



ADMINISTRATIVE SIMPLIFICATION SAVINGS

Eligibility and Benefits Transaction

Administrative Simplification standards can save time and reduce costs across the health care industry by streamlining administrative procedures. These standards apply to health plans and health care providers who exchange information electronically. The standards also apply to others covered by HIPAA, like clearinghouses.

Administrative Simplification standards are required for electronic transactions¹ used for:

- [Payment and remittance advice](#)
- [Claim status](#)
- [Eligibility](#)
- [Coordination of benefits](#)
- [Claims and encounter information](#)
- [Enrollment and disenrollment](#)
- [Referrals and authorizations](#)
- [Premium payment](#)

Conducting these transactions electronically in a standardized format instead of manually—that is, by mail, phone, or fax—can save providers and health plans millions of dollars.



¹ Includes Eligibility and Benefit Verification,* Prior Authorization, Claim Submission,* Attachments, Coordination of Benefits, Claim Status Inquiry,* Claim Payment* and Remittance Advice.*

* Includes dental industry transactions measured by the Index.

² Includes Eligibility and Benefit Verification, Prior Authorization, Claim Status Inquiry, and Remittance Advice.



Eligibility and Benefits Transaction

One opportunity for savings comes from one of the most common transactions across the health care industry, the eligibility and benefits transaction, which is used to verify patient insurance benefits. According to data from the [2020 CAQH Index](#), 16% of medical plans and 36% of dental plans do not fully use electronic HIPAA standard transactions to conduct eligibility and benefits inquiries and responses. [The CAQH Index](#) estimates that medical and dental providers could save approximately \$7 billion per year by completing eligibility and benefits checks using the HIPAA standard.



Other Transactions

Savings opportunities related to conducting administrative transactions for the health care industry are not restricted to the eligibility and benefits transaction. [CAQH](#) estimates that switching to fully electronic transactions for common administrative transactions¹ could save the medical and dental industries as much as \$16 billion annually. [CAQH](#) also estimates Medical providers could save more than 10 minutes per patient encounter on average if the transactions² were conducted using the fully electronic method instead of using a web portal.

To learn about these transactions and the HIPAA-adopted standards and operating rules that govern them, visit the [Centers for Medicare & Medicaid Services \(CMS\) Administrative Simplification transactions page](#), and these fact sheets:

- [Electronic Funds Transfer and Remittance Advice](#)
- [Claim Status](#)
- [Eligibility and Benefits](#)
- [Coordination of Benefits](#)

With widespread use of the standard eligibility transaction, providers can save millions of dollars and reduce administrative burden.

