

OCTOBER 2, 2020

10.1377/hlthaff.20200929.264683

Taming the Paper Tiger

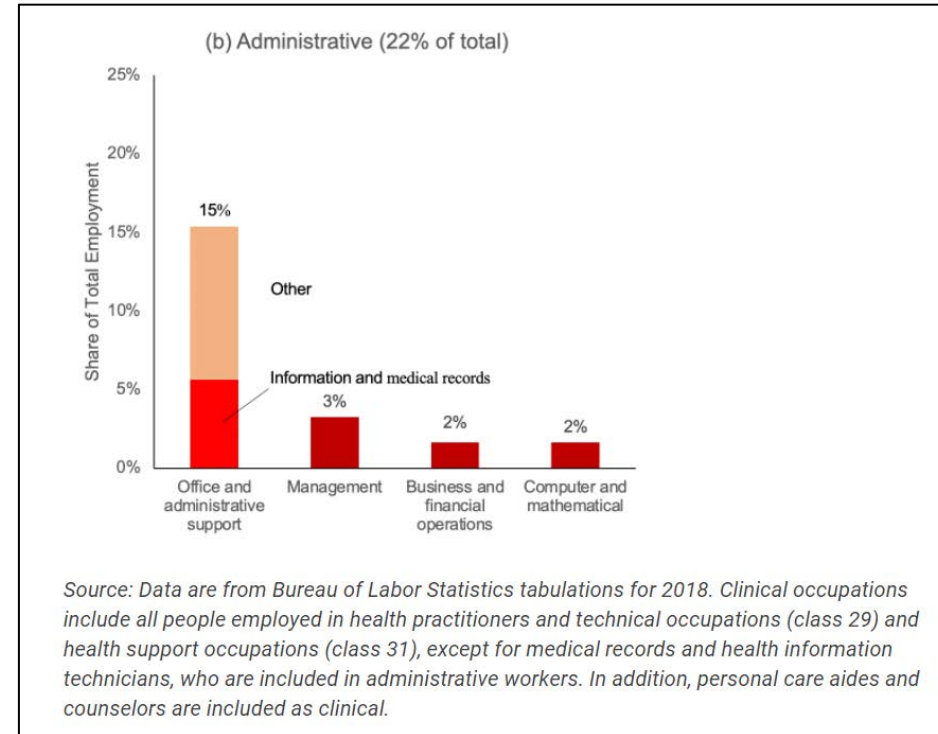
David M. Cutler
Harvard University

For more detail, see my paper for the Hamilton Project.

Rationale –the need to save money

- Coming soon!
- Administrative costs are an attractive way to do this.
- Focus on “between costs” – costs due to complexity in communicating across organizations

Exhibit 1: Employment in health care providers organizations.



Administrative efficiency will involve reforms in several areas.

**Billing
complexity**

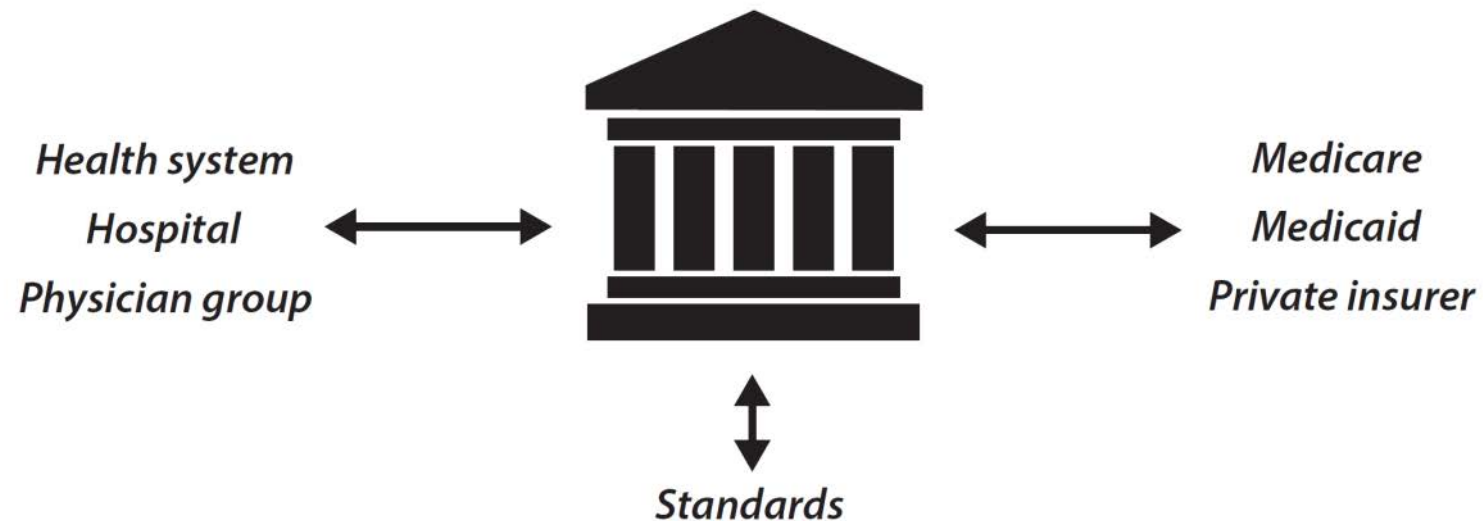
Quality
reporting

Prior
authorization

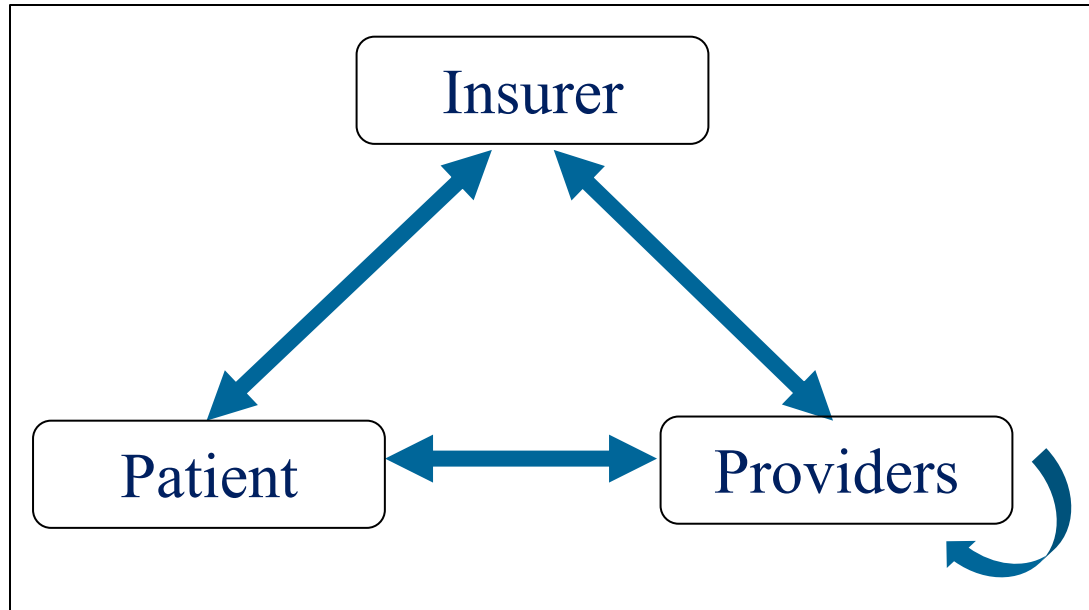
Streamlined information flows

To reduce billing complexity, follow the banking industry.

Health Care Automated Clearing House



Information needs to flow to and from patients, providers, and payers.



- Public sector has weighted in
 - 2015 Roadmap; 21st Century Cures
 - Implementing these directives will take energy.
- Attaching prices to complexity can be helpful.
 - E.g. prior authorization costs providers ~\$10 / claim.
 - Having firms pay for costs they impose on others would encourage streamlining requirements.

About 10% of medical care could be saved.





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