



National Lieutenant Governors Association

Resolution Recognizing the Need to Streamline Healthcare Business Through Administrative Simplification

1 **WHEREAS**, administrative simplification refers to efforts to standardize and streamline business
2
3 processes in healthcare to reduce provider and payer burden, to curb systemic inefficiencies and
4 complexities, to improve patient access to healthcare, and to achieve financial savings, and
5

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

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

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

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

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

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

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

29 **BE IT FURTHER RESOLVED** that less complexity in healthcare administration could contribute to
30 improved access to care, reduced provider burden and cost savings.



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- 31 **BE IT FURTHER RESOLVED** that the National Lieutenant Governors Association encourages
32 payers, providers and consumers to work collaboratively to study and evaluate solutions to reduce health
33 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)