

How does the complexity of our payment system impact healthcare spending?

A 2016 study analyzed the time allocation of 57 physicians in 4 specialties, and found the following (1):

For every



1 hour of direct clinical time with patients

physicians also spent...



2 hours of EHR and desk work in the clinic



Beyond work time, physicians had to bring additional computer and other clerical work home

1-2 hours/night

Estimate from a 2009 study reviewing data & interviewing staff of a multi-site, multi-specialty, California-based medical group (2):

For every

100 physicians,



67 nonclinical FTEs



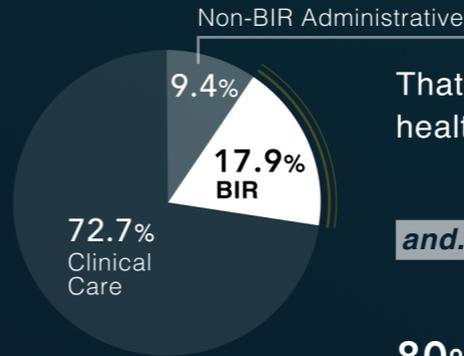
were dedicated to **billing and insurance-related activities.**

Analyzing 2012 data, one group of researchers estimated the following (3):



\$471B

Billing and insurance-related (BIR) costs in U.S. healthcare (estimated for 2012)



That's nearly **18%** of U.S. total spending on healthcare tied up in BIR activities

and...

80% of the BIR costs in the United States are the result of a complex multi-payer system and could be avoided with a simpler system.

(estimated based on comparisons to BIR spending in Canada)



that means...

The sheer complexity of our payment system increased healthcare spending by

\$375B

(14.7% of all healthcare spending or 2.4% U.S. GDP)

1. Sinsky C, Colligan L, Li L, Prgomet M, Reynolds S, Goeders L, et al. Allocation of Physician Time in Ambulatory Practice: A Time and Motion Study in 4 Specialties. *Ann Intern Med.* ;165:753-760. doi: 10.7326/M16-0961

2. Sakowski, J. A., Kahn, J. G., Kronick, R. G., Newman, J. M., & Luft, H. S. (2009). Peering Into The Black Box: Billing And Insurance Activities In A Medical Group. *Health Affairs*, 28(4). doi:10.1377/hlthaff.28.4.w544

3. Jiwani A, Himmelstein D, Woolhandler S, Kahn JG. Billing and insurance-related administrative costs in United States' health care: synthesis of micro-costing evidence. *BMC Health Serv Res.* 2014;14:556. Published 2014 Nov 13. doi:10.1186/s12913-014-0556-7