Resolution Recognizing the Need to Streamline Healthcare Business Through Administrative Simplification

WHEREAS, administrative simplification refers to efforts to standardize and streamline business processes in healthcare to reduce provider and payer burden, to curb systemic inefficiencies and complexities, to improve patient access to healthcare, and to achieve financial savings, and

WHEREAS, administrative simplification includes initiatives to standardize common forms used in payer-provider transactions, establish a single process for data collection and verification for provider credentialing, adopt standard response times and operating rules for prior authorization, and ensure healthcare provider data is accurate, and

WHEREAS, Congress recognized the need to promote administrative simplification, passing the Health Insurance Portability and Accountability Act of 1996 (HIPAA) which, in part, mandated the Department of Health and Human Services (HHS) adopt standards to support uniformity in information exchange through the U.S. health care system, and

WHEREAS, in 2010, Congress expanded HIPAA’s administrative simplification provisions in the Patient Protection and Affordable Care Act (ACA) by establishing operating rules to set requirements specifying the information that must be included when conducting certain HIPAA transactions to promote consistency, and

WHEREAS, many states have introduced initiatives to promote administrative simplification including requirements for standard provider credentialing applications, electronic prior authorization, standardizing provider data sets for directories and establishing multi-stakeholder workgroups to study and evaluate mechanisms to reduce health care administrative costs and complexities, and

WHEREAS, spending on healthcare administration costs an estimated $350 billion annually in the United States due to inefficiency and complexity, and

WHEREAS, despite healthcare industry progress to automate and reduce costs associated with administrative functions, the United States still spends more on healthcare and administrative services than any other developed nation.

NOW, THEREFORE, BE IT RESOLVED that the National Lieutenant Governors Association recognizes the need to streamline health care business processes through administrative simplification.

BE IT FURTHER RESOLVED that less complexity in healthcare administration could contribute to improved access to care, reduced provider burden and cost savings.
BE IT FURTHER RESOLVED that the National Lieutenant Governors Association encourages payers, providers and consumers to work collaboratively to study and evaluate solutions to reduce health care administrative cost and complexity through standardization, simplification and technology.

ADOPTED, this day, the _____ of July, 2020.

Sponsors: Lt. Governor Suzanne Crouch (R – Indiana), Lt. Governor Justin Fairfax (D – Virginia), Lt. Governor Garlin Gilchrist (D – Michigan), Lt. Governor Boyd Rutherford (R – Maryland)