

# Ingenix Benchmarking Products

April 2005



# Ingenix, Inc. Background

- ▶ Owned by UnitedHealth Group
- ▶ Comprised of over 26 acquired companies
- ▶ Breadth of product offerings:
  - Publishing
  - Claim management—provider market
  - Claim editing/processing—payer market
  - Self-insured (employer) systems
  - Provider credentialing
  - Health claims data warehousing and analytics
  - Benchmarking Databases

# A Brief History of Database Products

- ▶ Prevailing Healthcare Charges System (PHCS)
  - Developed by Health Insurance Association of America 1974
- ▶ Medical Data Research (MDR)
  - Developed by Medicode 1987
- ▶ Customized Fee Analyzer
  - Developed by Medicode 1991
- ▶ Ingenix purchased MDR and Fee Analyzer in 1997
- ▶ Ingenix purchased PHCS in 1998
- ▶ Result is a very large repository of commercial pricing data

# Charge Database Modules

## ▶ MDR

- Medical/Surgical
- Dental
- Anesthesia
- HCPCS
- Inpatient Facility
- Outpatient Facility
- Medicare Fee Schedule
- RBRVS Extension
- Workers' Comp Fee Schedules

## ▶ PHCS

- Medical/Surgical
- Dental
- Anesthesia
- HCPCS
- Inpatient Facility
- Outpatient Facility
- RBRVS

## Database Stats

- ▶ Data Repository Records 2.9 Billion
- ▶ Average Records Received Daily 3.8 Million
- ▶ Average Records Received Monthly 83.0 Million

## Database Stats

- ▶ Total Frequency 604,917,966
- ▶ Over 55 Billion dollars of billed charges
- ▶ Figures based on the most current products for professional services. No facility data is included in these totals.

## California Specifics

- ▶ 38,413,192 current records
- ▶ \$3,085,067,692 total billed dollars

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# Data Contribution Program

- ▶ Contributors are payer clients
  
- ▶ Nearly 200 contributors
  - 180 contributors of California data
  
- ▶ Contribution is incentivized
  
- ▶ Contributors certify:
  - Data is from actual claims received
  - Submission of unaltered data
  - Place of service zip code has been provided
  - Only non-discounted fee-for-service charges are included
  - 100% of claims received for the submission period



# Data Validation

- ▶ Invalid service code
- ▶ Date of service too old
- ▶ Invalid zip code
- ▶ Incorrectly reported charges
- ▶ Modifiers

# Geozip

- ▶ One or more 3-digit zip codes that have been grouped into a geographic area
- ▶ 3-digit zips are the first 3 digits of the zip code
- ▶ 403 Geozips
- ▶ Geozips for non-facility products do not cross state lines
- ▶ Re-evaluated yearly
- ▶ For example, California has 28 geozips

# California Geozip Examples

<b>Geozip</b>	<b>Area Description</b>	<b>Zip Codes Covered</b>
900	Downtown LA	900-901
910	Glendale, Arcadia	910, 912
911	Pasadena	911
915	Burbank, North Hollywood	915-916
941	San Francisco	941
942	Sacramento	942,958
954	Santa Rosa, Redding, Chico, Yuba City	954-955, 959-961

# National Fee Distribution

- ▶ 7,800 current CPT codes
- ▶ 90% of data is distributed among 400 CPT codes
- ▶ 10% of data populates the remaining 7,400 codes
- ▶ Low frequency services will always be common

# Code Ranges

- ▶ Codes, similar/related have been grouped together in procedure code ranges
- ▶ The data from these code groups are combined to increase the volume of actual charge data
- ▶ Combined data allows the calculation of derived charges

# Importance of Relative Value Scales

- ▶ Numerical ranking that relates medical services to one another
- ▶ Scale is not a dollar amount
- ▶ Relative values are not specific to geographic area
- ▶ Ranking displayed in “units” (RVU)
- ▶ First developed by the California Medical Association in the early 1960s (CRVS)
- ▶ RVS methodology is widely used and accepted
- ▶ Several relative value scales

# Conversion Factors

- ▶ The dollar amount per relative value unit

or

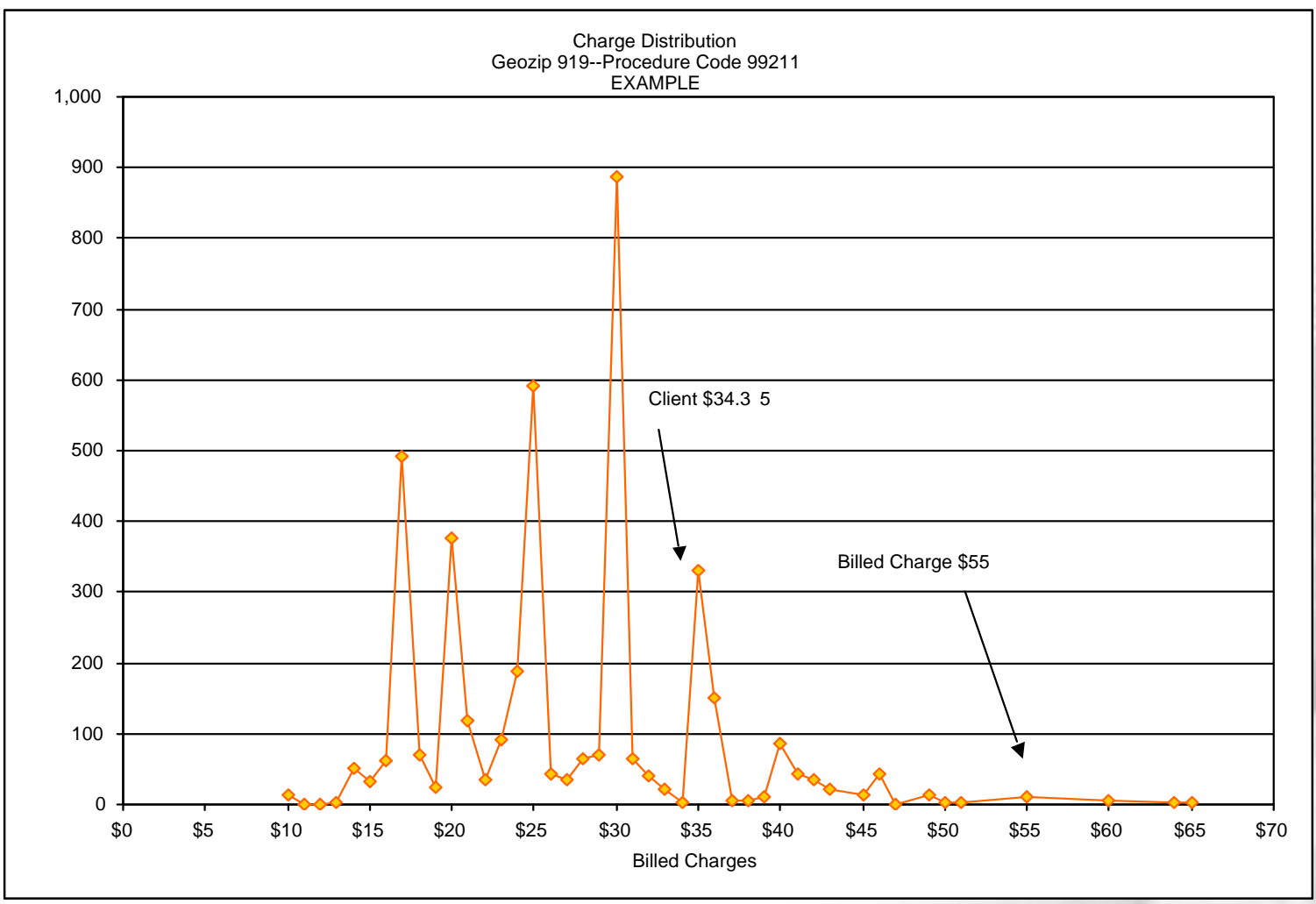
- ▶ Billed charge divided by relative value = Conversion Factor

# Percentiles

- ▶ Data in MDR and PHCS products are arrayed by percentiles
- ▶ For example—the 80<sup>th</sup> percentile means that based on Ingenix's methodology and database, 80 percent of all billed charges are equal to or lower than the given amount
- ▶ Several percentiles can have the same value

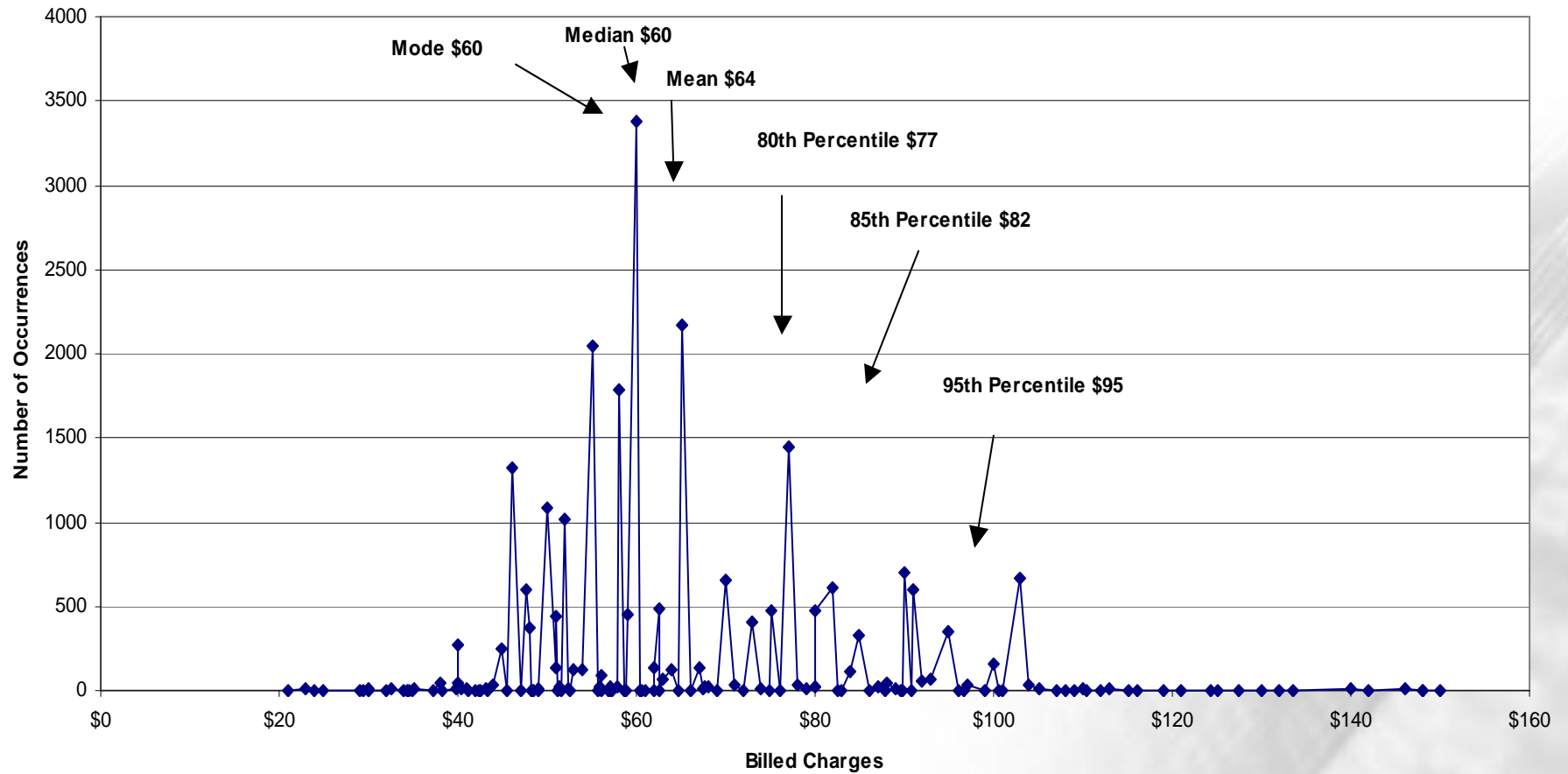


# Charge Distribution Graph



# Charge Distribution Graph

Charge Distribution  
Geozip 942 (Sacramento)– Procedure Code 99213  
May 2003 Release



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