The Future of Health Care, Which is Kind of a Big Topic

INFORUM, December 11, 2014

Jeff Lemieux

CAQH Overview

CAQH, a non-profit alliance, is the leader in creating shared initiatives to streamline the business of healthcare. Through collaboration and innovation, CAQH accelerates the transformation of business processes, delivering value to providers, patients and health plans.

CAQH helps organizations:

- Streamline coordination of benefits processes with ***COB Smart.***
- Ease provider data collection, maintenance and distribution with the ***Universal Provider Datasource.***
- Simplify electronic payments and electronic remittance advice enrollments with ***EnrollHub.***
- Develop and implement federally mandated operating rules with ***CAQH CORE.***
- Track the adoption of electronic administrative transactions with the ***CAQH Index.***

Visit www.caqh.org. Follow us on and in

What is the CAQH Index? Tracks Switch from Manual to Electronic Payer-Provider Business Transactions

Prior Authorization (Medical/Surgical)

Telephone	6,151,851	28%
Fax	2,079,456	9%
Interactive Voice Response (IVR)	3,211,913	14%
Portal / Website	9,928,654	43%
HIPAA 278	1,602,135	7%
Total Authorization Requests	**22,974,009**	**100%**

Claim Status Inquiries

Telephone	32,665,776	9%
Fax	2,768,390	1%
Interactive Voice Response (IVR)	24,267,456	7%
Portal / Website	110,500,730	30%
HIPAA 276	196,844,703	54%
Total Inquiries	**367,047,055**	**100%**

Percent of all Prior Authorization Requests Conducted Fully Electronically

Aggregate	7%
High	61%
Low	0%
Median	2%

Percent of all Claim Status Inquiries Conducted Fully Electronically

Aggregate	54%
High	97%
Low	0%
Median	53%

Table 9. (draft)

Table 9. DRAFT Electronic Transaction Adoption Rates, Comparable Health Plans, 2012 and 2013
(percent of transactions)

	Fully Electronic (Standardized)		Fully Manual (Phone, Fax)		Partially Electronic (Web Portal, IVR)	
	2012	**2013**	**2012**	**2013**	**2012**	**2013**
Claim Submission	90%	92%	10%	8%	NA	NA
Eligibility and Benefit Verification	63%	64%	4%	4%	34%	32%
Prior Authorization	*	7%	*	36%	*	57%
Claim Status	48%	50%	9%	8%	43%	43%
Claim Payment	50%	57%	50%	43%	NA	NA
Remittance Advice**	43%	46%	50%	42%	8%	12%

Source: CAQH Index. All responding health plans.
Note: NA = not applicable.
*Incorporated into the main CAQH Index data collection process for 2013 data, breakdown for 2012 not available.
**2012 RA adoption percentage was revised slightly for consistency with the 2013 figures.

Table 17. (draft)

Table 17. DRAFT 2013 Estimated Transaction Costs & Savings Opportunities, Health Plans, Healthcare Providers, and Industry

		Heath Plan Cost	Healthcare Provider Cost	Industry Cost	Health Plan Savings Opportunity	Healthcare Provider Savings Opportunity	Industry Savings Opportunity
Claim Submission	Manual	$0.66	$2.38	$3.04	$0.57	$2.23	$2.80
	Electronic	$0.10	$0.15	$0.25			
Eligibility and Benefit Verification	Manual	$2.52	$3.53	$6.05	$2.49	$3.07	$5.56
	Electronic	$0.03	$0.46	$0.49			
Prior Authorization	Manual	$3.98	$13.67	$17.65	$3.95	$8.93	$12.88
	Electronic	$0.04	$5.14	$5.18			
Claim Status Inquiries	Manual	$4.85	$2.86	$7.71	$4.81	$1.23	$6.04
	Electronic	$0.03	$1.63	$1.66			
Claim Payment	Manual	$0.18	$4.15	$4.33	$0.14	$3.04	$3.18
	Electronic	$0.05	$1.10	$1.15			
Remittance Advice	Manual	$0.17	$5.36	$5.53	$0.13	$4.17	$4.30
	Electronic	$0.04	$1.18	$1.22			
Claim Attachments	Manual	$0.63*	$5.43*	$6.06			
	Electronic	NA	NA	NA			
Prior Authorization Attachments	Manual	$0.45*	$44.20*	$45.94*			
	Electronic	NA	NA	NA			

Sources: CAQH Index, Milliman Inc.
Note: NA = not available.
*Very Preliminary – reflects a limited number of respondents with data.

CBO FY 2014 Final Medicare Spending Still Slow

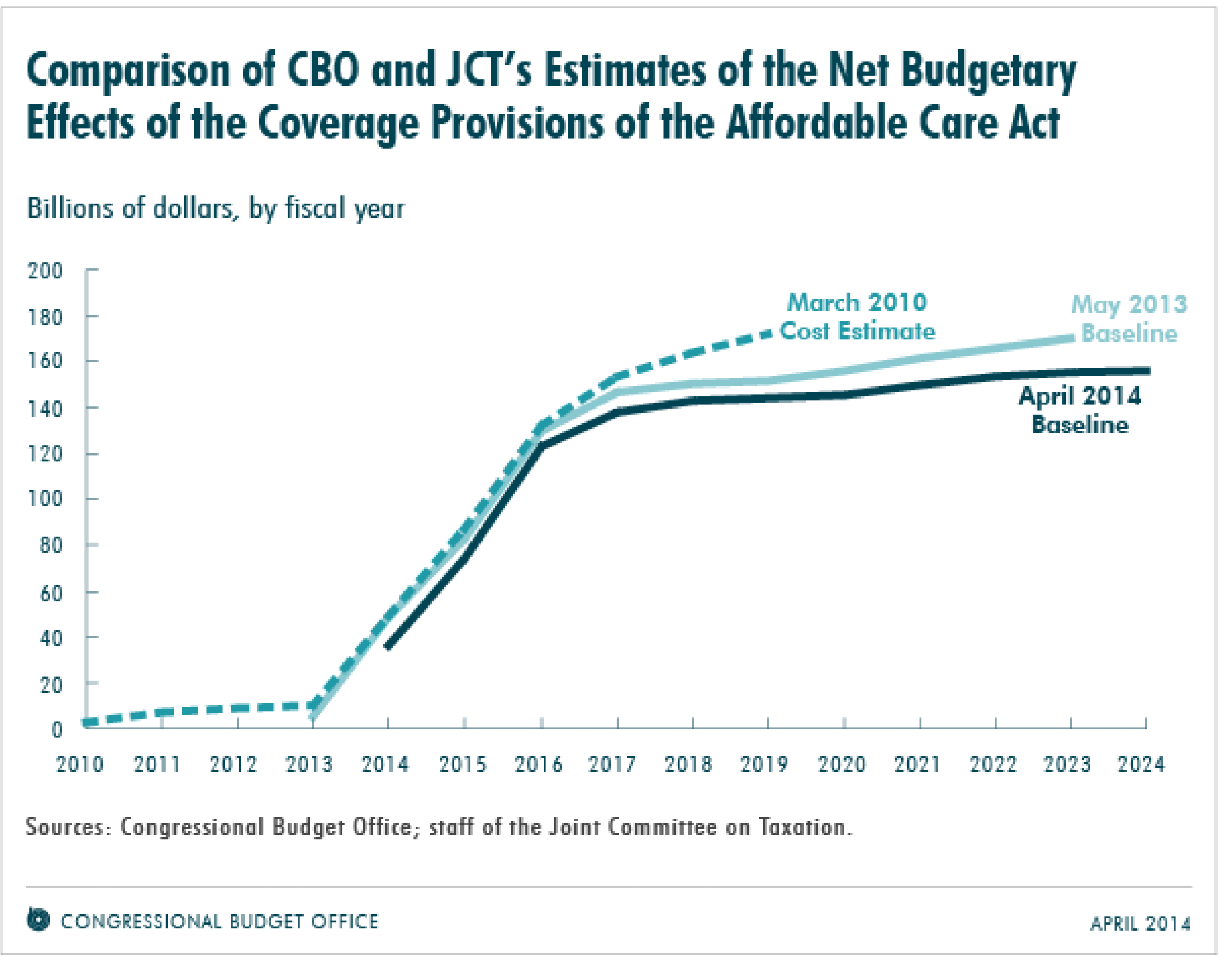
Total Outlays
(Billions of dollars)

Major Category	2012	2013	2014	Percentage Change, 2013 to 2014 Actual	Percentage Change, 2013 to 2014 Adjusted
Defense—Military	651	608	578	-4.9	-4.9
Social Security Benefits	762	803	840	4.6	4.6
Medicare	469	495	509	2.8	2.8
Medicaid	251	264	301	13.6	13.6
Unemployment Benefits	96	72	48	-33.2	-33.2
Other Activities	1,026	1,057	1,034	-2.2	-1.9
Subtotal	3,255	3,300	3,311	0.3	0.4
Net Interest on the Public Debt	258	259	271	4.8	4.8
Troubled Asset Relief Program	24	-9	-4	n.m.	n.m.
Net Payments to GSEs	0	-97	-74	n.m.	n.m.
Total	**3,537**	**3,454**	**3,504**	**1.4**	**1.6**
Percentage of GDP	22.2	20.8	20.3	n.a.	n.a.

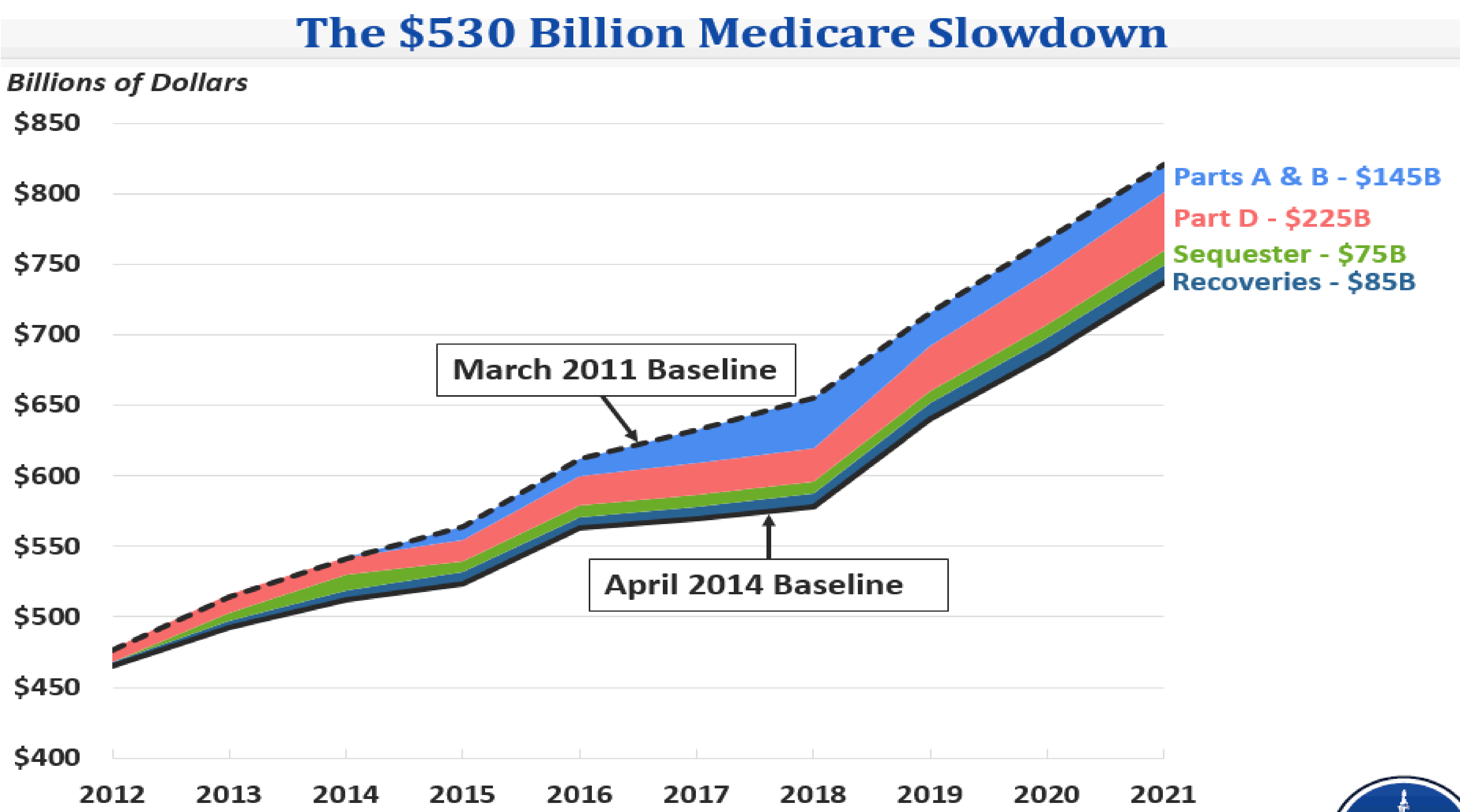
Sources: Congressional Budget Office; Office of Management and Budget; Department of the Treasury.

Note: n.m. = not meaningful; n.a. = not applicable; GSEs = government-sponsored enterprises, Fannie Mae and Freddie Mac.

CBO ACA Cost Estimates Revised Down



Budget Austerians say it's Part D, Which is Supposed to Mean Something



Academics (summary by Mike Chernew in Health Affairs blog)

- **Competing Views On What Caused The Slowdown**

- The claim that the slowdown in spending was primarily attributable to the recession is controversial but there is certainly evidence to support it. Dranove, Garthwaite and Ody associate geographic variation in spending growth and employment to population ratios and conclude the economy played a major role in the spending slowdown. Roehrig, Getzen and Altman developed a model based on patterns of real GDP changes and inflation to predict the growth rate in health spending; using the model they conclude that over three-quarters (77 percent) of the recent slowdown in heath spending growth can be attributed to changes in the economy.

- In contrast, Chandra, Holmes and Skinner argue that the Great Recession cannot be the main cause of the slowdown in health spending, as health expenditure growth during the recession was nearly the same as growth prior to the recession. Instead, these authors attribute the slowdown to the rise in high-deductible insurance plans, state-level efforts to reduce Medicaid costs, and a slowdown in the creation and uptake of new technology.

Academics (continued)

- **Competing Views On What Caused The Slowdown**

- Cutler and Sahni concur that the causes of the slowdown include a slower pace of technology creation and a greater prevalence of health plans that expose consumers to high cost sharing, in turn discouraging high health care utilization. These authors also attribute the slowdown to decreasing administrative expenses as medical records become increasingly computerized and standard operating rules increasingly govern the ACA and state legislation, and to better efficiency efforts — for example, the number of hospital-acquired infections is declining and there is greater emphasis on reducing readmissions.

- Ryu et al. similarly argue that factors leading to slower spending growth extend well beyond the recession, because spending growth of individuals who remained employed dropped precipitously, even when benefit generosity was held constant.

Per Capita Health Spending Growth And Employment-To-Population Ratio, 2001–11.

Change in per capita health spending (%)

10
8
6
4
2
0

Employment-to-population ratio

66
64
62
60
58
56

2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011

Employment-to-population ratio

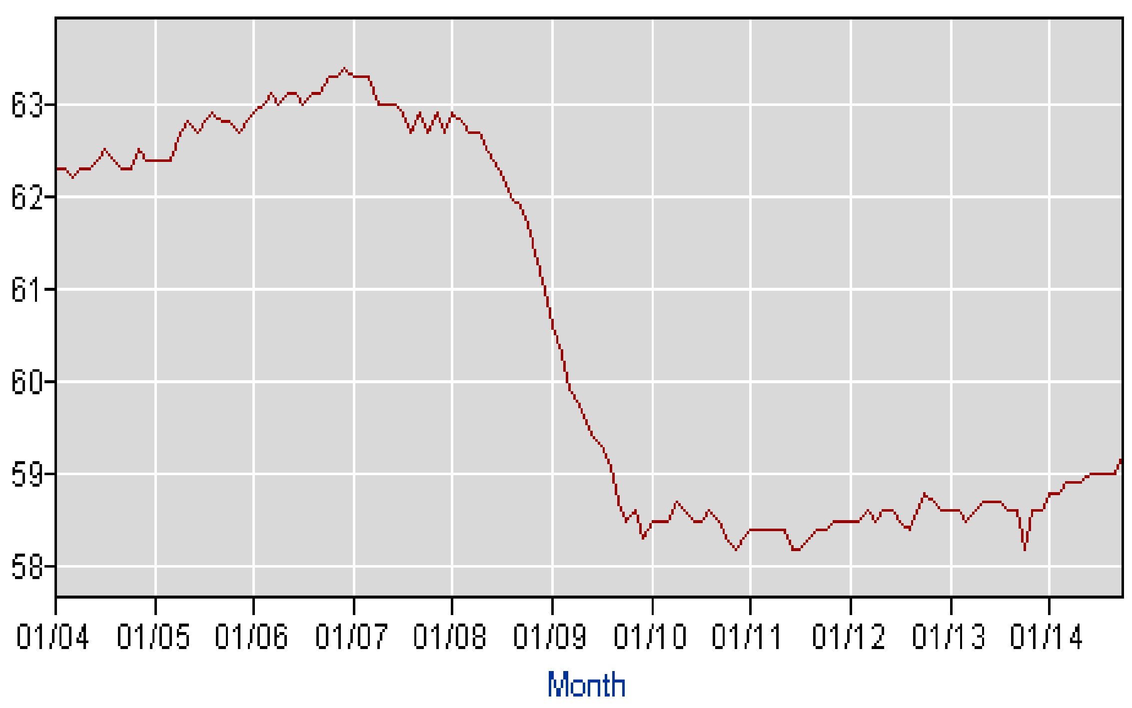
Change in per capita national health spending (CMS)

Change in per capita health spending (HCCI)

Dranove D et al. Health Aff 2014;33:1399-1406

©2014 by Project HOPE - The People-to-People Health Foundation, Inc.

BLS Employment to Population Ratio



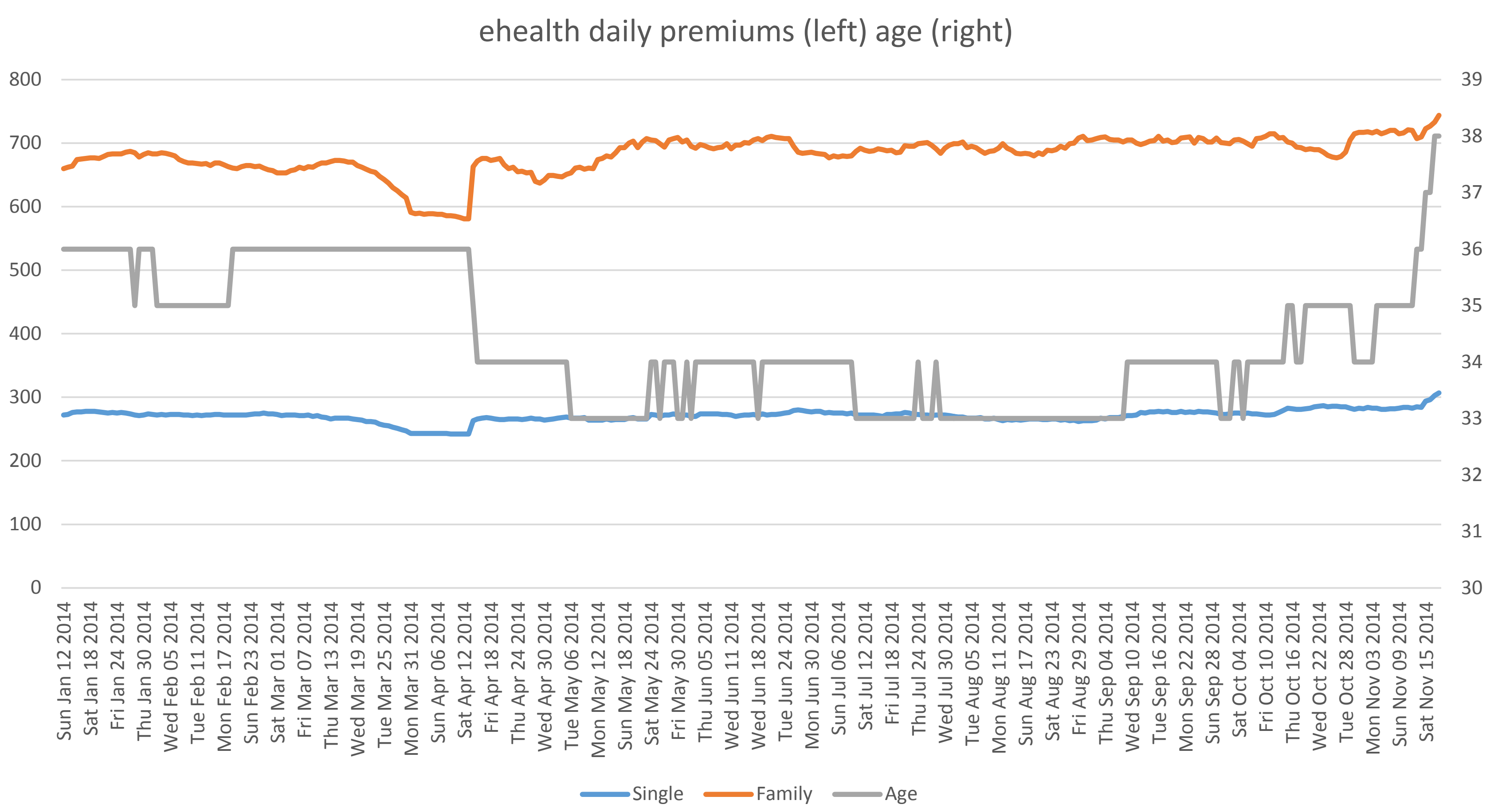
Emmanuel Saez (UC Berkeley)

Table 1. Real Income Growth by Groups

	Average Income Real Growth (1)	Top 1% Incomes Real Growth (2)	Bottom 99% Incomes Real Growth (3)	Fraction of total growth (or loss) captured by top 1% (4)
Full period 1993-2012	**17.9%**	**86.1%**	**6.6%**	**68%**
Clinton Expansion 1993-2000	31.5%	98.7%	20.3%	45%
2001 Recession 2000-2002	-11.7%	-30.8%	-6.5%	57%
Bush Expansion 2002-2007	16.1%	61.8%	6.8%	65%
Great Recession 2007-2009	-17.4%	-36.3%	-11.6%	49%
Recovery 2009-2012	6.0%	31.4%	0.4%	95%

Computations based on family market income including realized capital gains (before individual taxes).
Incomes exclude government transfers (such as unemployment insurance and social security) and non-taxable fringe benefits.
Incomes are deflated using the Consumer Price Index.
Column (4) reports the fraction of total real family income growth (or loss) captured by the top 1%.
For example, from 2002 to 2007, average real family incomes grew by 16.1% but 65% of that growth
accrued to the top 1% while only 35% of that growth accrued to the bottom 99% of US families.
Source: Piketty and Saez (2003), series updated to 2012 in August 2013 using IRS preliminary tax statistics for 2012.

eHealth



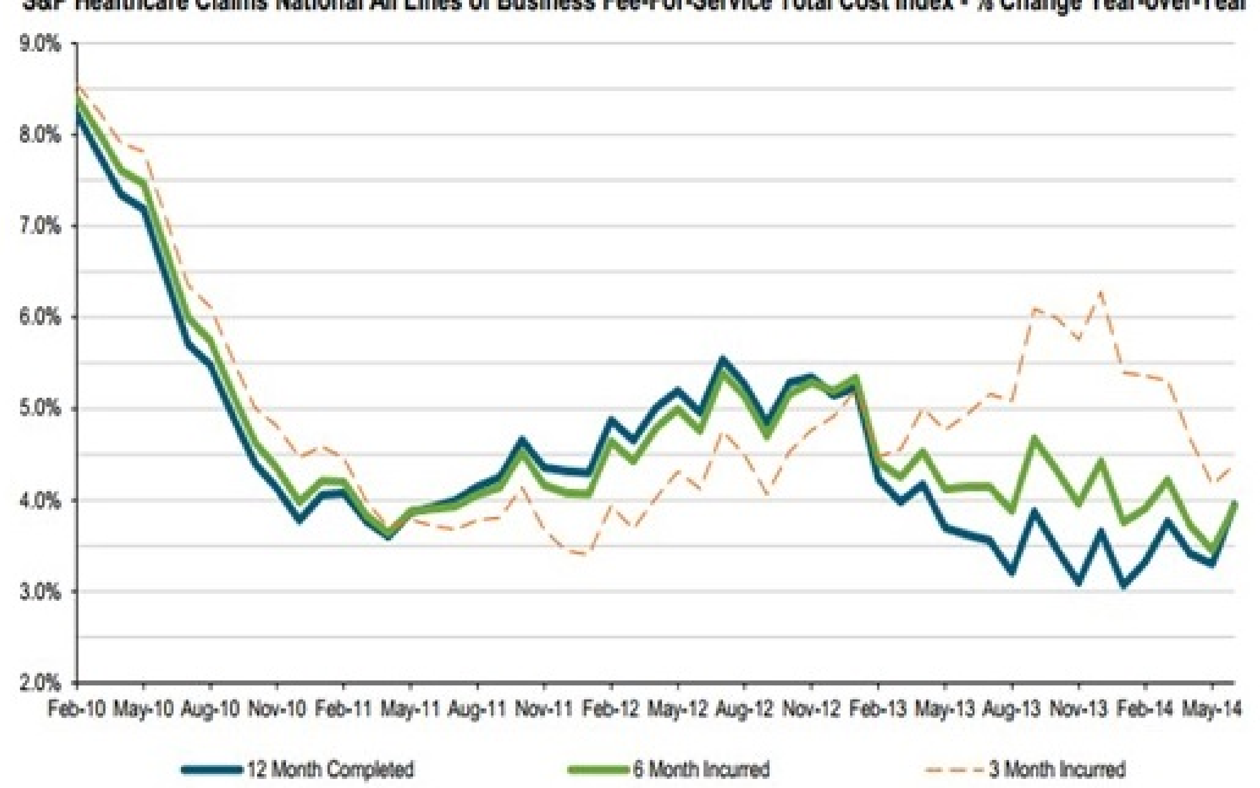
Milliman

2014 Milliman Medical Index

By Christopher S. Girod, Lorraine W. Mayne, Scott A. Weltz, Susan K. Hart | 20 May 2014

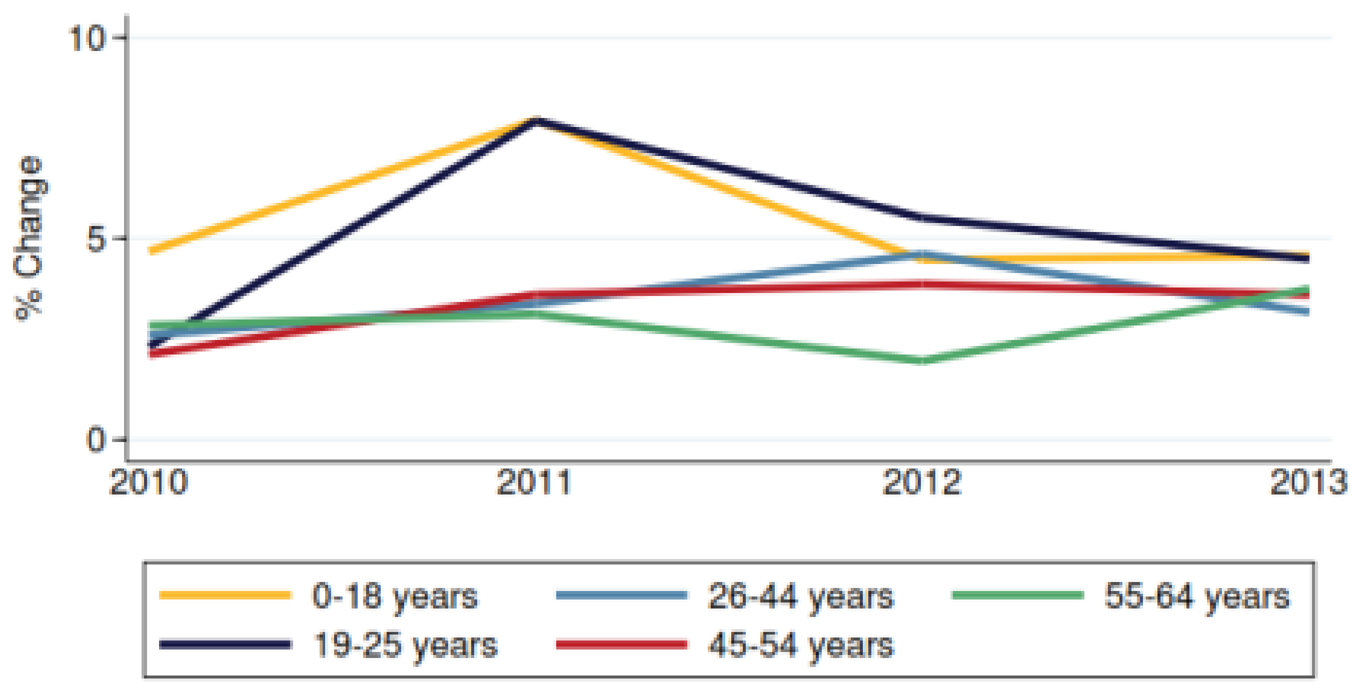
$23,215. That's how much is spent in 2014 on healthcare for a typical American family of four covered by an average employer-sponsored health plan according to the 2014 Milliman Medical Index (MMI).[1] And yet while the amount has more than doubled over the past 10 years, growing from $11,192 to $23,215, the 5.4% growth rate from 2013 to 2014 is the lowest annual change since the MMI was first calculated in 2002.

S&P



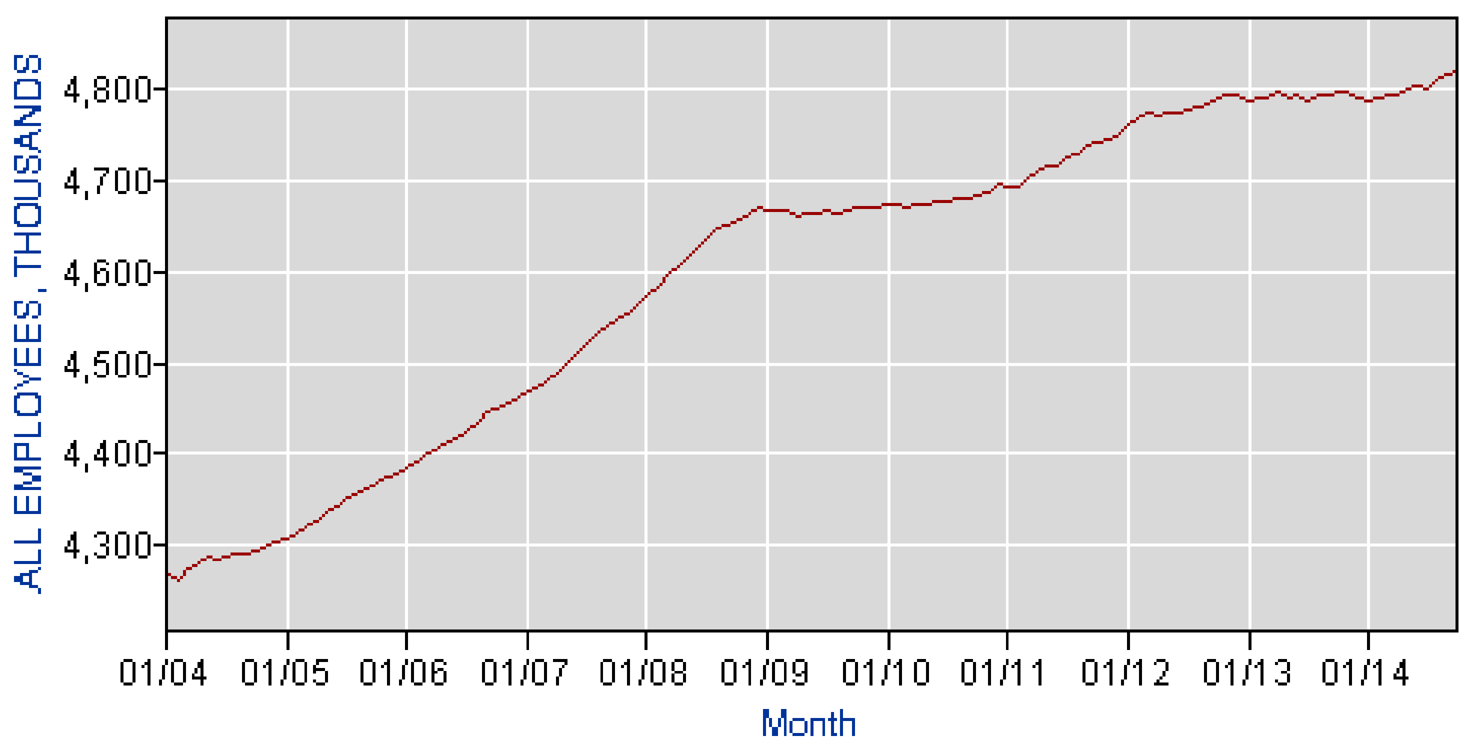
HCCI

Figure 2
Annual Percentage Changes in Expenditures Per Capita by Age Group: 2010-2013

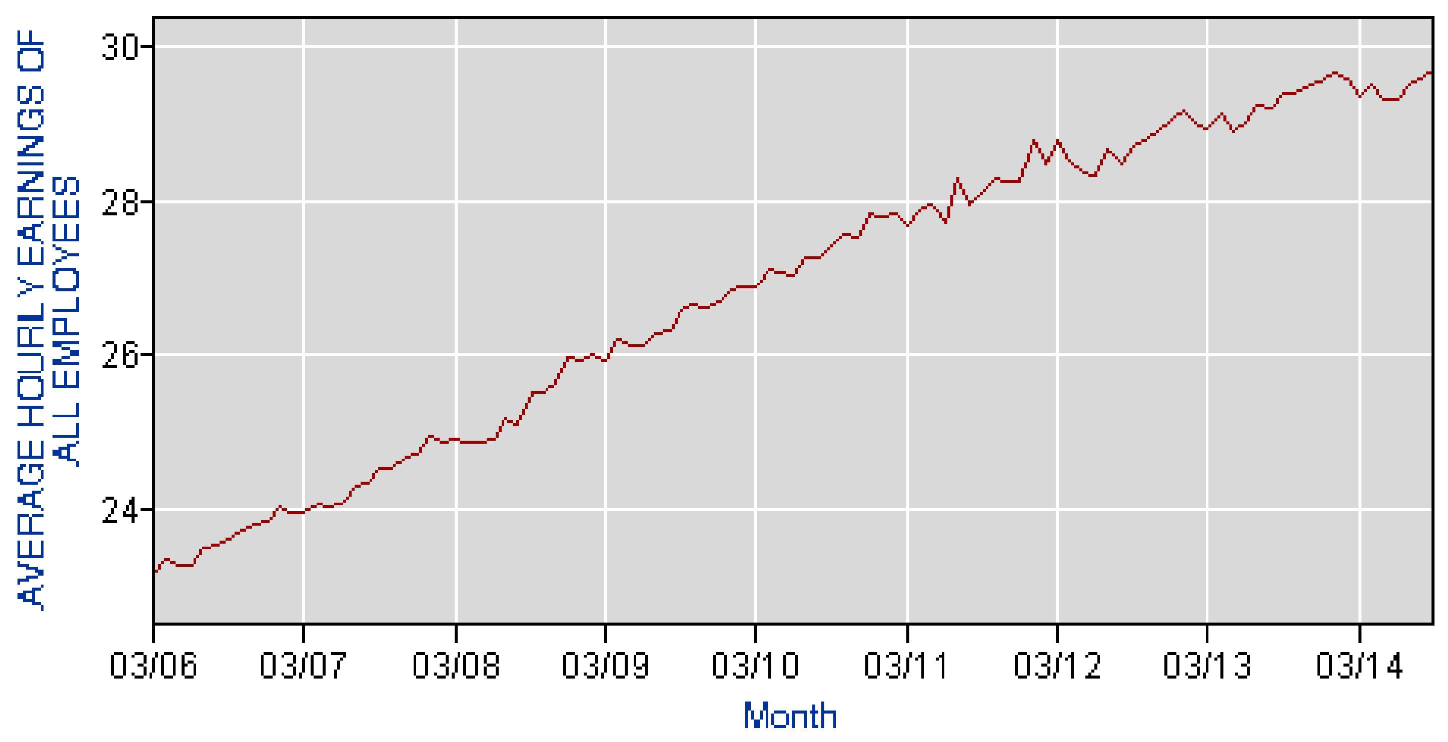


Source: HCCI, 2014.
Notes: All data weighted to reflect the national, younger than 65 ESI population.
Data from 2012 and 2013 adjusted using acturial completion.

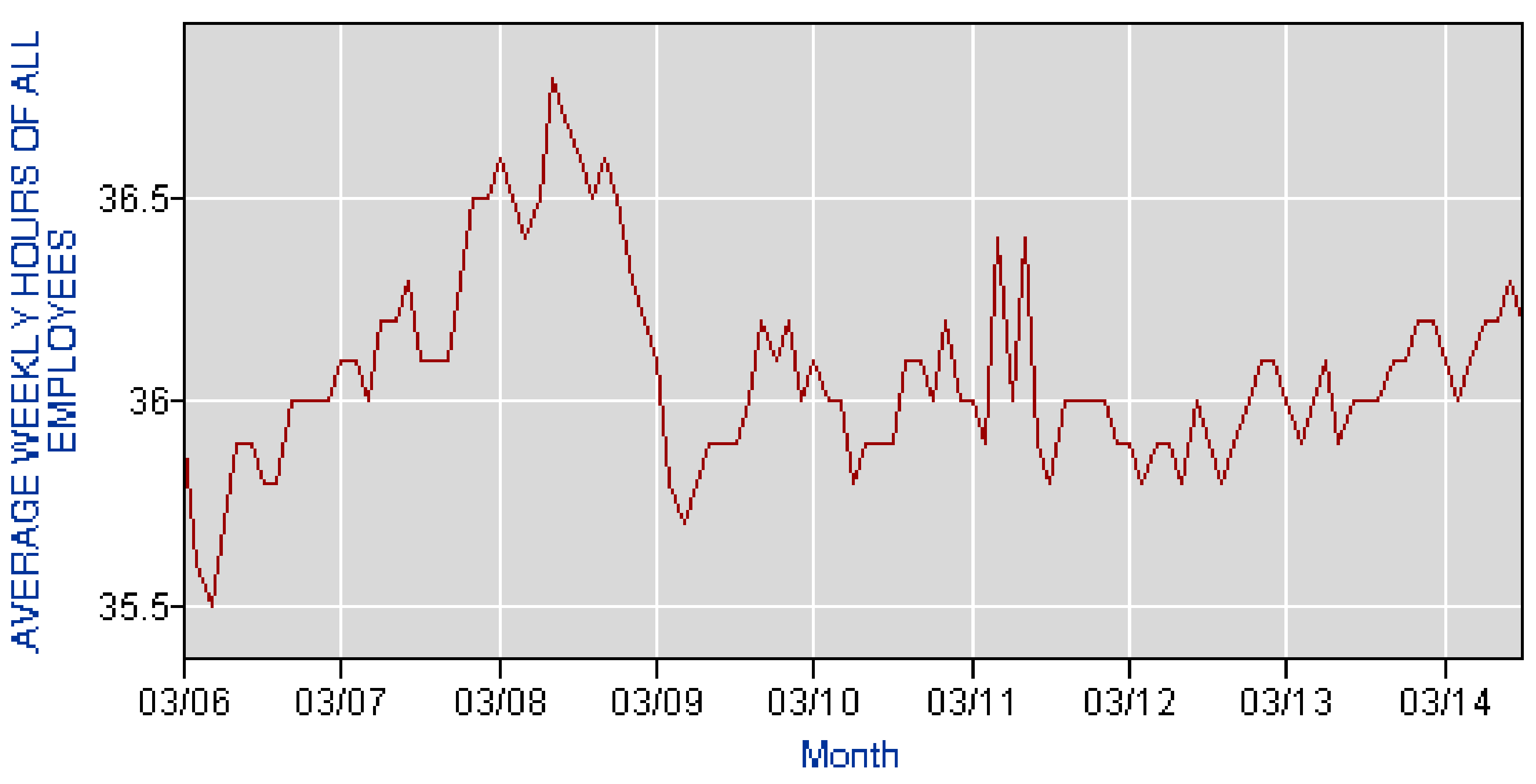
Supply Side – Employment Levels
Industry: Hospitals



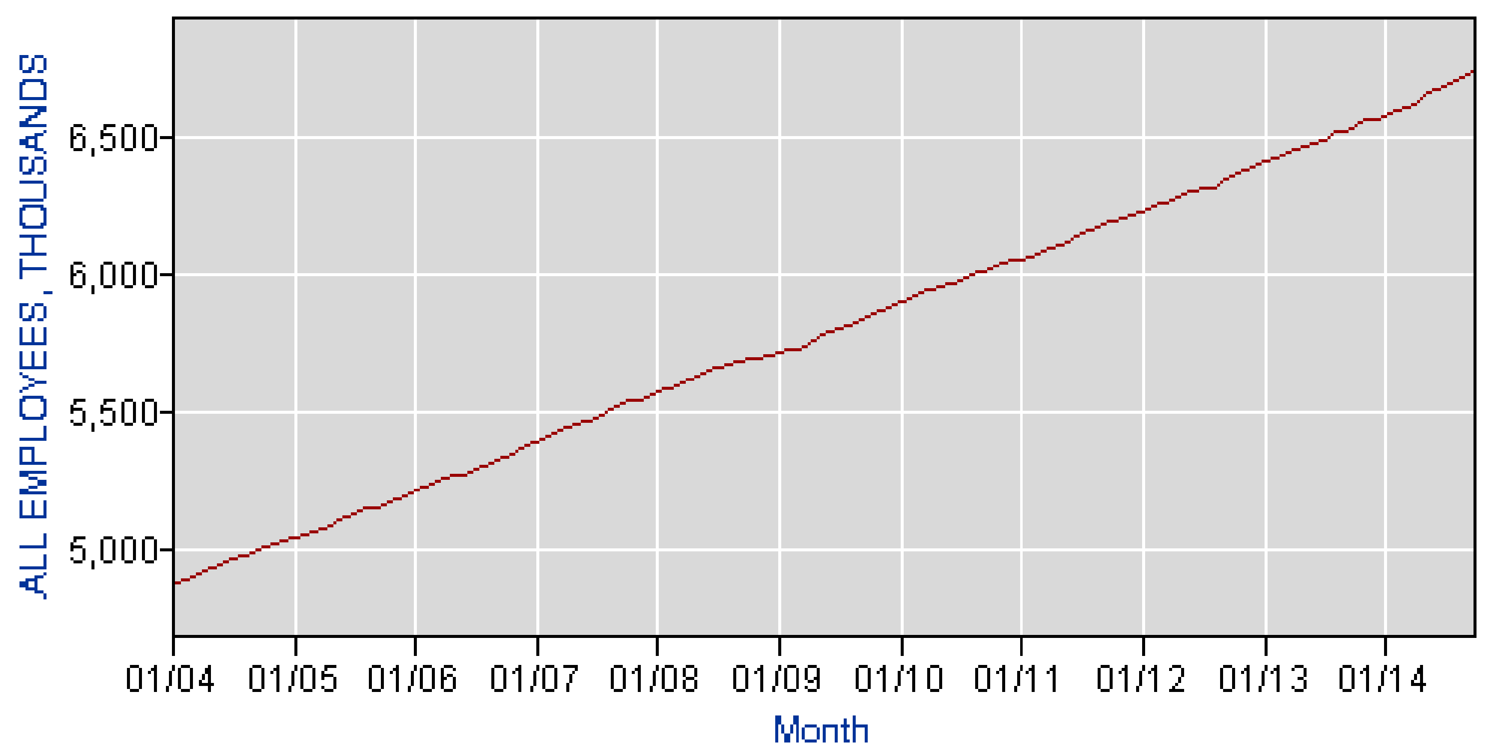
Average Hourly Earnings
Industry: Hospitals



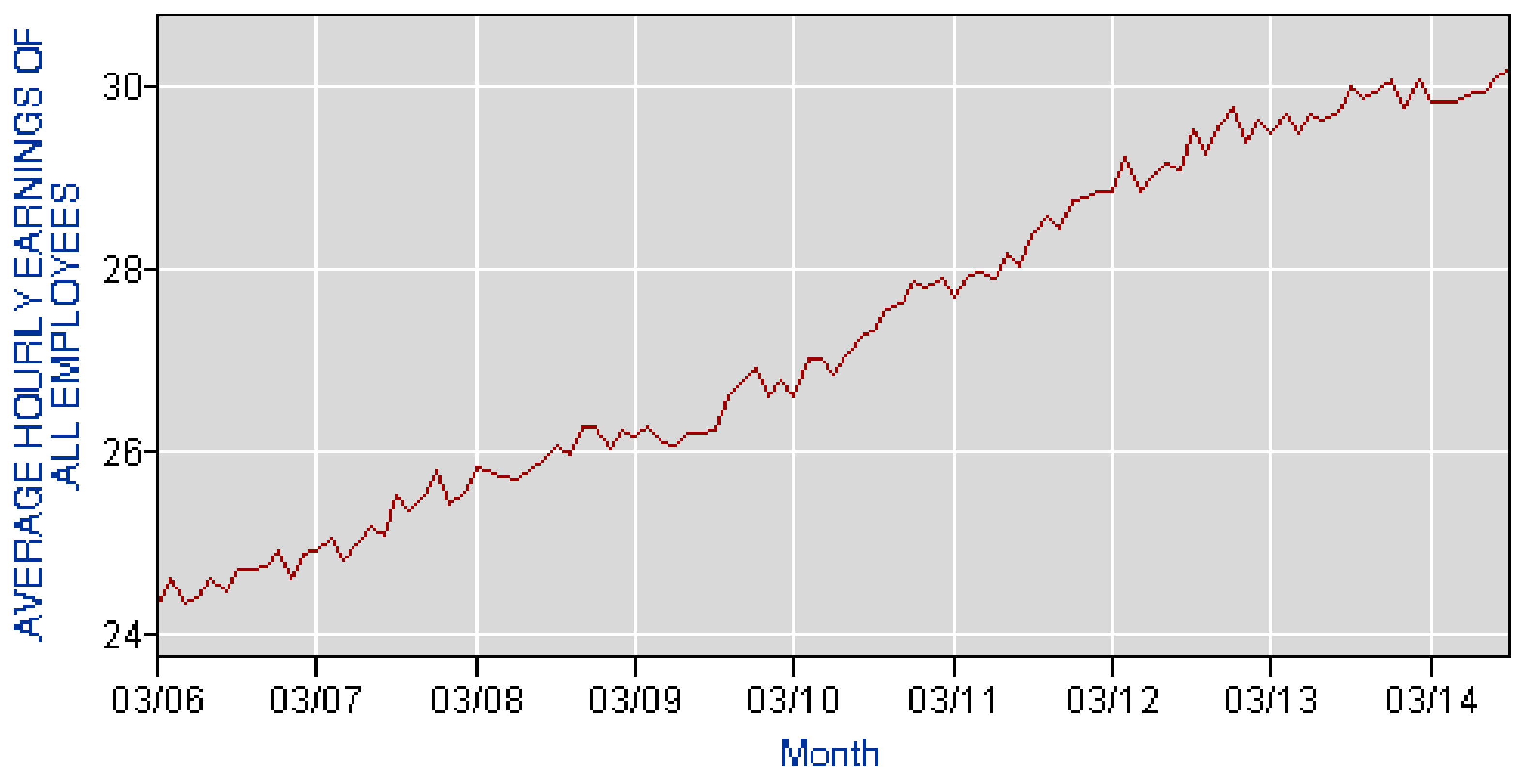
Average Weekly Hours
Industry: Hospitals



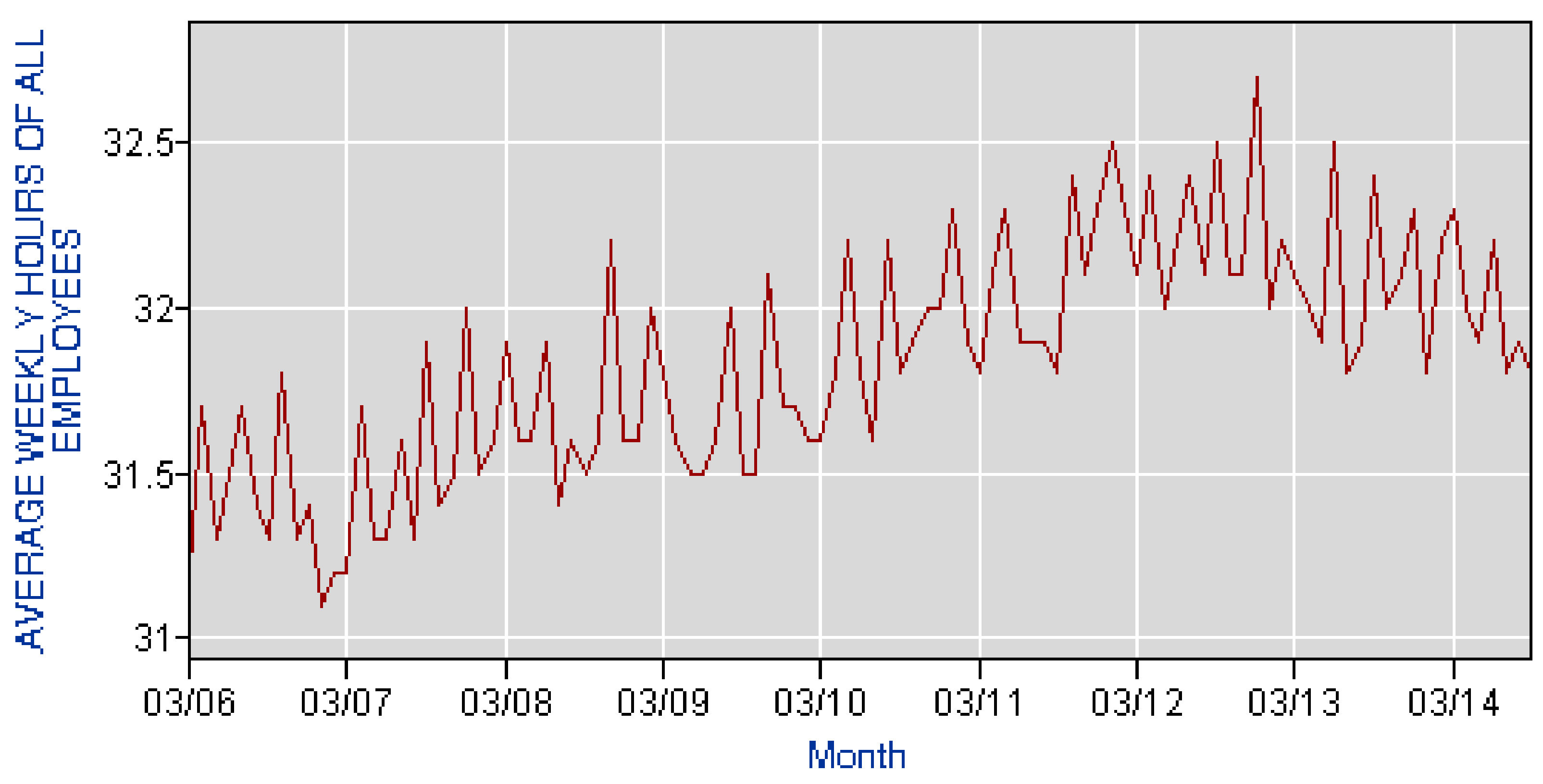
Employment
Industry: Ambulatory Health Care Services



Average Hourly Earnings
Industry: Ambulatory Health Care Services



Average Weekly Hours
Industry: Ambulatory Health Care Services



Pundits – Hmmm… Seems Like More Than Just the Economy

The Health-Cost Slowdow ×
www.nytimes.com/2014/12/06/upshot/the-health-cost-slowdown-isnt-just-about-the-economy.html?hpw&rref=upshot&action=click&pg
Apps CAQH - Data Access...
SECTIONS HOME SEARCH
The New York Times
SUBSCRIBE NOW
TheUpshot
EDITE
FOLL
GET T

THE NEW HEALTH CARE

The Health-Cost Slowdown Isn't Just About the Economy

DEC. 5, 2014

David Leonhardt
@DLeonhardt

Email
Share

It's one of the most important economic questions today: Is the snail-like growth of health costs over the last several years a real trend, or is it merely a temporary part of the Great Recession's aftermath?

The data experts who compile the government's official numbers on health spending lean toward the more pessimistic view. They think the slowdown – to the lowest level of growth on record – stems in large part from Americans skimping on medical care during tough times.

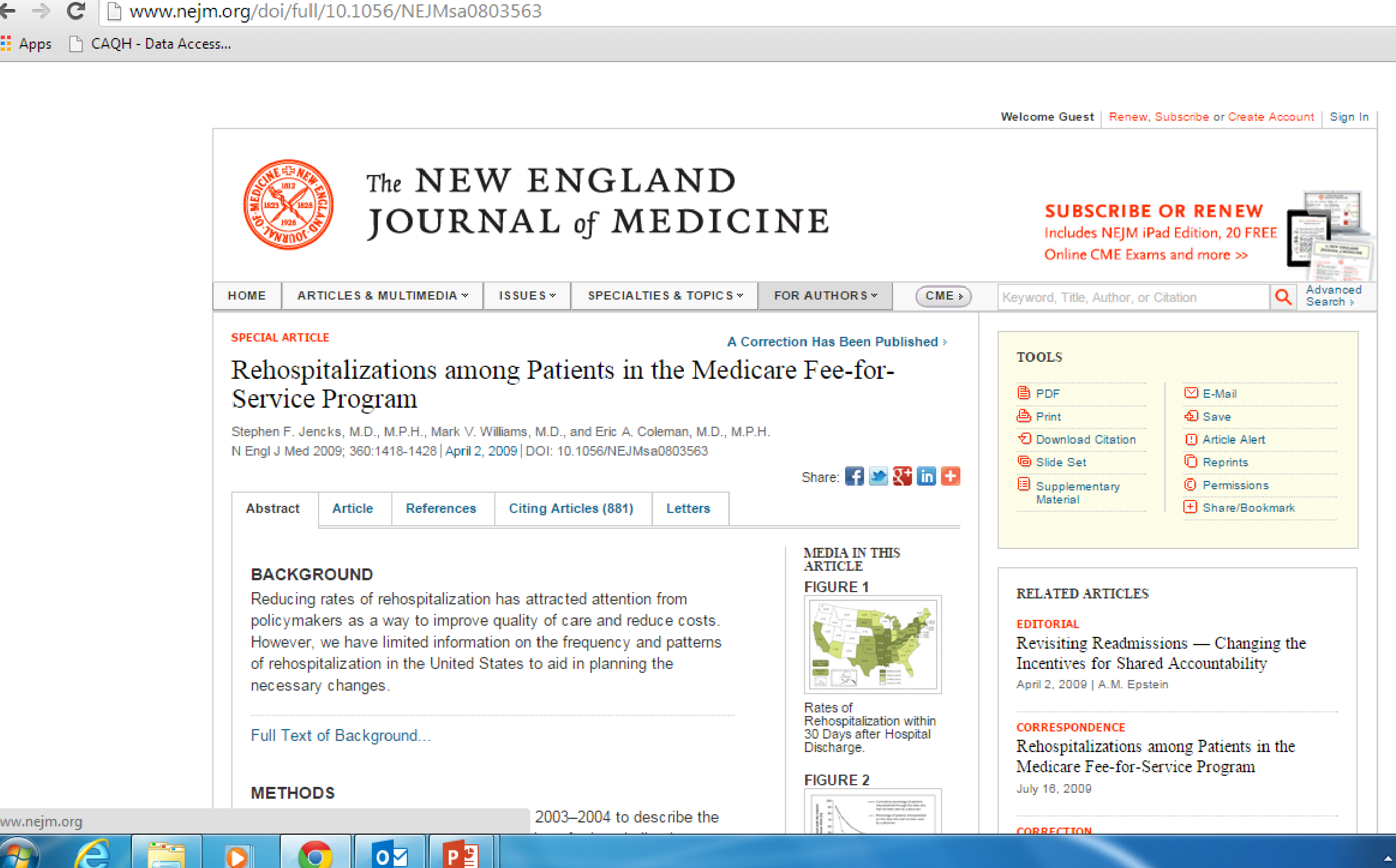
"The pattern observed in recent years is not unique and is consistent with historical patterns," Anne Martin of the Centers for Medicare & Medicaid Services said after that agency released new numbers this week. The agency's report put the argument this way: "The key question is whether

Insider Enthusiasts – Measurements and Value Seeking Becoming the Unshakably Dominant Reality, not a Blip

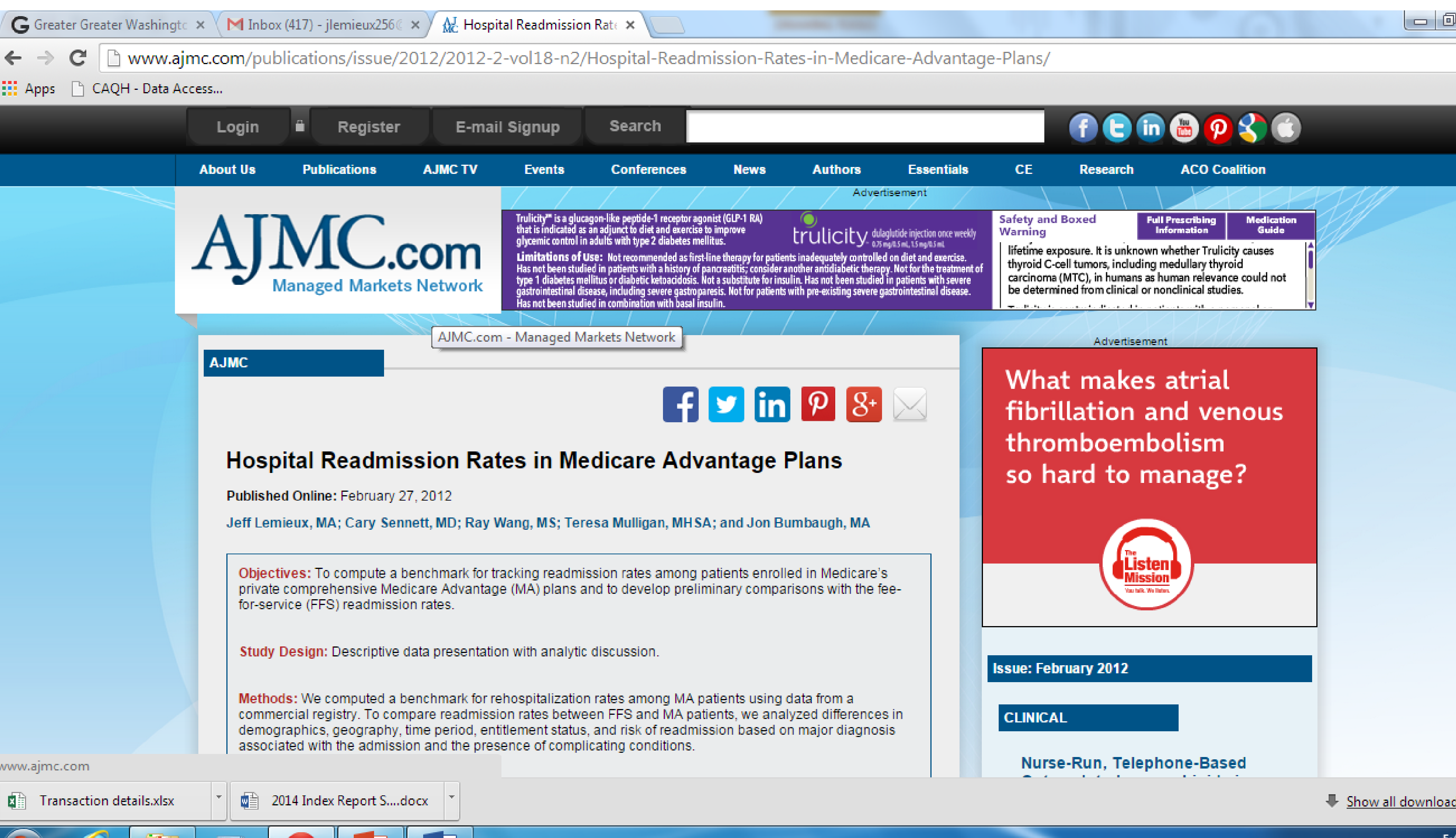
- Unauthorized lede quote from off-the-record presentation:

- "What really changed everything in the U.S. health system was Medicare's readmissions penalty..."

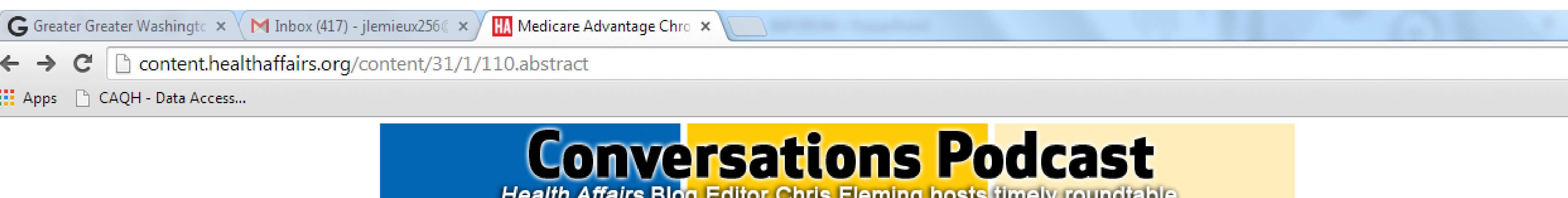
Readmissions – Clinical Measurement



Readmissions – Comparative Measurement



Readmissions – Measurement and Value Seeking



Medicare Advantage Chronic Special Needs Plan Boosted Primary Care, Reduced Hospital Use Among Diabetes Patients

Expand

Robb Cohen[1], Jeff Lemieux[2], Jeff Schoenborn[3] and Teresa Mulligan[4]

+ Author Affiliations

Abstract

The Affordable Care Act of 2010 authorized the continued availability of Medicare Advantage Chronic Condition Special Needs Plans (C-SNPs). This case study examines the model of care used by the largest such plan, Care Improvement ...ng its diabetes patients with those of

« Previous | Next Article »
Table of Contents

This Article

doi: 10.1377/hlthaff.2011.0998
Health Aff January 2012 vol. 31 no. 1 110-119

» Abstract
Full Text
PDF
Appendix
Erratum

− Classifications

Medical Management & Care

− Services

Email this article to a colleague
Alert me when this article is cited
Alert me if a correction is posted
Alert me when new responses are published

CURRENT ISSUE

VOL. 33 | NO. 11

November 2014

Collaborating For Community Health

Alert me to new issues of *Health Affairs*

- From The Editor-In-Chief
- Entry Point: Past Hospital Walls
- Putting Health In Communities
- Using Pay-For-Success
- Wellness Measures In Real Estate
- The Child Opportunity Index
- Pharmacy Deserts In Chicago
- Housing Code Violations And Asthma
- Specialty Drug Spending Trends

content.healthaffairs.org/content/31/1/110.full

Transaction details.xlsx
2014 Index Report S....docx
Show all d

Future of Health Care? Measurements and Value Seeking, both Clinical and Business. (Hopefully)

Table 9. DRAFT Electronic Transaction Adoption Rates, Comparable Health Plans, 2012 and 2013
(percent of transactions)

	Fully Electronic (Standardized)		Fully Manual (Phone, Fax, Mail)		Partially Electronic (Web Portal, IVR)	
	2012	**2013**	**2012**	**2013**	**2012**	**2013**
Claim Submission	90%	92%	10%	8%	NA	NA
Eligibility and Benefit Verification	63%	64%	4%	4%	34%	32%
Prior Authorization	*	7%	*	36%	*	57%
Claim Status	48%	50%	9%	8%	43%	43%
Claim Payment	50%	57%	50%	43%	NA	NA
Remittance Advice**	43%	46%	50%	42%	8%	12%

Source: CAQH Index. All responding health plans.
Note: NA = not applicable.
*Incorporated into the main CAQH Index data collection process for 2013 data, breakdown for 2012 not available.
**2012 RA adoption percentage was revised slightly for consistency with the 2013 figures.