

Administrative Transaction Costs by Provider Specialty

Results from the 2023 CAQH Index



Introduction

Reducing provider burden is a priority for the industry given critical challenges related to provider shortages, burn-out and abrasion. Policymakers and providers alike agree that alleviating administrative burden offers an opportunity to save providers much-needed time, that is better spent on patient care.

Revenue cycle activities in particular such as verifying a patient's eligibility and benefits or submitting a claim for payment represent a large portion of the administrative burden for providers.¹

This paper explores opportunities to reduce burden by specific provider type along the revenue cycle.



2023 CAQH Index and Provider Insights

The CAQH Index is the industry source for tracking health plan and provider adoption of fully electronic administrative transactions and opportunities.² The annual report, measures industry volume, spend, cost avoided and the savings opportunity associated with switching from partially electronic and manual transactions to fully automated transactions.

The 2023 report identified that the medical industry spent \$83 billion annually on administrative tasks, with 97 percent attributed to provider transactions.²

Because of the importance of improving the provider experience, further analysis was done on medical provider data to identify similarities and differences by specialty. This allowed for the comparison of transaction costs by generalists, specialists and behavioralists.

Understanding what drives costs and differences among specialties can provide insights on how to reduce administrative spending and overall burden based on the needs of different provider groups.



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Findings

Looking across provider types, for many of the administrative transactions, generalists reported lower unit costs and time per transaction than specialists and behavioralists. This occurred for eligibility and benefit verification, prior authorization and claims status inquiry. Targeted and costly services provided by specialists and behavioralists may require more phone calls and requirements, suggesting greater savings opportunities by adopting electronic transactions.

Practice size also impacted transaction costs. Results indicate that smaller practices are less likely to use automated workflows to conduct administrative tasks.³ Solo and small group practices may have fewer resources to invest in technology and thus rely more on manual processes. These patterns were true for all specialties and transactions. As the industry moves towards more consolidation among provider practices,⁴ automation overall may improve.



Eligibility and Benefit Verification

Among the administrative transactions, annual volume is highest for eligibility and benefit verifications. Approximately 30 billion eligibility and benefit checks were conducted annually – 94 percent using the HIPAA standard. The medical industry spent \$42 billion conducting eligibility and benefit verifications with 98 percent of the spend accounted for by providers.

Costs associated with conducting eligibility and benefit verifications using the HIPAA standard or portals were relatively similar among providers by specialty, at about \$2.00 and \$4.00 per transaction, respectively. Manual costs, however, varied by specialty. In 2022, specialists and behavioralists reported spending \$10 more on average per manual transaction than generalists. Given the large cost savings from adopting electronic standards, these provider types should be targeted for adoption efforts.

The variation in cost by specialty was driven by the time to complete the transaction. On average, specialists and behavioralists reported spending

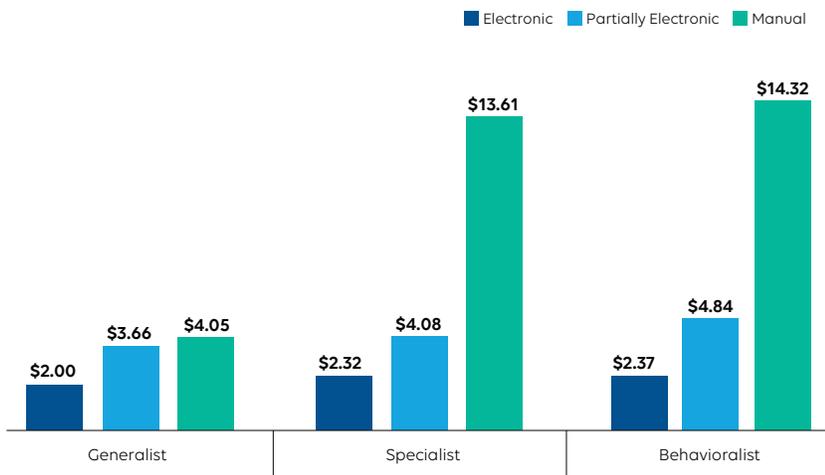
24 minutes conducting a manual verification compared to just 8 minutes for generalists.

These differences may be explained by the higher frequency of complex procedures and diagnoses seen by specialists and behavioralists. Since the current HIPAA standard does not require plans to support all available diagnosis and procedure codes, particularly less frequent ones used by specialists and behavioralists, it is necessary for these providers to interact more often with health plans to verify and discuss benefits.

On average, specialists and behavioralists reported spending 24 minutes conducting a manual verification compared to just 8 minutes for generalists.

Eligibility and Benefit Verification

Average Cost Among Provider Specialties 2023 CAQH Index



Prior Authorization

While a persistent controversial topic, prior authorization requirements have received increased scrutiny since the start of the COVID-19 pandemic.^{5,6} Plans have begun voluntarily changing requirements, adopting new technologies to improve efficiency and working with providers to reduce burden.^{7,8} Conducting prior authorization remains one of the most time consuming and costly administrative tasks for providers.⁹

Overall, medical providers reported spending over 10 minutes conducting manual prior authorizations, with specialists and behavioralists spending the most time, 26 and 25 minutes respectively. Higher cost, experimental and complex care delivery may necessitate more authorizations and phone calls for approvals.^{10,11,12}

Across all three modes, time differences led to higher costs for specialists and behavioralists compared to generalists. The difference in cost per

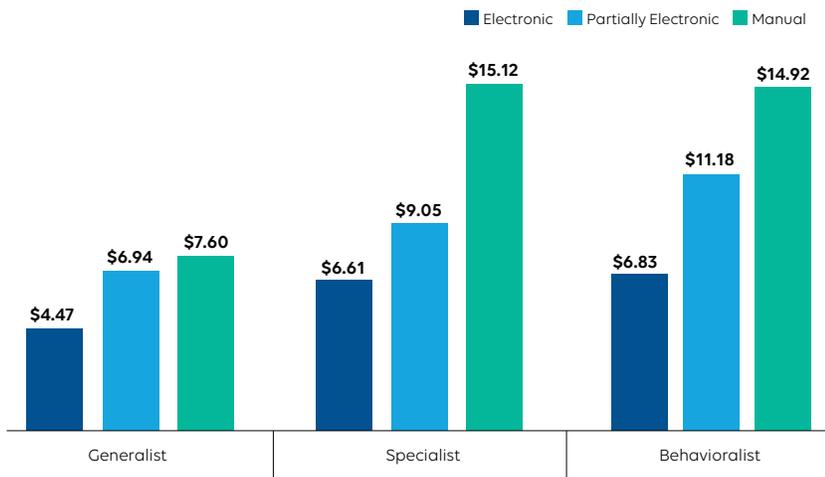
Conducting prior authorization remains one of the most time consuming and costly administrative tasks for providers.

manual transaction between behavioralists and generalists is more than \$7, one of the largest unit cost differences among transactions.

For behavioralists and specialists, the cost savings opportunity for prior authorizations is among the highest. Implementing the electronic standard can save specialists \$8.51 per transaction and behavioralists \$8.09 when switching from totally manual alternatives.

Prior Authorization

Average Cost Among Provider Specialties 2023 CAQH Index



Claim Submission

Upon completion of a patient encounter, providers submit a claim either using the electronic HIPAA standard or manually to obtain payment for services. The claim details the patient’s diagnosis, treatment and associated costs. Among administrative transactions, claim submission is one of the most automated.

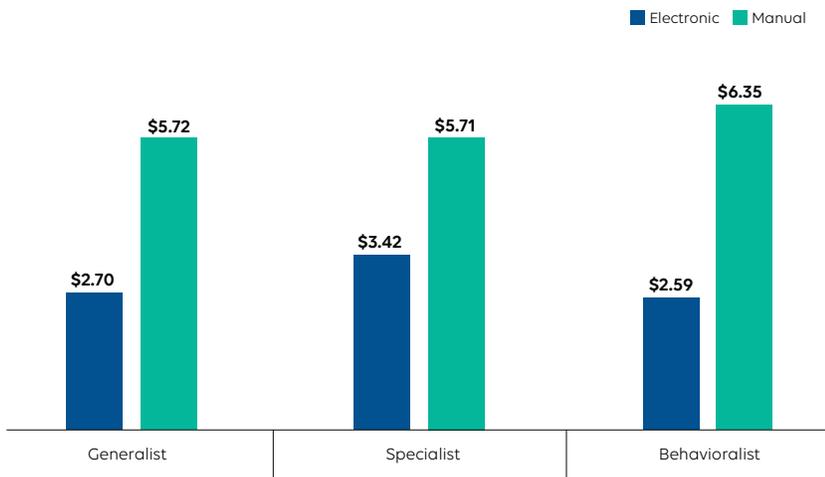
Despite the high use of electronic claim submissions, spending increased 67 percent to \$19 billion in 2022, with medical providers accounting for 97 percent of the total. Overall, providers reported spending, on average, 10 to 12 minutes

submitting a claim manually. By switching to electronic claim submissions, providers can save, on average, six minutes or \$3 per submission.

While little variation existed among provider types in the cost to conduct a claim submission, larger practices reported using electronic claim submission more often than smaller practices. Consistent with other transactions, this may be due to larger practices having more resources to invest in updating their revenue cycle process to use electronic standards.

Claim Submission

**Average Cost Among Provider Specialties
2023 CAQH Index**



Attachments

Due to the lack of a federal standard, attachments are exchanged using a variety of methods, including portals, mail and fax.¹³ The 2023 CAQH Index found that attachments had the lowest electronic adoption among the transactions for the medical industry.

While overall attachment volume decreased, driven by a drop in manual attachments, additional savings opportunities exist through increased automation. Looking across provider

types, savings are lowest for generalists at \$2.84 per transaction and highest for behavioralists at \$4.16.

Variation in costs by provider types was greater for manual transactions than electronic transactions. Manual costs may be higher for specialists and behavioralists due to more complicated documentation. The small difference in cost for exchanging electronic attachments may suggest that the process is fairly uniform for most.

Attachments

**Average Cost Among Provider Specialties
2023 CAQH Index**



Claim Status Inquiry

Among the administrative transactions, claim status inquiry represents the third highest total medical industry spend (behind eligibility and benefit verification and claim submission) at \$12.5 billion. Of this spending, 97 percent is accounted for by providers.² Similar to eligibility and benefit verification and prior authorization, specialists and behavioralists spent more money conducting manual claim status inquiries than generalists.

These higher costs are primarily due to time spent conducting claim status inquiries. On average, specialists and behavioralists reported spending nearly half an hour (24 and 28 minutes respectively) on manual transactions compared to 21 minutes by generalists. Specialists and behavioralists may spend more time inquiring about claims due to the complex nature of submissions and prior authorizations.¹⁴

Among the provider types, behavioralists can achieve the largest savings (approximately \$15 per transaction) when switching from manual to

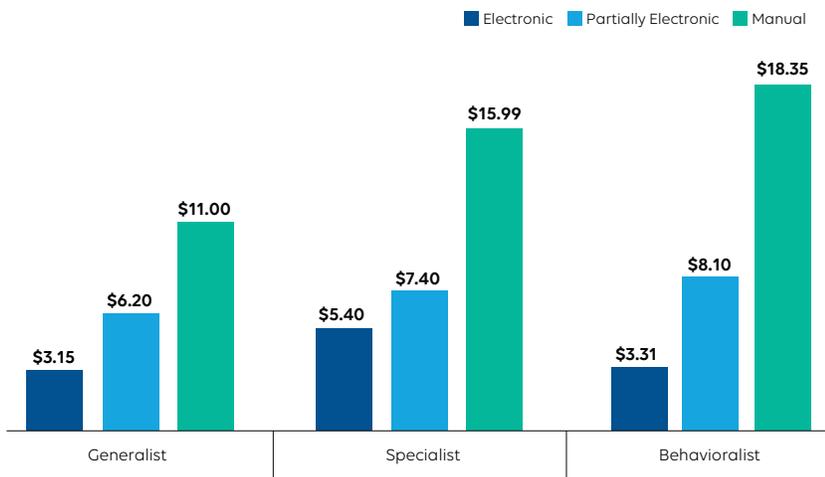
electronic inquiries using the HIPAA standard. This is the single biggest savings opportunity among providers for any transaction.

As the medical industry began establishing a “new normal” in 2022, many providers indicated that claim denials were increasing.^{15,16} Since increased denials are associated with more claim inquiries, use of the electronic standard may become more relevant for the industry moving forward to achieve cost savings opportunities.

Specialists and behavioralists may spend more time inquiring about claims due to the complex nature of submissions and prior authorizations.

Claim Status Inquiry

Average Cost Among Provider Specialties 2023 CAQH Index



Claim Payment

Over the years, health plans have encouraged the use of electronic payments for quicker and easier reimbursement. Although use of electronic funds transfers (EFTs) has increased, some providers still prefer to be paid by check.

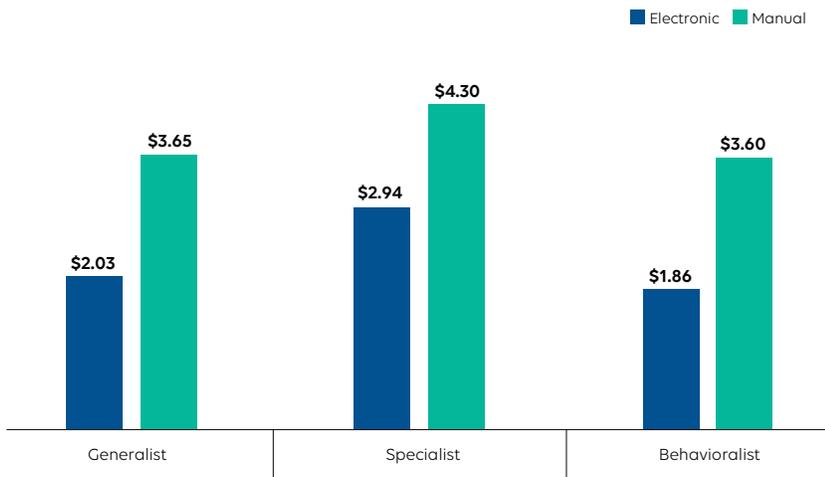
Looking across provider types, the cost to conduct manual and electronic payments was about \$1.00 higher for specialists compared to generalists and behavioralists whose costs were similar. For all providers, switching from manual to electronic

payments saves approximately \$2.00 per transaction.

While the cost savings opportunity was similar for all providers, specialists and behavioralists reported lower use of electronic payments than generalists, even when accounting for the differences found in practice size. Efforts to increase the use of EFTs should focus on promoting use among specialists and behavioralists, particularly among smaller practices.

Claim Payment

**Average Cost Among Provider Specialties
2023 CAQH Index**



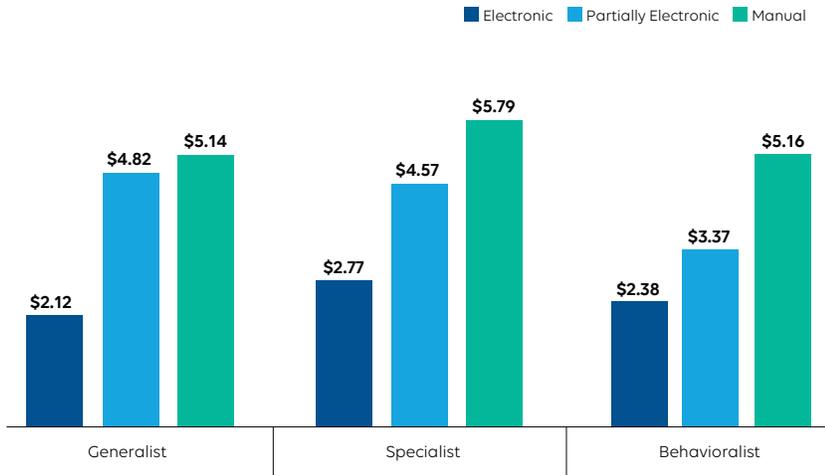
Remittance Advice

The 2023 CAQH Index found that adoption increased 5 percentage points for the medical industry to 88 percent – the highest increase among the transactions. Across provider types, the costs for both manual and electronic remittance advice were consistent at approximately \$5.50 and \$2.50, respectively. Building on past progress, adopting the electronic standards will continue to benefit all providers, with an average savings of about \$3.00 per transaction.

While costs were similar across providers, larger practices reported using electronic remittance advice (ERAs) more often than smaller ones. This may be due to more available resources in larger practices for building the infrastructure necessary for electronic transactions.

Remittance Advice

Average Cost Among Provider Specialties
2023 CAQH Index



Conclusion

All providers play a crucial role in delivering medical care and services, but they also bear the weight of considerable paperwork and administrative tasks. Medical practices and healthcare systems spend significant time and money addressing administrative complexities and requirements, which often divert resources that could be invested in patient care. The level of services provided and type of care required may impact how providers interact with administrative transactions and the level of effort needed to conduct them. Additionally, the size of a practice can impact resources available to invest in technology and automated workflows.

Given that providers account for the vast majority of the total annual spend associated with conducting administrative transactions, understanding nuances between provider types will allow for more focused efforts to be considered. Provider types may experience different challenges along the administrative workflow resulting in varying needs. Working together, industry can build on these baseline findings and dig deeper to help ensure that all providers are best equipped to implement cost saving automated processes.

Methods

Provider groups were defined using the American Association of Medical Colleges (AAMC) specialty categories. The unit cost and time per transaction results represent the weighted average among American Medical Association (AMA) provider size categories within each provider group definition. Cost and time savings were calculated by subtracting the electronic result from either the manual or partial alternative. Full results are available in the summary tables below.

For more details on the methods used to generate results, see the 2023 CAQH Index.²

About CAQH Insights

Through research and partnerships across the industry, CAQH Insights identifies opportunities to streamline business practices and measure the impact of a more automated healthcare workflow. For more information about research conducted by Insights, please visit caqh.org/insights.

Average Cost Among Provider Specialties per Transaction by Mode, 2023 CAQH Index

| Transaction | Mode | Generalist | | Specialist | | Behavioralist | |
|---|------------|------------|---------|------------|---------|---------------|---------|
| | | Cost | Savings | Cost | Savings | Cost | Savings |
| Eligibility and Benefit Verification | Manual | \$4.05 | \$2.05 | \$13.61 | \$11.29 | \$14.32 | \$11.95 |
| | Partial | \$3.66 | \$1.66 | \$4.08 | \$1.76 | \$4.84 | \$2.47 |
| | Electronic | \$2.00 | - | \$2.32 | - | \$2.37 | - |
| Prior Authorization | Manual | \$7.60 | \$3.13 | \$15.12 | \$8.51 | \$14.92 | \$8.09 |
| | Partial | \$6.94 | \$2.47 | \$9.05 | \$2.44 | \$11.18 | \$4.35 |
| | Electronic | \$4.47 | - | \$6.61 | - | \$6.83 | - |
| Claim Submission | Manual | \$5.72 | \$3.02 | \$5.71 | \$2.29 | \$6.35 | \$3.76 |
| | Electronic | \$2.70 | - | \$3.42 | - | \$2.59 | - |
| Attachments | Manual | \$5.71 | \$2.84 | \$6.33 | \$3.16 | \$7.31 | \$4.16 |
| | Electronic | \$2.87 | - | \$3.17 | - | \$3.15 | - |
| Claim Status Inquiry | Manual | \$11.00 | \$7.85 | \$15.99 | \$10.59 | \$18.35 | \$15.04 |
| | Partial | \$6.20 | \$3.05 | \$7.40 | \$2.00 | \$8.10 | \$4.79 |
| | Electronic | \$3.15 | - | \$5.40 | - | \$3.31 | - |
| Claim Payment | Manual | \$3.65 | \$1.62 | \$4.30 | \$1.36 | \$3.60 | \$1.74 |
| | Electronic | \$2.03 | - | \$2.94 | - | \$1.86 | - |
| Remittance Advice | Manual | \$5.14 | \$3.02 | \$5.79 | \$3.02 | \$5.16 | \$2.78 |
| | Partial | \$4.82 | \$2.70 | \$4.57 | \$1.80 | \$3.37 | \$0.99 |
| | Electronic | \$2.12 | - | \$2.77 | - | \$2.38 | - |

Note: Results include the labor time required to conduct the transaction, not the time and cost associated with gathering information for the transaction and follow-up. Does not include system costs. All participants were asked to report cost for each transaction by the three modes of completion (manual, partial electronic, electronic). For some transactions, partial costs were not reported

Average Time Among Provider Specialties per Transaction by Mode, 2023 CAQH Index

| Transaction | Mode | Generalist | | Specialist | | Behavioralist | |
|--------------------------------------|------------|------------|---------|------------|---------|---------------|---------|
| | | Time | Savings | Time | Savings | Time | Savings |
| Eligibility and Benefit Verification | Manual | 7.64 | 3.92 | 24.36 | 20.26 | 24.25 | 19.60 |
| | Partial | 6.90 | 3.18 | 7.80 | 3.70 | 8.09 | 3.44 |
| | Electronic | 3.72 | - | 4.10 | - | 4.65 | - |
| Prior Authorization | Manual | 14.29 | 5.87 | 25.82 | 13.92 | 24.87 | 11.90 |
| | Partial | 13.08 | 4.66 | 16.97 | 5.07 | 19.92 | 6.95 |
| | Electronic | 8.42 | - | 11.90 | - | 12.97 | - |
| Claim Submission | Manual | 11.73 | 6.84 | 10.34 | 5.11 | 9.65 | 4.80 |
| | Electronic | 4.89 | - | 5.23 | - | 4.85 | - |
| Attachments | Manual | 10.27 | 4.86 | 10.83 | 5.13 | 11.47 | 6.12 |
| | Electronic | 5.41 | - | 5.70 | - | 5.35 | - |
| Claim Status Inquiry | Manual | 21.41 | 15.63 | 24.39 | 15.61 | 28.20 | 22.59 |
| | Partial | 11.56 | 5.78 | 12.11 | 3.33 | 13.04 | 7.43 |
| | Electronic | 5.78 | - | 8.78 | - | 5.61 | - |
| Claim Payment | Manual | 6.83 | 3.03 | 7.21 | 2.54 | 5.97 | 2.60 |
| | Electronic | 3.80 | - | 4.67 | - | 3.37 | - |
| Remittance Advice | Manual | 8.95 | 4.73 | 9.77 | 5.16 | 7.99 | 3.67 |
| | Partial | 9.01 | 4.79 | 7.78 | 3.17 | 6.03 | 1.71 |
| | Electronic | 4.22 | - | 4.61 | - | 4.32 | - |

Note: Results include the labor time required to conduct the transaction, not the time and cost associated with gathering information for the transaction and follow-up. Does not include system costs. All participants were asked to report cost for each transaction by the three modes of completion (manual, partial electronic, electronic). For some transactions, partial costs were not reported

Endnotes

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About CAQH

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