



Savings Opportunities for Healthcare Administrators

Recap of the 2020 CAQH Index report findings for medical providers and plans

Migration to fully electronic administrative transactions represents a \$13.3 billion savings opportunity



\$13.3 BILLION

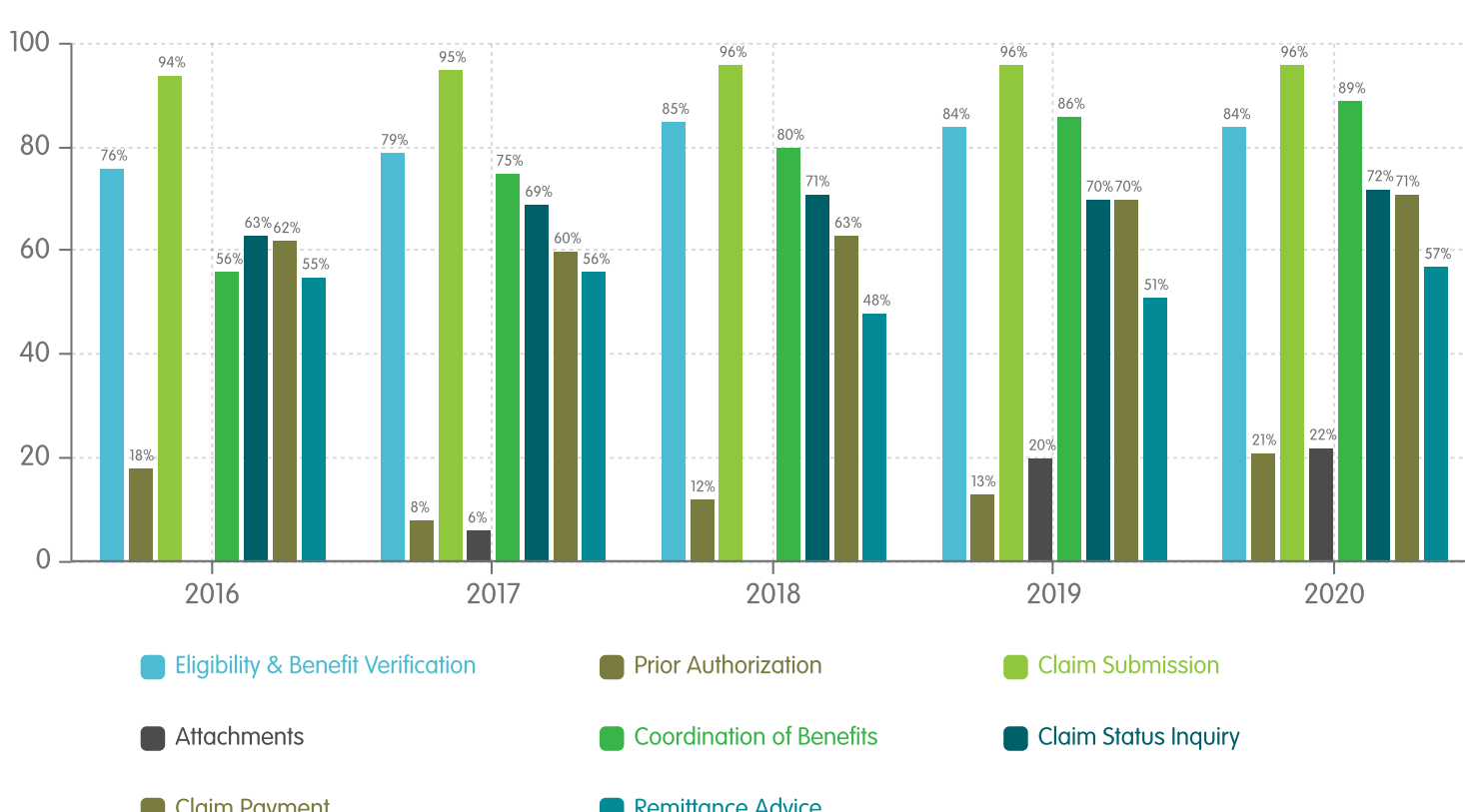
According to the Council for Affordable Quality Healthcare (CAQH), \$39 billion is spent annually by medical and dental providers and health plans conducting administrative transactions. The 2020 CAQH Index report states that medical providers and plans could save \$13.3 billion by transitioning to fully electronic administrative transactions.



Administrative costs now make up 34% of total health care expenditures in the United States

Medical Plan Adoption of Fully Electronic Administrative Transactions

2016-2020 CAQH Index



The greatest area for cost savings – accounting for 51 percent of the total (\$6.7 billion) – comes in the area of eligibility and benefit verification. That opportunity also sees a time savings potential of 11 minutes per transaction.

51%

\$6.7 billion savings opportunity

Potential cost and time savings for fully electronic process automation



\$417M

Prior Authorization

The single largest per transaction savings opportunity associated with converting partially electronic transactions to fully electronic is for prior authorization with a cost reduction of \$3.43 per transitioned transaction. Fully electronic automation of medical prior authorizations represents a potential savings of \$417 million annually and 12 minutes per transaction.



\$522M

Claim Submission

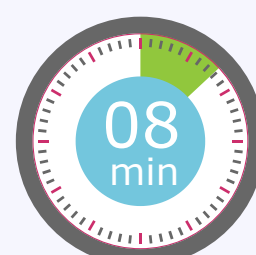
Even with an impressive 96 percent adoption rate for fully electronic claim submissions, there is still room for improvement. 421 million claims per year are still being manually submitted. CAQH estimates that providers and plans could save an average of three minutes per transaction and \$522 million annually by adopting fully electronic claim submission processes.



\$377M

Attachments

Since there is no federally mandated standard for electronic attachments, a majority of medical attachments (78 percent) are still submitted using manual processes like mail and fax. Moving to fully electronic attachments could save \$4.09 per transaction or \$377 million annually for the medical industry with a time savings of eight minutes per transaction.



\$19M

Coordination of Benefits (COB)

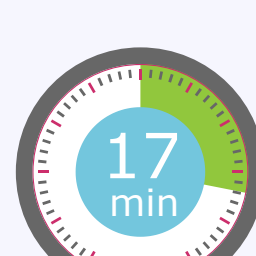
Fully electronic COB adoption is a bright spot in the list of transactions, as 89 percent of medical plans have already made the move to automated processes. With only 11 percent lacking an electronic COB process, you'd think the opportunity for cost savings would be minimal. The reality is that there is potential to save another \$19 million annually. No time savings data was reported.



\$2.3B

Claim Status Inquiry

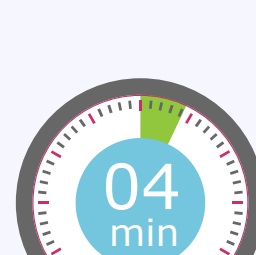
Medical plan claim status inquiries for claim tracking are 72 percent fully electronic, six percent manual and 22 percent partially electronic (web portals). This transactional area represents a potential annual savings opportunity of \$2.3 billion. A contributing factor to the financial advantages of electronic adoption is the time savings potential of 17 minutes per transaction.



\$426M

Claim Payment

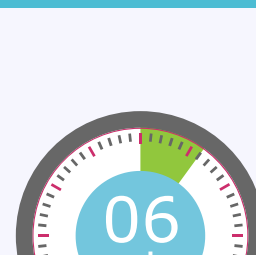
A consistent push for medical plans to adopt electronic claim payments has driven adoption to 74 percent, reducing the number of manual transactions year over year. With a potential annual savings of \$426 million and estimated time savings of four minutes per transaction, there's still work to be done and a significant cost savings opportunity to be recognized.



\$2.5B

Remittance Advice

Remittance advice is now fully electronic for 57 percent of medical plans. Thirty-nine percent of plans use partially electronic solutions like portals and interactive voice response (IVR), and only 4 percent rely strictly on manual processes. Improvements in this area represent a potential cost and time savings of \$2.5 billion annually and six minutes per transaction.



With potential savings opportunities like these available for medical providers and plans, it stands to reason that these key transactional areas warrant a closer look.

When you're ready to refine your processes, contact Vyne Medical and learn how we can help automate administrative workflows for your organization as we've done for more than 800 hospitals and health systems across the U.S.



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Sources

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- <https://www.harvardmagazine.com/2020/05/feature-forum-costliest-health-care>

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