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

Geozip	Area Description	Zip Codes Covered
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

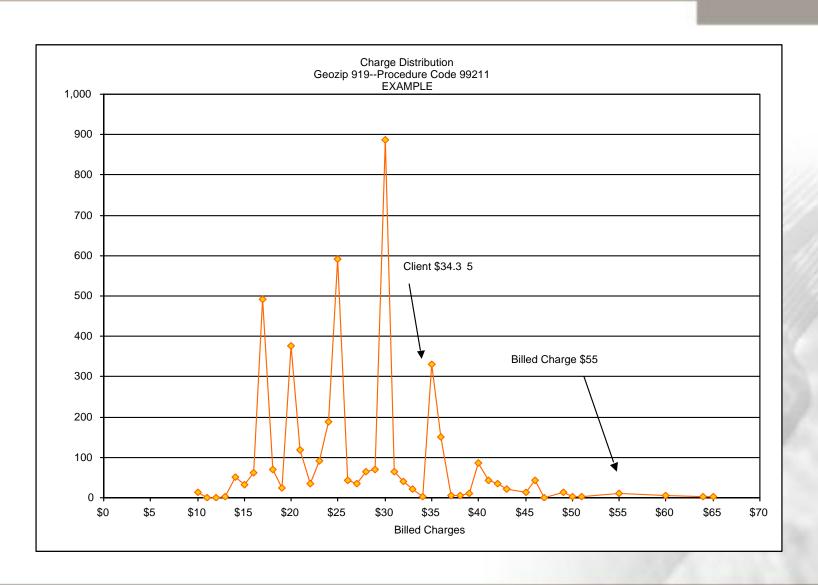
or

Billed charge divided by relative value = Conversion Factor

Percentiles

- Data in MDR and PHCS products are arrayed by percentiles
- For example—the 80th 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

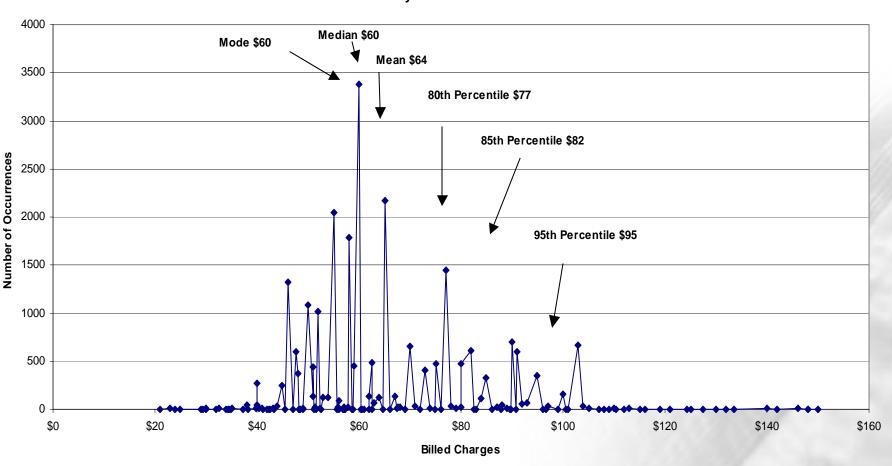
Charge Distribution Graph





Charge Distribution Graph

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



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