

For Immediate Release

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CAQH CORE Study Shows Health Plans, Providers Could Cut Labor Costs Through Automated Insurance Verification

Second California HealthCare Foundation-supported study to look at improving patient ID

Washington, DC (April 18, 2007) – A recent survey of health insurance plans and providers shows use of automated systems to verify patient insurance eligibility and benefits information could significantly reduce administrative costs for both.

The survey, supported by the California HealthCare Foundation's (CHCF) "In Search of Affordability" project, was conducted by [CAQH](#), a leading nonprofit healthcare alliance, as part of its Committee on Operating Rules for Information Exchange ([CORE](#)) initiative. CAQH launched CORE to develop [operating rules](#) that build on existing standards, such as HIPAA, to make electronic healthcare administration transactions more efficient, predictable and consistent, regardless of the technology.

The CAQH study included data from 40 organizations that process more than 1 billion eligibility transactions annually. Respondents included 10 providers, 24 health plans, three clearinghouses and three associations.

By moving from labor-intensive verification methods such as the web, fax and phone to automated HIPAA transactions, providers may reduce labor costs associated with verifying insurance coverage as much as 50 percent, according to study findings. Health plans also could achieve significant labor savings, as the study showed that average labor costs per phone call are \$1.38 vs. \$0.00 for an automated transaction. To help fully achieve these savings, CORE is developing rules that build on the HIPAA 270/271 transactions to improve patient identification. Patient matching issues are a key reason why automated administrative data inquiries fail.

"The study's findings strongly support the need for streamlined patient administrative data exchange and improvements in patient identification," said Robin J. Thomashauer, CAQH executive director. "We are pleased to be working in partnership with the California HealthCare Foundation to bring efficiencies to these administrative activities."

CAQH recently initiated a second CORE research project supported by a CHCF grant, to quantify the cost impact on providers and health plans when patients do not provide health insurance identification numbers at the point of care or when those ID numbers are later determined to be inaccurate. The research will be conducted in both California and New York.

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CAQH will partner with Linxus on the New York-area research. Linxus is a collaborative effort involving health plans, hospital systems and physician practice groups and managed by the Greater New York Hospital Association which was established to standardize electronic transactions between providers and health plans.

The research findings will serve as the basis for CORE operating rules to improve patient identification. Those patient identification standards will be integrated into the full suite of CORE Phase II rules, which are expected to be announced at the end of 2007.

About CORE

To date, CORE has brought together nearly 100 industry stakeholders, including health plans, providers, vendors, the Centers for Medicare and Medicaid Services and other government agencies, associations, regional entities, standard-setting organizations and others, to develop rules. CORE participants maintain eligibility and benefits data for more than 130 million lives, or more than 75 percent of the commercially insured plus Medicare and Medicaid beneficiaries.

CORE rules promote interoperability between providers and payers, streamline eligibility and benefits information transactions, and reduce the amount of time and resources providers spend on administrative functions. The initiative's first set of rules, which focused on the HIPAA 270/271 transactions, was announced last September. Those rules were included in the Health Information Technology Standards Panel (HITSP) Consumer Empowerment specifications, which have been accepted by the Secretary of Health and Human Services, as a way to populate health insurance registration information in Personal Health Records (PHRs).

About the California HealthCare Foundation

The California HealthCare Foundation, based in Oakland, is an independent philanthropy committed to improving California's health care delivery and financing systems.

About CAQH

CAQH (www.caqh.org) is a catalyst for healthcare industry collaboration on initiatives that simplify and streamline healthcare administration. CAQH solutions help promote quality interactions between plans, providers and other stakeholders, reduce costs and frustrations associated with healthcare administration, facilitate administrative healthcare information exchange and encourage administrative and clinical data integration.