

# National HIPAA Summit



## Hospital Perspective

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# AHA – Special Studies

TrendWatch – Administrative Simplification – 2016

*Administrative Simplification Strategies Offer Opportunities to Improve Patient Experience and Reduce Costs*

Regulatory Overload 2017

*Assessing the Regulatory Burden on Health Systems, Hospitals and Post-acute Care Providers*



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# Administrative Overload

- Regulatory compliance for administrative routines within healthcare amounts to \$39 Billion each year
- Generally these fall under nine regulatory domains and from four federal agencies (CMS, OIG, ONC, OCR)
  - Regulatory domains include
    - Quality reporting
    - New models of care
    - Meaningful use of EHR
    - Conditions of participation
    - Program integrity
    - Fraud and abuse
    - Privacy and security
    - Post acute care
    - **Billing and coverage**



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# Average Size Hospital

- The typical average size hospital is 161 beds
- Which amounts to \$7.6 billion annually
- Upfront cost equals to **\$1,200** every time a patient is admitted to a hospital
- Equates to 59 FTEs dedicated to regulatory compliance
  - 25% of these FTEs are doctors and nurses



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# Opportunities to Reduce Burden

- Better alignment and consistency across federal agencies and programs;
- Periodic routine review to ensure the benefits for the public good outweigh additional compliance burden;
- Provide clear, concise guidance and reasonable timelines for the implementation of new rules;
- CoPs should be evidence-based, aligned with other laws and industry standards, and flexible in order to support different patient populations and communities;
- Accelerate the transition to automation of administrative transactions, such as prior authorization;



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# Typical Community Hospital - Burden

**Table 2: Estimated Burden of Compliance with Regulatory Requirements for a Typical Community Hospital**

Per-hospital estimate: Typical community hospital*	Staff FTEs	Up Front IT Cost	Staff Salaries	Vendors	IT-Related	Other (Training, Education)	Total Cost (By Domain)	% Of Total Cost
Hospital CoPs	23.2	\$55,379	\$2,600,846	\$258,350	\$67,605	\$181,251	\$3,108,052	41.0%
Billing & Coverage	17.2	\$121,902	\$1,229,161	\$298,976	\$69,382	\$43,527	\$1,641,046	21.6%
Meaningful Use	4.8	\$410,687	\$661,190	\$28,353	\$58,839	\$11,307	\$759,689	10.0%
Quality Reporting	4.6	\$14,884	\$605,541	\$53,708	\$19,197	\$30,245	\$708,691	9.3%
Privacy & Security	3.5	\$140,553	\$434,398	\$35,651	\$72,742	\$26,680	\$569,471	7.5%
Fraud & Abuse	2.3	\$8,356	\$277,417	\$49,727	\$8,800	\$3,708	\$339,652	4.5%
Program Integrity	2.8	\$4,467	\$263,533	\$48,942	\$12,004	\$12,900	\$337,379	4.5%
New Models of Care	0.6	\$1,170	\$82,578	\$10,566	\$7,117	\$21,512	\$121,774	1.6%
<b>Total cost (by cost center)</b>	<b>59.0</b>	<b>\$757,400</b>	<b>\$6,154,663</b>	<b>\$784,273</b>	<b>\$315,687</b>	<b>\$331,129</b>	<b>\$7,585,752</b>	
		% of total cost	81.1%	10.3%	4.2%	4.4%		



# Billing and Coverage Burden

Domain	Staff FTEs	Upfront IT Cost	Staff Salaries	Vendors	IT Related	Other Training	Total Cost
Billing & Coverage	17.2	\$121,902	\$1,229,161	\$298,976	\$69,382	\$43,527	\$1,641,046

- Hospitals spend \$1.6 million annually on billing and coverage verification (represents the second most costly of the nine domains).
- 18 percent spent on outside contractors mostly for eligibility verification of member enrollment and disenrollment in a health plan, and 39 percent relied on such contractors for confirming benefit coverage by a health plan.



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# What all does this mean

- HIPAA transaction standards were intended to reduce the burden of benefits coordination – but they have not realized their full potential.
- New efforts are needed to reduce providers' paperwork burden, facilitate more timely access to care, such as through quicker prior authorization determinations
  - inconsistencies remain with many health plans not using a common electronic transaction standard for prior authorization. Instead providers are told to use web portals, fax machines, email, or spend time on the phone to submit required information



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# Implications

- Providers are interested in spending resources for compliance and more importantly, their patients
- Hospitals want to reap the full benefits of administrative simplification.
  - The CAQH CORE study found that, in 2016, health plans and providers could have saved an estimated **\$9.6 billion** if the standards were universally adopted



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# Changes at the National Level

- Efforts to repeal ACA
- Cuts to Medicaid Programs
- Reduce Regulatory Burden
- New Payment Models
- Shrinking Insurance Market
- Affordability and Value



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# What Can You Do?

- Help to increase transparency
- Demonstrate value and affordability
- Monitor emerging new players in the healthcare market
  - Corporations
  - Consumer empowerment
- It's all about the Data
  - New technology and communication standards are needed to replace existing and outdated EDI
    - JSON-LD
    - HL7 FHIR
    - Mobile



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# Questions

- Thank You



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