

JULY 2023

## ISSUE BRIEF

# Delegated Management Vendors and the Automation Opportunity

## Introduction

Delegation is the process when an organization gives another entity the authority to perform certain functions on its behalf. In an effort to reduce administrative burden, increase efficiency and meet current and emerging requirements, health plans frequently delegate utilization management (UM) functions to specialized vendors. These functions include a range of services such as evaluating prior authorizations (PA), maintaining policy compliance, reviewing clinical services on a case-to-case basis, and ensuring appropriate care coordination of patients.<sup>1,2</sup>

While a delegated vendor may receive the authority to carry out specific functions, the health plan remains responsible for compliance with all regulatory requirements and accreditation standards. The plan must also evaluate the vendor performance and implement improvements across its network and membership if needed.<sup>3,4</sup> Depending on the number of outsourced functions, these tasks could be cumbersome for plans as well as providers who are responding to requests from vendors.

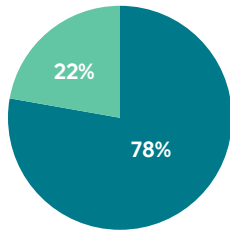
## Survey Findings

To understand how plans and providers interact with delegated management vendors (DMVs) and identify opportunities to improve how information is exchanged, the 2022 CAQH Index asked medical plans and providers about the number of vendors they interact with for medical services, the types of services that were delegated and the methods vendors used to request information from providers.

### Interacting with Delegated Management Vendors for UM and PA Service

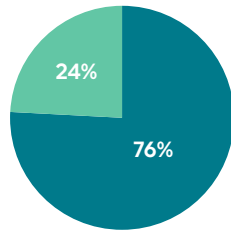
The CAQH Index reported that slightly less than a quarter of plans and providers interacted with DMVs for medical services. Of the plans that interacted with vendors, they reported using, on average, six vendors annually to conduct UM/PA activities. Providers, who typically work with a number of different health plans, reported interacting with, on average, 22 vendors annually.

### Interactions with DMVs for UM and PA Services



#### Medical Plans

Did your plan contract with DMVs for UM/PA services in 2021?



#### Medical Providers

Did your practice interact with DMVs for UM/PA services in 2021?

● Yes ● No

### Average Number of DMVs Conducting and Requesting UM/PA

**6**  
Plans

**22**  
Providers

Of the medical services that were delegated to vendors, imaging was the most delegated service for both plans and providers. This may be due to the growth in medical imaging which has led plans to curb growing costs by outsourcing these services as much as possible.<sup>5,6</sup> Management of drugs under medical benefits (23 percent) was the second-highest delegated medical service for providers followed by surgical procedures (21 percent). In comparison, health plans indicated the second-highest service supported by DMVs was behavioral health (17 percent).

### Services Delegated by Providers and Plans

	Plans	Providers
Imaging	23%	31%
Management of drugs under medical benefit	11%	23%
Surgical procedures	11%	21%
Behavioral health	17%	14%
Organ transplants	0%	3%
Other	17%	3%

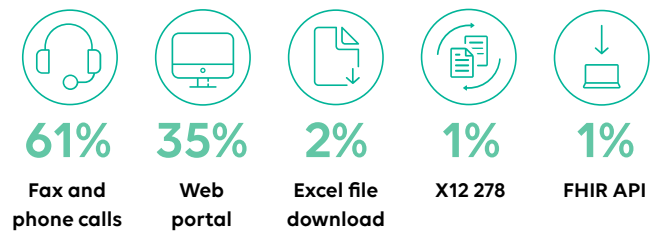
Other: Genetic Testing, Chiropractic Care, Durable Medical Equipment, Physical/Occupational/Speech Therapy, Home Health Care Services (Medicare only), Post-Acute Admissions (Medicare only), Air Ambulance, Echo Cardiology Services, Lab Services, Pain Management, Proton Beam Therapy, Radiation Oncology and Sleep Studies

### Exchanging Requested Information

While DMVs used various methods to request UM and PA information from providers, the majority of requests were made manually via fax and phone calls, followed by web portals. Very few requests were made electronically using the X12 278 transaction or FHIR API.

Promoting electronic exchange of information between DMVs and providers can create efficiency in communication and allow for faster, more accurate and reliable exchanges of complex information.

### Methods Used by DMVs to Request PA Information



## Conclusion

Delegated management vendors perform administrative and healthcare services for health plans to help alleviate burden associated with certain activities such as utilization management and prior authorization. Vendors interact with providers on behalf of health plans to obtain the requested information. Although less than a quarter of health plans and providers interact with DMVs for medical services, the process for vendors to request data from providers is highly manual and not standardized which can add to administrative burden. By automating these requests from DMVs, more accurate and timely information could be exchanged reducing costly manual work.

## Methodology

The 2022 CAQH Index included questions related to DMV services for UM and PA functions. The measurement period represented January 1 to December 31, 2021. Results from this survey were weighted to represent a national distribution of physicians by practice size as reported by the American Medical Association (AMA) and medical plan membership as reported by the AIS Directory of Health Plans.

- 
- 1 Kelsey Waddill, "Payers Turn to Younger Vendors for Utilization and Care Management," Health Payer Intelligence, August 23, 2019, <https://healthpayerintelligence.com/news/payers-turn-to-younger-vendors-for-utilization-and-care-management>.
  - 2 "What is Utilization Management and What are the Benefits?" Eden Health, August 1, 2022, <https://www.edenhealth.com/blog/what-is-utilization-management/>.
  - 3 NCQA, [https://iss.ncqa.org/RDSat/2014HP/appendices/12.%202014%20HP%20Accreditation\\_Appendix%205\\_Delegation\\_11.17.14.docx](https://iss.ncqa.org/RDSat/2014HP/appendices/12.%202014%20HP%20Accreditation_Appendix%205_Delegation_11.17.14.docx).
  - 4 "Making the Most of Your Delegation," NCQA, [www.wamss.org/wp/wp-content/uploads/2020/04/NCQA-Brochure-2.pdf](http://www.wamss.org/wp/wp-content/uploads/2020/04/NCQA-Brochure-2.pdf).
  - 5 "Medical Imaging Market Size, Share & Trends Analysis Report By Product (X-ray, CT, MRI, Ultrasound), By End-use (Hospitals, Diagnostic Imaging Centers), By Region (APAC, MEA, North America), And Segment Forecasts, 2022 – 2030," Grand View Research, <https://www.grandviewresearch.com/industry-analysis/medical-imaging-systems-market>.
  - 6 "Radiology Outsourcing With NDI Teleradiology Company," National Diagnostic Imaging, <https://www.ndximaging.com/radiology-reads/radiology-outsourcing/#:~:text=Outsourced%20radiology%20has%20become%20a,%2C%20x%2Drays%20and%20MRIs>.
  - 7 Kane, Carol K. "Updated Data on Physician Practice Arrangements: For the First Time, Fewer Physicians Are Owners Than Employees." American Medical Association, 2018, <https://www.ama-assn.org/system/files/2019-07/prp-fewer-owners-benchmark-survey-2018.pdf>.