Nearly 3 Weeks/Year Spent on Insurer Paperwork

BY JOYCE FRIEDEN

Physicians and their staffs spend the equivalent of weeks—and $31 billion—each year processing health insurance paperwork, according to a study funded by the Commonwealth Fund and the Robert Wood Johnson Foundation.

The survey of 895 physicians and practice administrators nationwide asked respondents about the amount of time their practice's staff spent on various administrative activities, including prior authorization, drug formularies, claims and billing, credentialing, contracting, and collecting and reporting quality data.

The researchers found that physicians spent an average of 3 hours a week—or nearly 3 weeks a year—on administrative activities. Nursing staff spent more than 23 weeks per physician per year, and clerical staff spent 44 weeks per physician per year, interacting with health plans. More than three in four respondents said the costs of interacting with health plans have increased over the past 2 years (Health Affairs 2009 May 14 [doi:10.1377/hlthaff.28.4.w533]).

Overall, the cost of these interactions amounts to $31 billion annually.

"While there are benefits to physician offices' interactions with health plans—which may, for example, help to reduce unnecessary care or the inappropriate use of medication—it would be useful to explore the extent to which these benefits are large enough to justify spending 3 weeks annually of physician time … on physician practice–health plan interaction," the study's lead author, Dr. Lawrence P. Casalino of Cornell University said in a statement. "It would also be useful to explore ways to make the interactions more efficient, both on the health plan side and in physician offices."

Physicians in solo or two-person practices spent many more hours interacting with health plans than did those in practices with 10 or more physicians; this was especially true in primary care, the researchers found. And all physicians and staff members spent much more time on authorization, formularies, claims and billing, and credentialing than they did on submitting quality data or on reviewing quality data provided by health plans.

"To get to a health care system that is high-quality and delivers better value for everyone, we have to address the skyrocketing price of health care's administrative costs," Dr. Risa Lavizzo-Mourey, president and CEO of the Robert Wood Johnson Foundation, said in a statement. "Administrative costs will never be zero, but we need to make sure that administrative interactions improve the quality of care by working to make care safer and more efficient, and rewarding health care providers who successfully reduce excessive care and provide the right treatment at the right time." ■

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