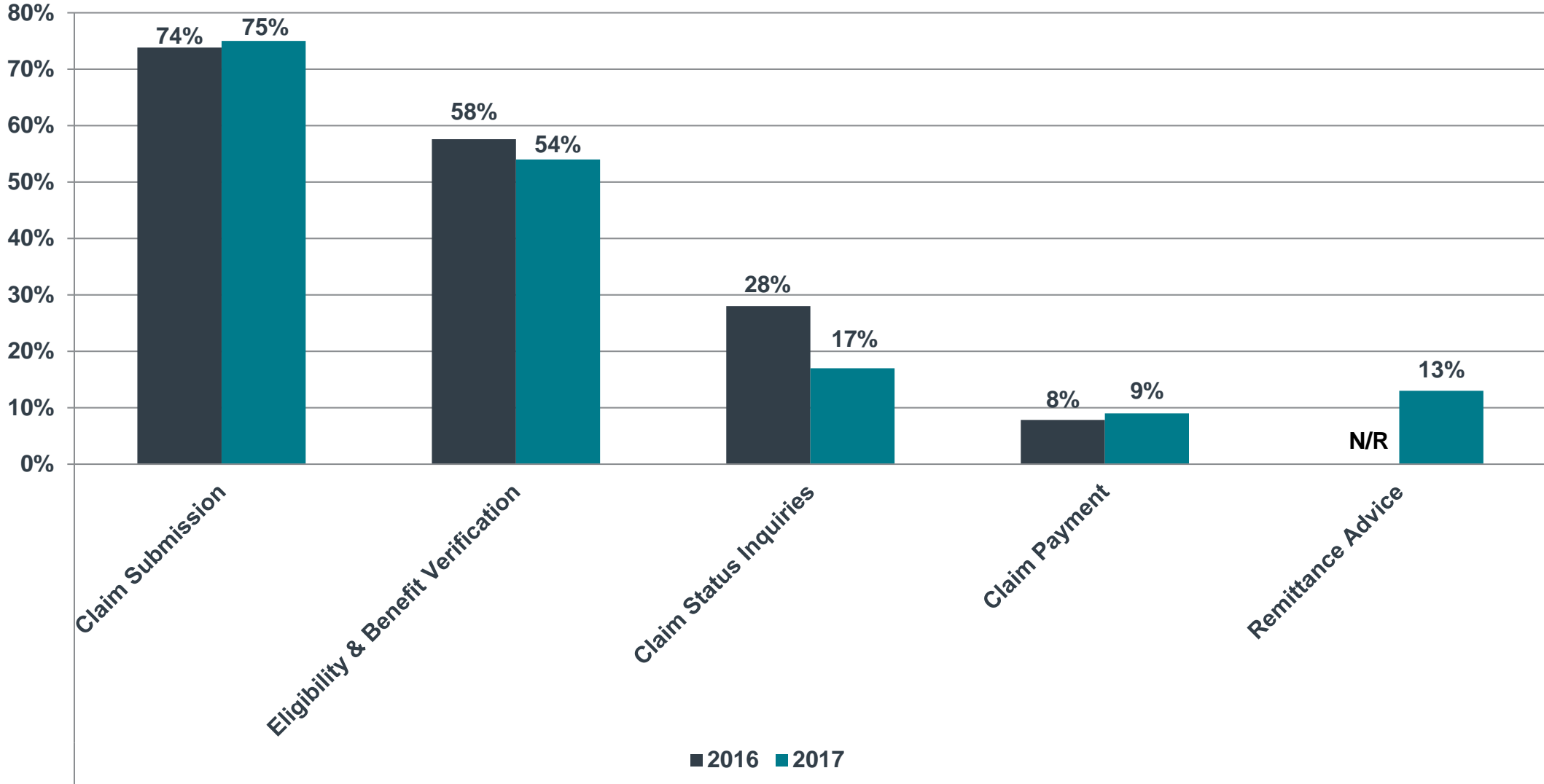
† Both HIPAA standards and operating rules are federally mandated.

# High-Level Findings

# Medical Industry: Only Modest Progress



# Dental Industry: Has Not Yet Caught Up



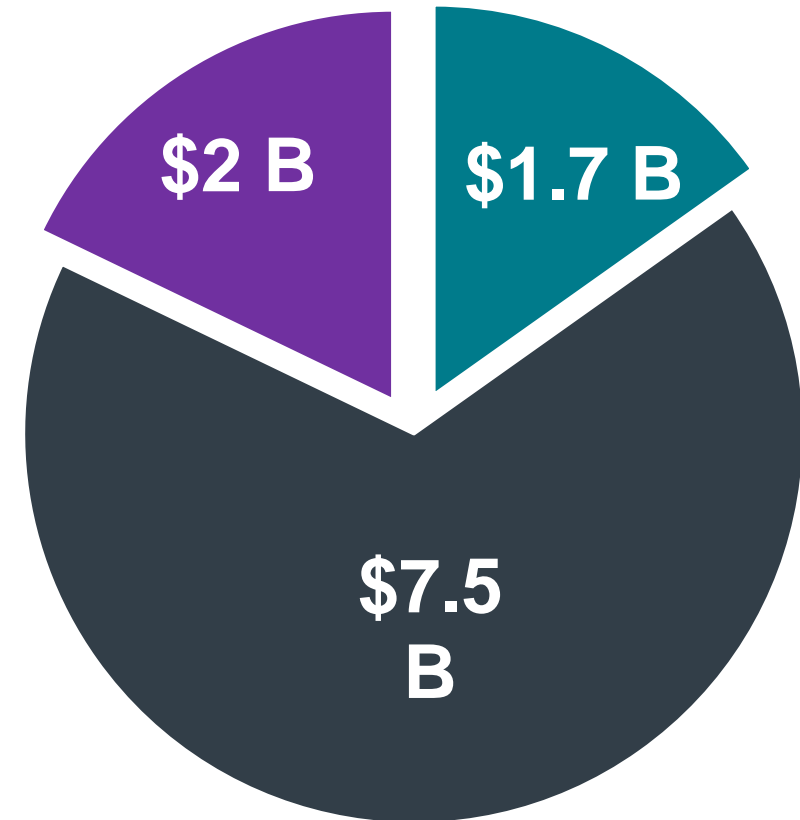
# An 18% Increase in the Industry Savings Potential

- \$11.1 billion estimated industry savings potential.
- \$1.8 billion estimated increase in the industry savings potential vs prior year.
- Second year in a row the Index has found an increase.
- In the prior year the increase was nearly \$1 billion.



# Remaining Potential to Save Predominantly Belongs to Providers

- Healthcare providers have adopted fully electronic transactions at a slower pace than health plans.
- A total of \$9.5 Billion of the remaining \$11.1 Billion annual savings potential would accrue to providers.
  - \$7.5 Billion for medical providers.
  - \$2 Billion for dental providers.



■ Health Plans ■ Medical Providers ■ Dental Providers

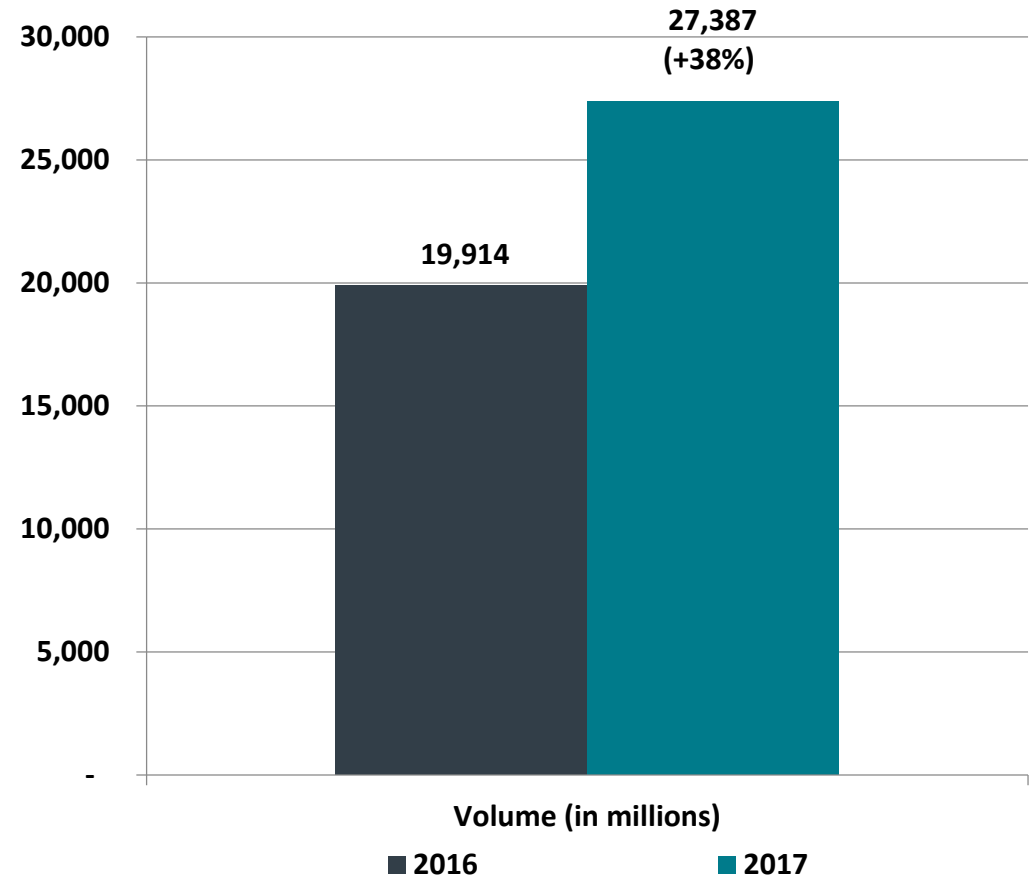
Share of Annual Savings Opportunity



# Multiple Reasons for the Increase in Industry Savings Potential

# More Administrative Transactions Overall

- Transaction volume increased by 38 percent over the prior year.
  - Increased number of insured lives under the ACA.
  - Rise in use of high-deductible health plans (HDHPs).
  - Availability of real-time information via fully electronic eligibility and benefit and claim status transactions.
  - Data suggests some transactions are processed multiple times.



National Volume of Administrative Transactions

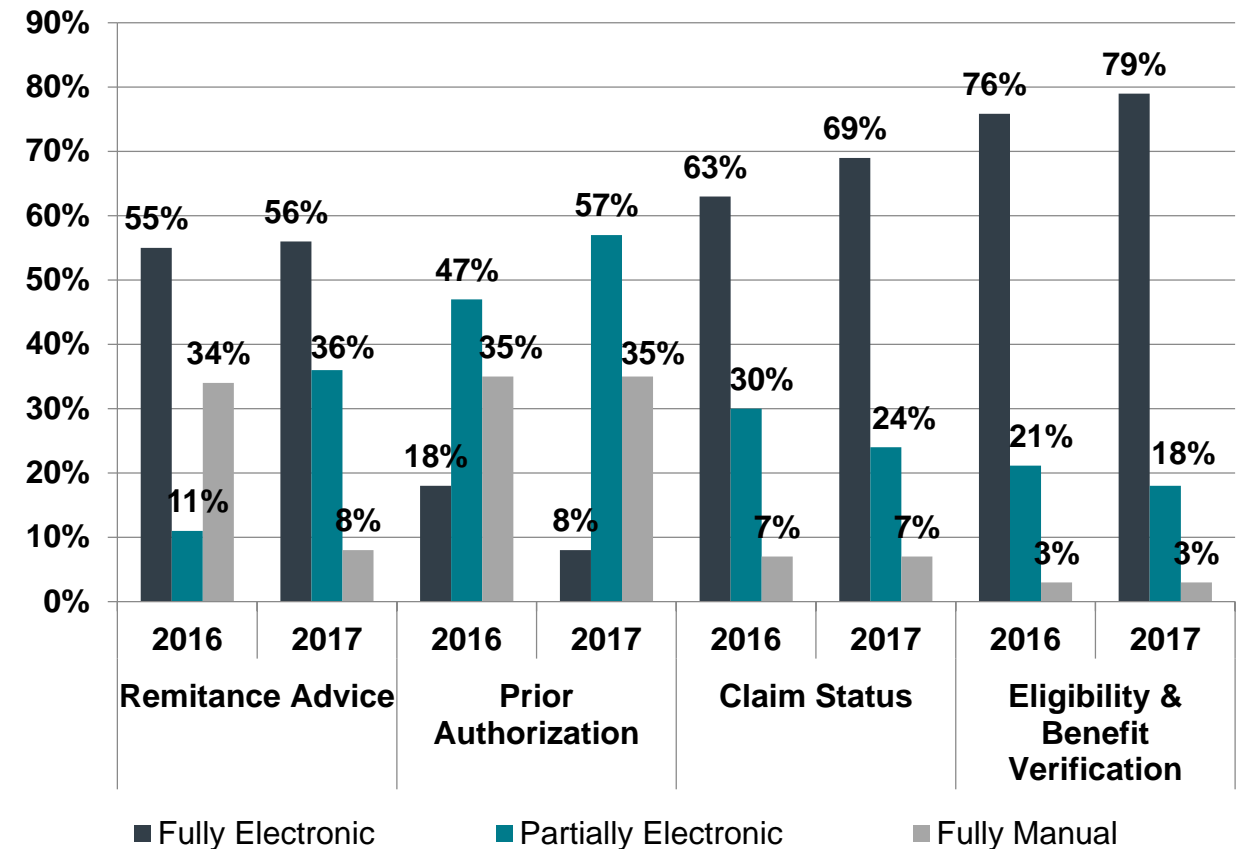
# Understanding Transaction Classification

- Participating health plans reported the volume of administrative transactions by type and method.
- Transactions are classified as:
  - Fully Electronic** – conducted using the adopted HIPAA standard.
  - Partially Electronic** – conducted using web portals or interactive voice response (IVR) systems.
  - Fully Manual** – conducted using telephone, fax, or postal mail.

	Reported	National Estimate	
	All Stakeholders	Health Plans	Providers
Fully Electronic	HIPAA	HIPAA Portal IVR	HIPAA
Partially Electronic	Portal IVR	N/A	N/A
Fully Manual	Phone Fax Mail	Phone Fax Mail	Phone Fax Mail Portal IVR

# Mixed Effects of Online Portal Use

- Sharp increases in portal use.
  - Remittance Advice.
    - > Adoption of fully electronic transactions remained steady.
    - > Use of fully manual declined sharply.
  - Prior Authorization.
    - > Adoption of fully electronic transactions declined sharply.
    - > Use of manual remained steady.
- Declines in portal use.
  - Claim Status and Eligibility and Benefit Verification.
    - > Matched by an increase in fully electronic adoption.
    - > Use of manual remained steady.



Transactions Most Affected by Portal Use

# Variance in Adoption Levels

## Between organizations.

- Claim submission – top performers outperformed peers by more than 30 percentage points.
- Claim attachments and claim status – top performers outperformed peers by more than 70 percentage points.

## Among transactions.

- Claim submission by the medical sector is the only transaction with a fully electronic adoption level above 90 percent.
- Other transactions, such as remittance advice and claim status, are between 50 percent and 75 percent.
- Prior authorization is the only transaction in the single digits – 8 percent.

## Between dental and medical.

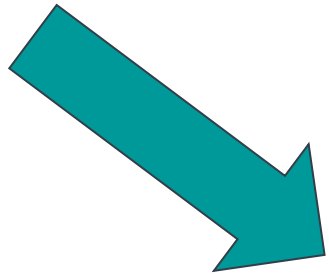
- Dental adoption of electronic claim status, payment and remittance advice all lag the medical sector by at least a 40 to 50 percentage-point difference.
- Even claim submission lags medical by 20 percentage points.

# Cost of Administrative Transactions

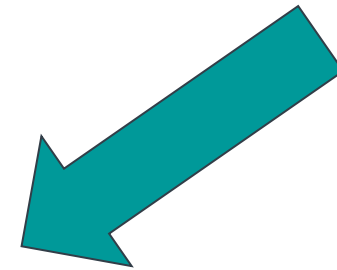
# Methodology: Arriving at Cost-Per-Transaction Estimates

**Health Plans:** Estimate fully loaded, direct cost for each transaction.

**Providers:** Complete a questionnaire and a follow-up interview, and site visits in some cases.



- **Staffing:**
  - Number of employees working on specific transaction types.
  - Salaries associated with those employees.
- **Transactions:**
  - Volume of transactions by type and electronic vs. manual.
  - Percent of time spent processing each transaction type, including electronic or manual.



# Greatest Opportunities to Reduce Costs

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	\$2.46	\$3.08	\$0.53	\$1.83	\$2.35
	Electronic	\$0.09	\$0.63	\$0.73			
Eligibility and Benefit Verification	Manual	\$4.36	\$2.84	\$7.20	\$4.29	\$2.17	\$6.46
	Electronic	\$0.07	\$0.67	\$0.74			
Prior Authorization	Manual	\$3.68	\$5.75	\$9.43	\$3.64	\$3.20	\$6.84
	Electronic	\$0.04	\$2.55	\$2.59			
Claim Status Inquiry	Manual	\$4.39	\$5.26	\$9.65	<b>\$4.35</b>	\$3.63	<b>\$7.98</b>
	Electronic	\$0.04	\$1.63	\$1.67			
Claim Payment	Manual	\$0.57	\$1.59	\$2.16	\$0.48	\$0.40	\$0.88
	Electronic	\$0.09	\$1.19	\$1.28			
Claim Remittance Advice	Manual	\$0.50	\$4.82	\$5.32	\$0.45	<b>\$3.69</b>	\$4.14
	Electronic	\$0.05	\$1.13	\$1.18			
Claim Attachment	Manual	\$1.74	\$1.68	\$3.42	\$1.64	\$0.51	\$2.15
	Electronic	\$0.10	\$1.17	\$1.27			



# Insights: Transaction Costs

On average, each manual transaction costs the industry **\$4.40 more** than each electronic transaction.

A provider practice could save **more than \$15** by using all **seven** electronic transactions for a **single medical claim**.

A dental practice could save **nearly \$11.75** by using all five electronic transactions for a **single dental claim**.

# Greatest Opportunities to Save Time

Transaction	Method	Time Providers Spend per Transaction (minutes)	
		Average	Maximum
Claim Submission / Receipt	Manual	5	21
	Electronic	1	6
Eligibility and Benefit Verification	Manual	8	20
	Electronic	2	11
Prior Authorization	Manual	<b>14</b>	20
	Electronic	7	11
Claim Status Inquiry	Manual	13	<b>30</b>
	Electronic	5	9
Claim Payment	Manual	4	10
	Electronic	3	8
Claim Remittance Advice	Manual	13	19
	Electronic	3	11
Claim Attachment	Manual	4	8
	Electronic	3	6

On average, manual transactions require **five minutes more** than electronic transactions.

A medical provider practice could save **almost 40 minutes** on average, per claim, by switching from manual to electronic for all **seven** transactions.

A dental practice could save **almost 30 minutes** on average, per claim, by switching from manual to electronic for all **five** transactions.

# The Provider EDI Adoption Experience

# Research Supplement: Provider EDI Options

## Why is this research important?

- Provider adoption of fully electronic transactions has been slower than for plans.
  - The greatest proportion of remaining savings potential belongs to providers.
- Adoption requires an investment in technology.
  - Practice management system.
  - Clearinghouse service.
- We need to better understand the options available to providers as they shop for, and implement, solutions that enable fully electronic business transactions.

## How was this research conducted?

- CAQH conducted an environmental scan of practice management systems and clearinghouse services, including:
  - Pricing models.
  - Product and service offerings.
- Conducted in partnership with Milliman, Inc.

# Results: Vendor Support for Provider Adoption

- Few vendor products support all transactions.
- Support for prior authorization is particularly uncommon.

	Number Reviewed	Claim Submission	Eligibility & Benefit Verification	Claim Status Inquiry	Claim Payment	Remittance Advice	Prior Authorization
<b>All Products</b>	34	91%	76%	79%	85%	74%	<b>12%</b>
<b>Practice Management System Products</b>	14	93%	79%	71%	100%	79%	7%
<b>Clearinghouse Products</b>	11	82%	82%	82%	73%	82%	18%
<b>Hybrid Practice Management System/Clearinghouse Products</b>	9	100%	89%	89%	78%	56%	11%

# Participate in the 2018 CAQH Index

- Health plans and healthcare providers (practices and health systems) can participate in the 2018 Index by submitting data for calendar year 2017.
- Vendors may also participate in the Index by:
  - Sharing the call for data submissions with healthcare providers in your network.
  - Completing the new 2018 vendor cost survey.
- For more information:
  - Contact [explorations@caqh.org](mailto:explorations@caqh.org).
  - Visit [www.caqhindex.org](http://www.caqhindex.org).
- All participants receive benchmark reports, which provide important information specific to your organization:
  - 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.

# Questions?



# How to Ask a Question

**Please submit your questions**

**Via the Web** – Enter your question into the “Questions” pane in the lower right hand corner of your screen.



The screenshot shows the GoToWebinar interface. At the top, there is a menu bar with 'File', 'View', and 'Help'. Below this is a 'Questions' pane with a text input field containing the placeholder text "[Enter a question for staff]" and a 'Send' button. To the left of the 'Questions' pane is a vertical toolbar with several icons, including a hand icon with a green arrow pointing up, which is circled in red. Above the 'Questions' pane is an 'Audio' section with options for 'Telephone' and 'Mic & Speakers' (selected), and a 'MUTED' status indicator with a volume slider. At the bottom of the interface, there is a banner for 'Webinar Housekeeping' with the 'Webinar ID: 275-918-366' and the 'GoToWebinar' logo.

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