



2015 CAQH Index[®]

*A Report of Industry Progress
Towards Adoption of
Electronic Transactions and
Cost Savings*

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- Leads CAQH Explorations area, which includes the CAQH Index and other industry-related research initiatives.
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Agenda

- CAQH Overview
- What is the CAQH Index?
- Key Findings
 - Adoption Rates
 - Cost of Transactions for Healthcare Providers and Health Plans
 - National Potential Cost Savings
- Industry Call to Action
- Future Focus
- How to Participate in the 2016 Index
- Q & A

CAQH Initiatives



COMMITTEE ON OPERATING RULES
FOR INFORMATION EXCHANGE

Maximizes business efficiency and savings by developing and implementing national operating rules. More than 140 participating organizations.



INDEX[®]

Benchmarks progress and helps optimize operations by tracking industry adoption of electronic administrative transactions.



COB SMART[®]

Quickly and accurately directs coordination of benefits processes.



PROVIEW[®]

Eases the burden of provider data collection, remittance and distribution for more than 1.3 million providers and 800 participating organizations.



DIRECTASSURE[™]

Increases the accuracy of health plan provider directories.



SANCTIONSTRACK[®]

Delivers comprehensive, multi-state information on healthcare provider licensure disciplinary actions.



ENROLLHUB[®]

Reduces costly paper checks with enrollment for electronic payments and remittance advice for more than 250,000 providers.

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.

Who Participated in the 2015 Index?

■ Health Plans

- Data for calendar year 2014 were collected from commercial health plans, including managed Medicaid and managed Medicare.
- For the first time, data were reported for dental health plans.

■ Healthcare Providers

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

	Medical			Dental
	2012	2013	2014	2014
Enrollment				
Members (total in millions)	104.0	112.0	118.2	92.8
Proportion of Total Commercial Enrollment (%)	40.6	41.7	44.5	43.7
Number of Claims Received (total in millions)	1,248	1,409	1,424	158
Number of Transactions (total in millions)	3,243	3,910	4,288	439

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)

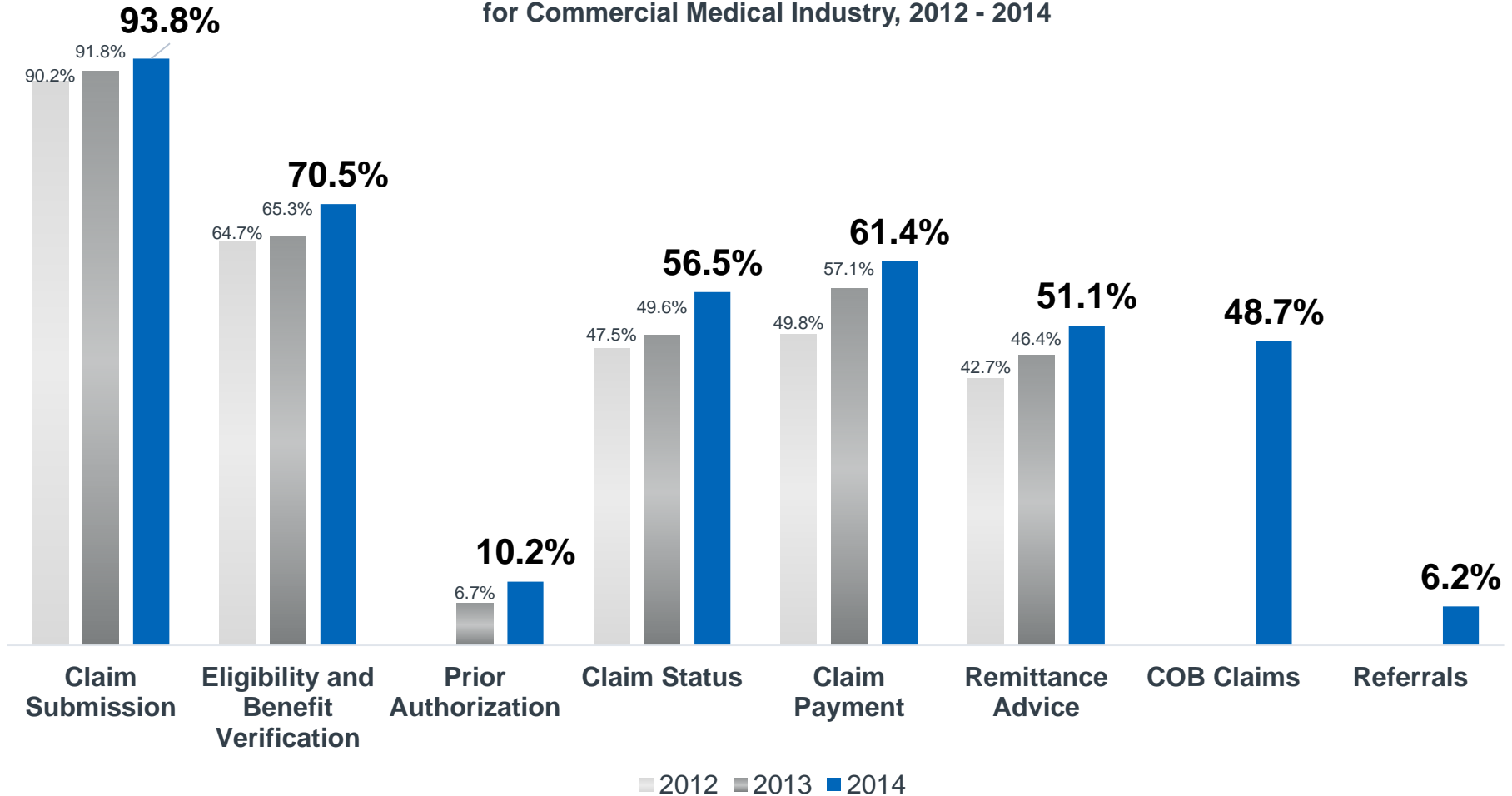
[†] Both HIPAA standards and operating rules are federally mandated.

Data Overview

- Participating health plans reported the volume of administrative transactions conducted in 2014 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

Adoption of fully electronic transactions continues to vary...

Overall Adoption of Fully Electronic (HIPAA Standardized) Transactions for Commercial Medical Industry, 2012 - 2014



Source: CAQH Index® 2013, 2014, and 2015

Trends show modest increase in adoption with promising growth for some transactions...

Transaction	Adoption Growth from 2013 to 2014 for Commercial Medical Industry
Claim Status Inquiry	▲ 6.9% (+54 million)
Eligibility & Benefit Verification	▲ 5.2% (+260 million)
Remittance Advice	▲ 4.7% (+14 million)
Claim Payment	▲ 4.3% (+10 million)
Prior Authorization	▲ 3.4 % (+0.8 million)
Claim Submission	▲ 2.2% (+45 million)

Notable Trends in Adoption of Electronic Transactions for Medical Industry

- **Volume of manual eligibility & benefit and claim status inquiries (e.g. telephone calls) remained relatively stable**
 - The reasons for this are unclear, however some plans anticipated the volume of fully electronic transactions would continue to climb while the volume of telephonic would remain stable – this appears to be an accurate prediction.
 - The increased adoption of fully electronic for these two transactions may be related to:
 - > ACA operating rule mandates, which went into effect in January 2013 for these transactions, likely increased awareness and implementation for both health plans and healthcare providers. Of note, these data show more rapid adoption for 2014, which is two years after regulation.
 - > Vendors continue to offer products and services to routinely (e.g. daily, weekly, etc.) check a provider's complete patient roster and status of all unpaid claims.

Notable Trends in Adoption of Electronic Transactions for Medical Industry

- **EFT adoption increased by 4.3% points, which represents a slower increase than the prior year (+7.3% points); more than a third of remittance advice notices remain fully manual.**
 - The growth in adoption for ERA and EFT were not as rapid as may have been anticipated given the ACA mandated operating rules were effective January 2014.
 - > This may suggest, as has been seen with other policies, that regulation may take more than one year of implementation from the effective date to realize significant impact. As noted, eligibility and claim status adoption increased more rapidly two years following the effective date of operating rules.

Adoption of Electronic Transactions for Commercial Dental Industry

Adoption of Fully Electronic Transactions, 2014		
	Dental	Medical
Claim Submission	69.5%	93.8%
Eligibility and Benefit Verification	56.2%	70.5%
Claim Status Inquiry	27.4%	56.5%
Claim Payment	6.4%	61.4%

- Adoption of fully electronic transactions was significantly lower for the dental industry, ranging from nearly 17% points lower for eligibility and benefit verifications to 55% points lower for claim payment.

Producing Cost Per Transaction Estimates

- Participating health plans and healthcare providers provide cost per transaction estimates.
- Health plans and healthcare providers use a variety of internal reporting systems to estimate fully loaded, direct cost for each transaction factoring:
 - Staffing
 - > Number of employees working on specific transaction types
 - > Salaries associated with employees
 - Transactions
 - > Volume of transactions by type and mode
 - > Percent of time spent processing each transaction type by mode
 - Vendor Fees

How Much Administrative Transactions Cost the Industry?

- Dramatic cost differences between manual and electronic transactions for **medical** industry.
 - On average manual transactions are \$2 more each than electronic transactions.

Transaction	Method	Health Plan Cost	Provider Cost	Industry Cost
Claim Submission/ Receipt	Manual	\$0.62	\$1.36	\$1.98
	Electronic	\$0.09	\$0.35	\$0.44
Eligibility and Benefit Verification	Manual	\$4.32	\$4.80	\$9.12
	Electronic	\$0.07	\$0.87	\$0.94
Prior Authorization	Manual	\$3.66	\$7.17	\$10.83
	Electronic	\$0.04	\$2.47	\$2.51
Claim Status Inquiry	Manual	\$4.35	\$2.85	\$7.20
	Electronic	\$0.04	\$0.99	\$0.94
Claim Payment	Manual	\$0.57	\$1.52	\$2.09
	Electronic	\$0.09	\$0.96	\$1.05
Claim Remittance Advice	Manual	\$0.50	\$3.52	\$4.02
	Electronic	\$0.05	\$2.41	\$2.46

How Much Could the Industry Save from these 6 Transactions *Alone*?

- In total, transitioning from fully manual to fully electronic processes for these six transactions ***alone*** could save the **medical** industry over \$8.5 billion annually.

Transaction	Method	Health Plan National Savings Opportunity (in millions \$)	Healthcare Provider National Savings Opportunity (in millions \$)	Industry National Savings Opportunity (in millions \$)
Claim Submission/ Receipt	Manual	\$104	\$200	\$304
	Electronic			
Eligibility and Benefit Verification	Manual	\$931	\$5,201	\$6,132
	Electronic			
Prior Authorization	Manual	\$60	\$221	\$281
	Electronic			
Claim Status Inquiry	Manual	\$388	\$821	\$1,209
	Electronic			
Claim Payment	Manual	\$100	\$116	\$217
	Electronic			
Claim Remittance Advice	Manual	\$93	\$302	\$396
	Electronic			
Six-Transaction Total	Manual	\$1,677	\$6,863	\$8,540
	Electronic			

How Much Could the Industry *Really* Save?

2015 CAQH Index Reported Savings Opportunity for Six 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 at least these twelve transactions in the claim cycle for *private and public* payers.

Other Cost Not Currently in CAQH Estimates
Six Additional Transactions
Indirect Labor Cost (e.g. transaction preparation & follow-up)
Vendor and Other Overhead
Public Payers

Industry Call to Action: *Five Action Areas*

1. Share and expand best practices to increase adoption and reduce utilization of manual transactions among industry stakeholders.
2. Evaluate sufficiency of current government regulations and federal strategic plans for adoption of fully electronic transactions.
3. Increase targeted industry-led efforts to reduce adoption barriers for health plans and healthcare providers, including consideration of financial incentives and contractual requirements.
4. Continue systematic review of business processes for potential improvements of technical and policy requirements.
5. Improve uniform and systematic tracking and reporting of adoption – and related cost savings - for health plans, healthcare providers, and their agents.

Future Outlook

- CAQH will continue to evolve and enhance the capacity and robustness of the Index. Some specific future goals include:
 - Continued expansion of the number of responding health plans and healthcare providers.
 - Addition of current and comparable data from government insurance programs.
 - Improve precision of cost saving estimates through expanded data collection efforts (e.g., assess indirect cost, vendor fees, etc.).
 - Others?

Participate in the 2016 CAQH Index

- Health plans and healthcare providers (practices and health systems) can participate in the 2016 Index by submitting data for calendar year 2015.
- Vendors may also participate in the Index by:
 - Sharing the call for data submissions with healthcare providers in your network
 - Completing the new in 2016 vendor cost survey
- The call for data submissions will be released in May 2016
 - For more information:
 - > Contact Raynard Washington (rashington@caqh.org)
 - > Visit 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?

The 2015 CAQH Index Report is available at
www.caqhindex.org