



## 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 processes in healthcare to reduce provider and payer burden, to curb systemic inefficiencies and  
3 complexities, to improve patient access to healthcare, and to achieve financial savings, and
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- 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 29<sup>th</sup> 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)