



## A VISION FOR IMPROVING HEALTHCARE IN AMERICA

### Executive Summary

The healthcare cost debate is not about whether America has a problem, but the best solutions for it. From NAIRO members' perspective, redundant administrative overhead plays a large role in America's healthcare problem today. A high percentage of the unnecessary overhead grows out of a lack of consistency, because each state defines how it will interact with the healthcare providers and organizations.

Our members believe streamlining the American healthcare system without invoking a single-payer system that involves payments out of public funds move us toward reducing the nation's overall healthcare costs. For our members, streamlining involves the consistent application of independent medical review to healthcare care determinations, while applying nationally consistent medical coverage criteria across all 50 states.

To help achieve this goal, NAIRO takes the following positions about the nation's healthcare system:

- ***Universal health care:*** We believe that all Americans should have access to affordable healthcare, under a multi-payer system.
- ***Streamlining the healthcare system:*** We believe that drafting a national policy outlining the role of independent medical review will help reduce America's healthcare costs.
- ***Strengthen Independent Review Mechanisms for Appeals:*** To provide consumers access to quality health care, we want to establish a national policy clearly defining the process for consumers to appeal coverage denied by a medical reviewer.
- ***Evidence-based Decision Making:*** The practice of evidence-based medical decisions means integrating individual clinical expertise with the best available external clinical evidence from systematic research. We support a consistent national policy stating that independent reviews must rely on such evidence.

## Introduction

Basic economic facts show healthcare in the American healthcare system is in trouble.

- Forty-seven million Americans had no health insurance coverage at some time during 2006, about 16 percent of the population. (Source: U.S. Census Bureau report issued August 2007 report, “Income, Poverty, and Health Insurance Coverage in the United States: 2006.”)
- In 2006, national healthcare spending grew 6.7 percent to \$2.1 trillion, or \$7,026 per person, and accounted for 16 percent of the Gross Domestic Product. (Centers for Medicare and Medicaid Services.)
- In 2007, the U.S. spent a projected \$2.26 trillion on health care, or \$7,439 per person. (Office of the Actuary in the Centers for Medicare & Medicaid Services, 2008 assessment.)
- A PriceWaterhouseCoopers’ Health Research Institute study, “The Price of Excess: Identifying waste in healthcare spending,” claims \$1.2 trillion of the \$2.2 trillion spent on health care was wasted. Of this, inefficient claims processing accounted for \$210 billion yearly. According to the study, lack of continued focus on the problem is a key barrier.

These economic issues affect us all and NAIRO believes that by taking proactive and focused positions on the following four key issues, it can work with other organizations to improve the country’s healthcare system.

## Universal Coverage

***Position:*** NAIRO believes that all Americans should have access to affordable healthcare.

According to the Institute of Medicine of the National Academy of Sciences, the United States is the only wealthy, industrialized nation without a universal health care system. NAIRO believes that everyone should be included in the healthcare pool. However, we see important differences between single and multiple-payer systems.

A single-payer system pays healthcare providers out of a single fund financed by public funds. Today in the U.S., Medicare is a single-payer system. While this definition leaves government’s role open to interpretation, many see a single-payer approach best handled by federal government. A single payer system could be set up at the national, state or community level. For example, Massachusetts has passed a universal healthcare initiative that sets up a single-payer system that will cover 95 percent of the state’s population.

Drawbacks to a national single-payer system are their potential disruptions of the existing healthcare system, the time it will take to set up the necessary infrastructure and the impact on the quality of care during its transition.

For these reasons, NAIRO supports a solution that maintains the existing multi-payer system. Many who argue for a single-payer approach confuse “who pays” with “who administers” the system. NAIRO believes that they don’t have to be the same. It’s possible to have a “hybrid” solution using one governing administrative and policy setting organization supporting the existing multiple payers.

### **Focus on Streamlining Our Healthcare System at the Federal Level**

***Position:** A uniform national policy for the application of independent medical review to healthcare coverage determinations is integral to improving America’s healthcare system.*

Today each of our 50 states decides the how healthcare organizations work within its boundaries. The result is inconsistency. Healthcare organizations and IROs that work nationally must keep databases of all the different requirements each state demands. Although this approach supports states’ rights to regulate healthcare, it also creates burdensome bureaucratic overhead that is unnecessarily costly to the healthcare system and the nation. A uniform process would benefit healthcare consumers and organizations operating nationally.

Nationally, uniform rules about independent medical review would cut administrative overhead, streamline patient reviews and appeals and potentially reduce healthcare plan costs that are projected to rise at nearly double-digit rates in the coming years. This uniform process could also mandate that organizations conducting appeals, or any independently conducted review, be certified by accrediting bodies such as URAC.

A national policy defining the role of independent medical review can help deliver fitting therapies to consumers, improve health care quality and support administrative cost reduction.

### **Strengthen Independent Review Mechanisms for Appeals**

***Position:** Establishing a uniform national policy defining the process for appeals that involves independent medical reviews will ensure consumers receive quality care.*

Almost everyone has the right to an appeal. Forty-four states, Washington, D.C., and ERISA have given their respective constituents a voice.

However, this means many payers still limit their enrollee appeals solely to “internal” reviews. At best, internal decisions breed the perception of conflict of interest. At worst, they make plan providers appear “denial driven” and more interested in financial returns than patient outcomes.

There needs to be consistent and clearer national legislation that spells out the role of independent review in the appeals process. Consumer appeals on denials of coverage by health insurance payers should consistently be subjected to independent review by an IRO. In addition, a consistent definition of the role of IROs could minimize conflict of

interest, stress evidence-based medicine, show objective decision-making and ensure consumers are getting the care they pay for.

As a first step toward making the healthcare appeals process consistent and uniform, NAIRO supports the National Association of Insurance Commissioners (NAIC) petition to state insurance commissioners asking for a consistent, national review process for appeals.

### **Evidence-based Decision Making**

***Position:** Independent reviews must use an evidence-based medicine model, not a legal one, for making health care decisions.*

We believe that all independent reviews should use a medical rather than a legal model for decision-making. All independent reviews should incorporate the best available medical evidence. Although we believe that a reviewer should consider the medical evidence first and the physician's opinion second, we believe that any sound medical determination also engages the experience and training of a specialist physician, who performs independently from the health plan.

A well-conducted independent review should show the reviewer considered credible sources such as current peer-reviewed clinical studies, reviews of multiple related studies or other sources that reflect emerging scientific evidence and consensus about the topic of the review.

Decisions based on medical evidence help reduce the number of disputes between healthcare payers and consumers and provide the best use of the nation's healthcare resources.

### **Conclusion**

To improve the nation's existing healthcare system, NAIRO wants to collaborate with healthcare policy makers and other organizations. Together we can work to increase the uniformity of the nation's healthcare decision-making process, streamline administrative processes, reduce healthcare overhead and improve overall consistency.

---

### **The Role of IROs in the Healthcare System**

Within the health care industry, an IRO is an independent third-party medical review resource that provides objective, unbiased medical determinations based on medical evidence. IROs are not "denial driven." IROs deliver conflict-free decisions to help clinical and claims management professionals make better decisions about their enrollees' healthcare options.

Plan administrators who use IROs are insuring their enrollees get medically necessary care, while eliminating over utilization. According to research by one NAIRO member, health plan administrators who work with IROs are able to save nearly \$17 for each dollar spent on independent reviews.

---

**About NAIRO**

Formed in 2000, NAIRO is a trade organization working to promote the value and integrity of the independent medical review process. We see this as a key part of the solution to America's healthcare crisis. Our members embrace an evidence-based approach to independent medical review to resolve coverage disputes between enrollees and their health plans. For more information, visit [www.nairo.org](http://www.nairo.org).