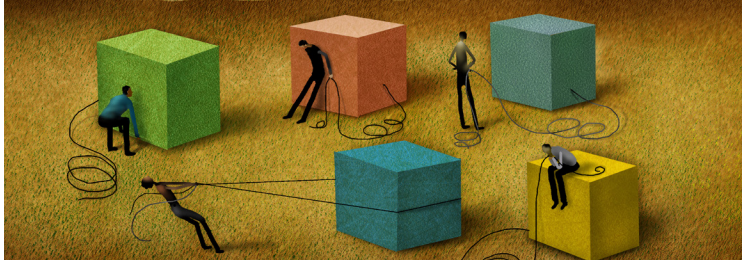


## The Hidden Causes of Inaccurate Provider Directories

How administrative burdens on physician practices may be undermining the accuracy of provider directories, and what the healthcare industry can do to address it





ii

## Abstract

In recent years, health plans, policymakers, patient advocates and other healthcare industry stakeholders have paid increasing attention to the error rates in health plan directories. Unreliable directories not only inconvenience members, they also impact costs and access to care. A recent survey of physician practices conducted by CAQH has highlighted one source of directory errors: the administrative burden related to providers reviewing and updating directories. On average, a typical practice must respond to requests associated with 20 health plan contracts, each through separate platforms, formats and timelines. This creates a nearly constant stream of work that taxes practice resources and could be undermining the quality of the directory information that provider organizations report to plans.

## Background

Health plans are required by federal and state laws to make directories available to assist members in selecting and contacting in-network providers. Although state and federal laws vary, in general, directories include practice location, ability to accept new patients, office hours and other information that may affect a patient's access to care.<sup>1</sup>

Over the past several years, a variety of studies have identified high error rates in these directories. Beginning in 2016, the Centers for Medicare and Medicaid Services (CMS) has studied the accuracy of online directories for a sample of Medicare Advantage Plans and consistently found that nearly half of the practice locations listed are incorrect.<sup>2</sup> In 2018, the American Medical Association (AMA) released the results of a survey of 700 physicians in which 52 percent of respondents said their patients encounter coverage issues due to inaccurate information in payer directories.<sup>3</sup>

# Carrots and Sticks

Because the data included in provider directories largely comes from the physician practices themselves, to improve accuracy regulators have set minimum requirements for how frequently plans must contact practices to verify and update their information. CMS requires Medicare Advantage plans to contact providers quarterly. States require commercial and government-funded plans to conduct outreach on a variety of schedules, including some that exceed the federal requirements. According to Berkeley Research Group, 19 states require provider directory updates at least on a monthly basis; 12 require updates between quarterly and annually; and seven require directories to be “up to date” or updated in a timely manner.<sup>4</sup>

Apart from the legal requirements, both plans and providers have business incentives to ensure directories are accurate. For providers, directories can serve as an important source of new patients. This may be among the reasons why 89 percent of physicians surveyed by the AMA indicated it is important to be reflected accurately in plan directories.<sup>5</sup>

For health plans, directories help members identify in-network doctors and obtain the care they have purchased. As such, inaccurate listings inconvenience members, increase out-of-pocket costs and undermine customer satisfaction.

So why, given these carrots and sticks, is directory accuracy still a challenge? Administrative efforts to maintain directories are part of the broader national discussion regarding administrative complexity in healthcare. Several studies have estimated that roughly \$300 billion is spent each year on administrative complexity that could be eliminated without harming consumers or care quality.<sup>6,7,8</sup> New research conducted by CAQH reveals that some of the very steps that policymakers and plans have taken to improve directory accuracy may, inadvertently, increase administrative complexity and contribute to the problem of inaccurate directories.

## The Provider Burden

In September 2019, CAQH surveyed 1,240 physician practices to assess the administrative costs they incur responding to requests from health plans to update and verify directory information.

To gauge the volume and frequency of these requests, the survey also examined the number of plan contracts each practice manages: On average, a physician practice has 20.2 plan contracts (Table 1).

According to a 2018 AMA survey, providers reported submitting directory information in various ways, including by fax (38%); credentialing software (13%); email (13%); provider management and enrollment software (5%); and phone, mail and other methods (14%).<sup>9</sup>

**Table 1.**

Average Number of Health Plan Contracts Per Practice	
< 5 providers	13.5
5 - 10	18.9
11 - 24	24.8
> 25	29.6
<b>Average</b>	<b>20.2</b>



What emerges is a picture in which practices respond to a near constant flow of requests, on varying schedules, using different technologies and in inconsistent formats. As a result, according to the CAQH survey, practices spend at least one full staff day per week on directory maintenance, at a cost of \$998.84 per month (Table 2). The average fully loaded cost (salary, benefits, overhead) for staff performing directory maintenance work is \$63,004. As Table 3 illustrates, when the number of plan contracts a practice has increases, the administrative burden rises as well.

Extrapolated nationwide, this costs physician practices \$2.76 billion annually.

At the practice level, this fragmented approach to directory maintenance taxes resources and may contribute to inaccurate information reported to plans. But the multiplicity of requests may undermine data quality in other ways, as well. For example, when a practice is contacted frequently by health plans, more than one staff member may respond, each with a different perception of what is being asked and the importance of the request. As a consequence, a single practice may provide inconsistent answers from plan to plan, or even to subsequent requests from a single plan.

## *\$2.76 Billion: The cost of directory maintenance to US physician practices*

**Table 2.**

Average cost per month for directory maintenance by practice size	
< 5 providers	\$319.46
5 - 10	\$531.63
11 - 24	\$970.86
> 25	\$2,525.31
<b>Average</b>	<b>\$998.84</b>

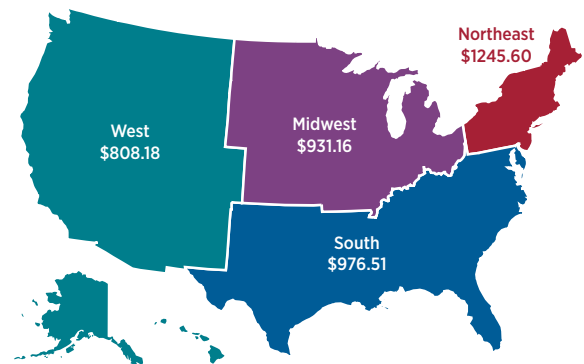
**Table 3.**

Average cost per month for directory maintenance by number of plan contracts	
< 10 contracts	\$428.02
11 - 20	\$1,016.26
21 - 30	\$1,448.06
> 31	\$1,606.20
<b>Average</b>	<b>\$998.84</b>

## Regional Variations

According to the CAQH survey, the administrative burden associated with directory updates impacts providers, regardless of where they practice. However, those in the northeast face the highest average monthly costs (\$1,246); those in the west incur the lowest (\$808). Regional variations may be influenced by differences in average practices size, labor costs and other factors.<sup>10,11</sup>

**Average Cost Per Month for Directory Maintenance by Census Region**



## A Way Forward

Innovators in healthcare technology have developed a variety of ways to collect and verify directory information without contacting providers, such as mining third-party data sources and applying artificial intelligence to find and correct irregularities.

However, because practices change office hours and locations, the plans they participate in and whether they are accepting new patients, these approaches cannot fully replace direct provider outreach, only supplement it. A key source of up-to-date data remains the practices themselves.

Improving the quality of that data will require reducing the volume of requests and the variation of formats. This is consistent with the AMA's 2018 findings in which 67 percent of physicians expressed an interest in having just one interface to send information to payers.<sup>12</sup>

One possible solution is a single platform across all lines of business in which practices can enter, update and review their practice information and then share it with multiple plans at once. Centralizing data in this manner would also allow additional technologies and third-party data sources to be brought to bear to further improve data quality.

## A Proven Approach

To determine whether a single platform would reduce administrative burdens, CAQH examined how providers submit similar information to health plans for credentialing. Today, many health care practitioners use one channel, CAQH ProView, to exchange credentialing information with multiple health plans. In some cases, practices use this solution for all of their plan contracts.

CAQH analyzed responses from the provider burden survey and administrative data to understand how many providers use a single channel, how many used multiple approaches and the costs associated with each.

Respondents who used a single platform to exchange credentialing information reported spending on average \$1,249.86 in associated administrative costs per month, 39.6 percent less than the \$2,068.00 spent per month by those who used multiple approaches.

Assuming similar efficiencies,<sup>13</sup> using a single channel to submit and update directory information could save a practice, on average, \$396 per month (Table 4), or \$4,746 annually. Nationwide, streamlining directory maintenance this way could save physician practices at least \$1.1 billion annually.

**Table 4.**

Potential Monthly Savings per Practice by Using a Single Platform for Directory Maintenance	
Internal Medicine	\$551
Family/General Medicine	\$512
Other Specialties	\$471
Surgery	\$458
Psychology/Neurology	\$225
Ophthalmology	\$158
OBGYN	\$147
Pediatrics	\$121
<b>Average</b>	<b>\$396</b>

*\$1.1 Billion: Potential cost savings to physician practices nationwide resulting from use of a single platform for directory maintenance*

## A Shared Commitment

Much of the attention regarding the causes and potential solutions for the provider directory challenge has focused on payers. For example, the preponderance of regulations in this area impose standards and penalties on the plans. To be sure, plans publish these directories to help their members find care and are ultimately responsible for the contents.

However, health plans cannot solve this problem alone. Because health plans rely on information from practices, providers must be fully engaged, as well.

The challenge for the industry, however, is to minimize the burden on providers, freeing resources and enabling them to enter data accurately and review it for errors. Providers are already taxed by the costs of regulations, outdated business processes, the transition to new business models and other requirements. But, as the CAQH provider burden survey has demonstrated, a single broadly-adopted platform and a shared commitment by both plans and practices can enable meaningful progress on the provider directory dilemma.

## Methodology

CAQH conducted a random sample survey of MDs/DOs that participate in CAQH ProView, an online service where over 1.6 million providers including more than 700,000 MDs/DOs submit, maintain and distribute provider data related to credentialing to over 1,000 health plans and other participating organizations through a single streamlined process. The survey was conducted during September of 2019 and includes responses from 1,240 physician practices. Data from CAQH ProView was used to supplement provider responses to the survey to reduce provider burden. Results from this survey have been weighted to represent a national distribution of physicians by practice size as reported by the AMA.<sup>14</sup> Annual resource use has been scaled to a national level using the number of physician practices in the US as estimated by SK&A.

---

# Endnotes

- 1 “Medicare Marketing Guidelines.” *CMS, 2015*, [www.cms.gov/Medicare/Health-Plans/ManagedCareMarketing/Downloads/2016-Medicare-Marketing-Guidelines-Updated.pdf](http://www.cms.gov/Medicare/Health-Plans/ManagedCareMarketing/Downloads/2016-Medicare-Marketing-Guidelines-Updated.pdf).
- 2 “Online Provider Directory Review Report.” *CMS, 2017*, [www.cms.gov/Medicare/Health-Plans/ManagedCareMarketing/Downloads/Provider\\_Directory\\_Review\\_Industry\\_Report\\_Final\\_01-13-17.pdf](http://www.cms.gov/Medicare/Health-Plans/ManagedCareMarketing/Downloads/Provider_Directory_Review_Industry_Report_Final_01-13-17.pdf).
- 3 “What Physicians are Saying About Directories” Powerpoint summary, American Medical Association, 2018.
- 4 “Requirements and Regulations.” *BRG Network Adequacy*, [www.brgnetworkadequacy.com/requirements-and-regulations](http://www.brgnetworkadequacy.com/requirements-and-regulations).
- 5 “What Physicians are Saying About Directories” Powerpoint summary, American Medical Association, 2018.
- 6 O’Neill, Daniel P., and David Scheinker. “Wasted Health Spending: Who’s Picking Up The Tab?” *Health Affairs*, 31 May 2018, [www.healthaffairs.org/doi/10.1377/hblog20180530.245587/full/](http://www.healthaffairs.org/doi/10.1377/hblog20180530.245587/full/).
- 7 National Committee on Vital and Health Statistics, 2019, *The Thirteenth Report to Congress*, [ncvhs.hhs.gov/wp-content/uploads/2019/03/13th-Report-to-Congress.pdf](http://ncvhs.hhs.gov/wp-content/uploads/2019/03/13th-Report-to-Congress.pdf).
- 8 Shrank, William H., et al. “Waste in the US Health Care System Estimated Costs and Potential for Savings.” *JAMA*, 2019, [jamanetwork.com/journals/jama/fullarticle/2752664](http://jamanetwork.com/journals/jama/fullarticle/2752664).
- 9 “What Physicians are Saying About Directories” Powerpoint summary, American Medical Association, 2018.
- 10 Welch, W. Pete, et al. “Proportion Of Physicians In Large Group Practices Continued To Grow In 2009–11.” *Health Affairs*, 2013, [www.healthaffairs.org/doi/full/10.1377/hlthaff.2012.1256](http://www.healthaffairs.org/doi/full/10.1377/hlthaff.2012.1256).
- 11 Kash, Bitu, and Debra Tan. “Physician Group Practice Trends: A Comprehensive Review.” *Journal of Hospital & Medical Management*, 2016, [hospital-medical-management.imedpub.com/physician-group-practice-trends-a-comprehensive-review.php?aid=9343](http://hospital-medical-management.imedpub.com/physician-group-practice-trends-a-comprehensive-review.php?aid=9343).
- 12 “What Physicians are Saying About Directories” Powerpoint summary, American Medical Association, 2018.
- 13 This is likely a conservative estimate given the lower variation in credentialing approaches compared to the variety of provider outreach methods used for directory maintenance today.
- 14 Kane, Carol K. “Updated Data on Physician Practice Arrangements: For the First Time, Fewer Physicians Are Owners Than Employees.” American Medical Association, 2018, [www.ama-assn.org/system/files/2019-07/prp-fewer-owners-benchmark-survey-2018](http://www.ama-assn.org/system/files/2019-07/prp-fewer-owners-benchmark-survey-2018).

CAQH<sup>®</sup>

[www.caqh.org](http://www.caqh.org)