

# National HIPAA Summit



## Using and Improving the HIPAA Transactions: The Hospital Perspective

By Suzanne Lestina



American Hospital  
Association

# Regulatory Burden

*“Every time something changes, there’s a ‘cognitive slowdown’ to figure out what’s being required now...It’s an added salary to do this without any added clinical benefit.*

Montefiore Health System



American Hospital  
Association

# 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

*\*Assessing the Regulatory Burden on Health Systems, Hospitals and Post-acute Care Providers*  
Regulatory Overload 2017 , AHA



**American Hospital  
Association**

# Typical Community Hospital - Burden

## Billing and Coverage 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 (Education, etc.)	Total Cost	% of Total Cost
Hospital CoPs	23.2	\$55,379	\$2,600,846	\$258,350	\$67,605	\$181,251	\$3,164,427	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	\$1,000,000	\$58,839	\$11,307	\$759,689	10.0%
Quality Reporting	4.6	\$14,884				\$30,245	\$708,691	9.3%
Privacy & Security	3.5	\$140,553				\$26,680	\$569,471	7.5%
Fraud & Abuse	2.3	\$8,356				\$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 verification represents the second most costly of the nine domains

39 percent of hospitals relied on outside contractors for confirming benefit coverage by a health plan

Typical average hospital spends \$7.6 billion annually



# 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;
- Accelerate the transition to automation of administrative transactions, such as prior authorization;
- Focus on interoperability;



# HIPAA Transaction Standards Connection

- A **transaction** is an electronic exchange of information between two parties to carry out financial or administrative activities related to health care.
  - Electronic transactions are being used in health care to increase efficiencies in operations, improve the quality and accuracy of information, and reduce the overall costs to the system.
- HIPAA transaction standards were intended to reduce the burden of financial and administrative activities – but they have not realized their full potential.



# Adoption and Savings Opportunity\*\*

Figure 1: Adoption of Electronic Business Transactions, Administrative Transactions, and Medical, 2013 - 2018 CAQH Index

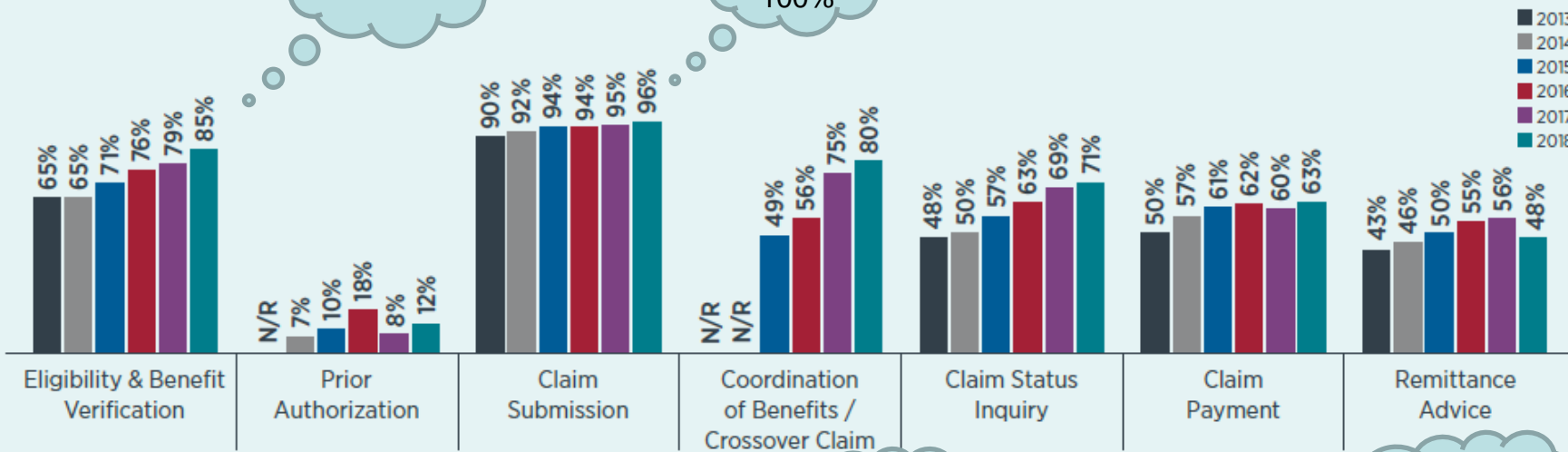
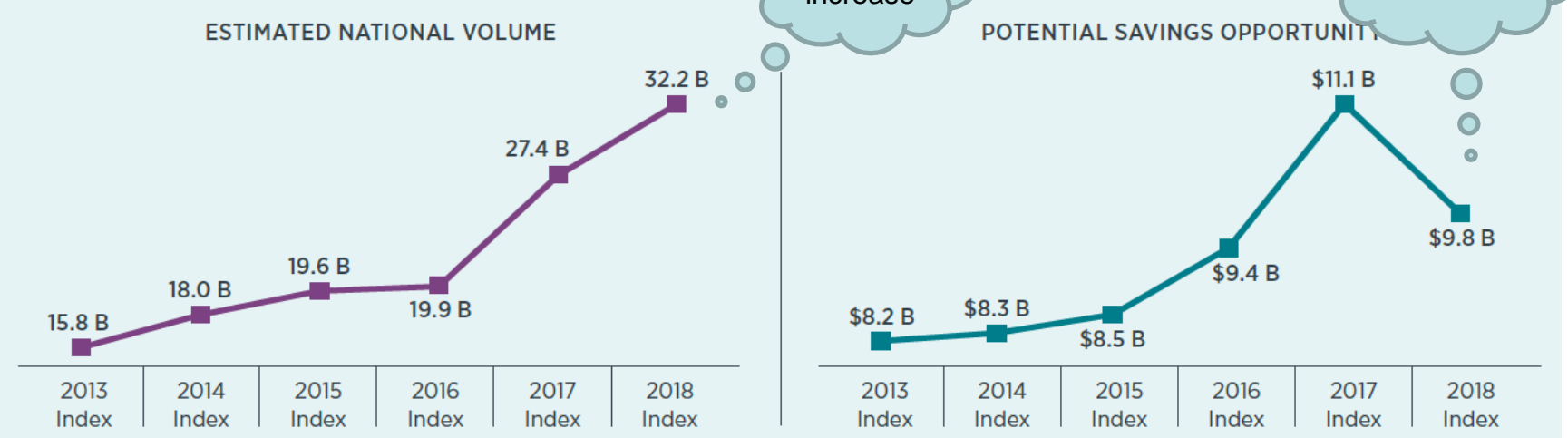


Figure 5: Estimated National Volume and Potential Savings Opportunity, Medical, 2013 - 2018 CAQH Index



\*\*2018 CAQH Index A report of Healthcare Industry Adoption of Electronic Business Transactions and Cost savings

# More Needs to Be Done

- Barriers to full adoption
  - Cumbersome adoption process
  - Not fully embraced by all stakeholders
  - Questionable ROI
  - Lack of enforcement
- New efforts are needed to reduce providers' administrative burden and facilitate more timely access to care and price transparency, such as:
  - Reduce number of manual eligibility and benefit verifications
  - Automate and improve the prior authorization determinations

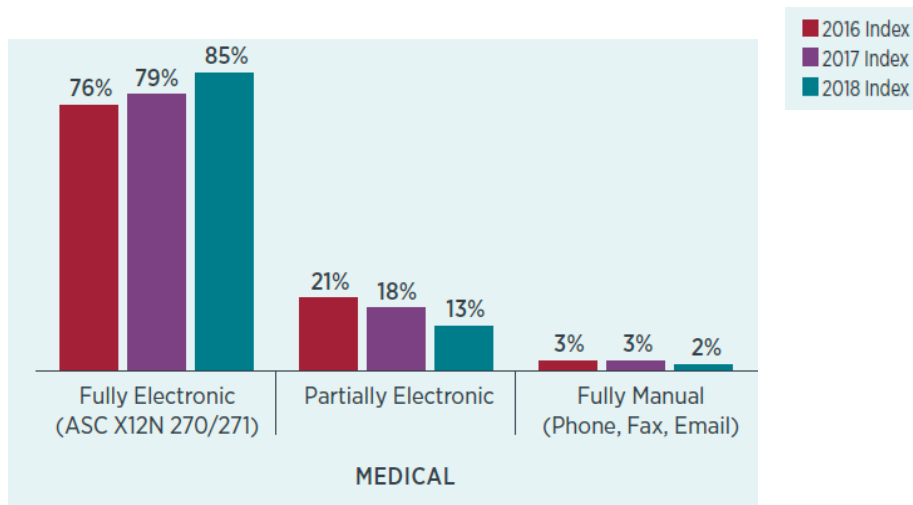




# Eligibility and Benefit Verification Impact

- Many health plans do not return adequate benefit information to determine coverage and costs
  - Instead providers use web portals, or spend time on the phone to obtain required information \*\*\*

Figure 7: Adoption of Electronic Eligibility and Benefit Verification, 2016 - 2018 CAQH Index

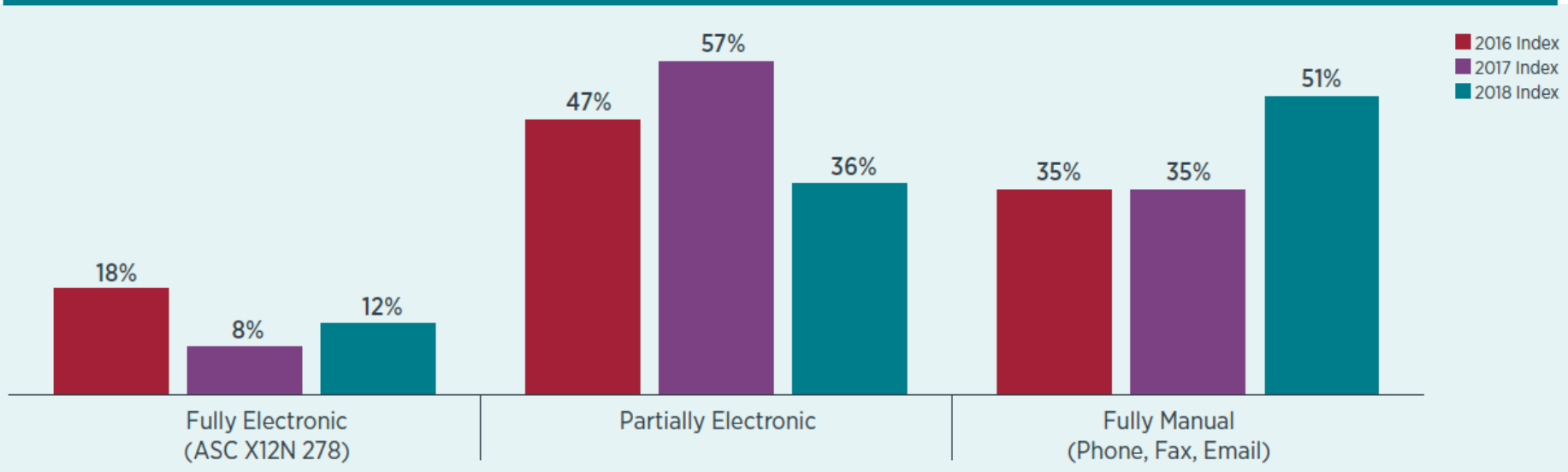


\*\*\*1.46 billion phone calls between health plans and providers according to CAQH 2019 Index report.

# Prior Authorization Impact

- Many health plans are not using a common electronic transaction standard for prior authorization.
  - Instead providers use web portals, fax machines, email, or spend time on the phone to submit required information

Figure 10: Adoption of Electronic Prior Authorization, Medical, 2016 – 2018 CAQH Index



# Hospital Implications

- Increased time spent on administrative tasks vs patient care
  - Increased resources and cost
  - Delays in treatment
  - Lost revenue
  - Patient dissatisfaction
- Lack of Integration
  - EHR/Clinical data
  - Physicians
  - Payers
  - Government



# Industry Initiatives on Interoperability

- New Payment Models
- Pricing transparency
- CMS
  - NCVHS
  - DRLS
  - AUC
- ONC
  - ONC Clinician Burden Reduction Report
  - Proposed rules on Patient Access, Interoperability, Information Blocking and Certification
- HL7
  - Da Vinci
  - FHIR



# The Convergence of: Interoperability and Electronic Standards

- Closing gaps in electronic data exchange and interoperability initiatives:
  - Accelerate interoperability by aligning administrative and clinical activities
  - Remove barriers to full automation
  - Collaborate with all industry stakeholders
  - Integration of various workgroups and task forces
- CMS's efforts to create a more interoperable healthcare system focuses on:
  - Improve patient access
  - Seamless data exchange
  - Enhanced care coordination



# What Can You Do?

- We need all stakeholders at the table
  - having the right discussions
  - making the right decisions
- We need actionable solutions
- We need consistency across all stakeholders
- We need innovative technology to support the process
  - API
  - HL7 FHIR – (Da Vinci)
  - Mobile



# Thank you



American Hospital  
Association