Simplifying Administrative Requirements the Health Care System Imposes on Physicians - 2016

The Patient Protection and Affordable Care Act (ACA) includes numerous provisions in 2016 that aim to reduce administrative burdens on physicians. These provisions build on earlier administrative simplification provisions in 2014, 2013, and 2012. The ACA generally assigns the responsibility for implementation of the administrative simplification provisions to the Secretary of the Department of Health and Human Services (HHS), often referred to as "the Secretary." Many implementation activities will be handled by the Centers for Medicare and Medicaid Services (CMS), an agency component of HHS.

As mentioned earlier in this guide, the health system, and its multiple payers, imposes significant burdens on physician practices. A typical physician practice has a contract with 12 or more health plans in addition to participating in Medicare and Medicaid and must follow each payer's requirements for contracting, credentialing, preauthorizing, coding, billing, and reimbursing. It is estimated that nearly 14 percent of physician practice revenue is consumed by billing and insurance-related functions. Further, studies by the Medical Group Management Association calculate the annual cost of administrative tasks, many of which are of dubious value, at around $25,000 per year per physician. In addition to being costly and frustrating to physicians, administrative burdens are unnecessarily limiting physicians' ability to provide patient care.

What health reform law-mandated efforts to streamline administrative requirements take effect in 2016?

Standard Process for Health Plan Approval of Referral to Other Physicians, Certification of Need for Service, and Authorization of Services

By January 1, 2016, the Secretary must implement a standard set of rules for the administrative transactions: health claims; referral; certification; and authorization. The Secretary must establish these operating rules by July 1, 2014, allowing stakeholders time to prepare for the January 2016 effective date. Standardization related to these transactions will decrease the burden that comes with required use of different forms for different payers. The Secretary must develop the operating rules in consultation with a broad range of health care stakeholders, including physicians. The Secretary is to use a rigorous process by which health plans demonstrate their compliance with the rules, with financial penalties imposed on plans that fail to comply. The rules apply to all payers.

Standard Process for Electronic Submission of Supporting Information Attached to Claim for Payment

By January 1, 2016, the ACA requires the Secretary to implement a standard and associated set of operating rules that pertain to health claim attachments. The Secretary must establish the rules by January 1, 2014, allowing stakeholders time to prepare for the January 2016 effective date. Standardization in the processes by which physicians submit and payers receive claims attachments will reduce the hassle and associated cost of submitting additional clinical information, e.g. portion of patient's health record, to justify payment for a claim and enable physicians to receive payment more promptly. This standard and the associated operating rules apply to all payers.

Additional Resources

- *CMS website on "Operating Rules for HIPAA Transactions*."

  http://www.cms.gov/Regulations-and-Guidance/HIPAA-Administrative-Simplification/Affordable-Care-Act/OperatingRulesforHIPAATransactions.html